

6<sup>th</sup> August, 2021

To

<b>The General Manager</b> Department of Corporate Relations BSE Limited Sir Phiroze Jeejeebhoy Towers Dalal Street Fort Mumbai 400 001	<b>The Vice President</b> Listing Department The National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai 400 051
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**Sub: Standalone and Consolidated Unaudited Financial Results for the quarter ended 30<sup>th</sup> June, 2021 as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**Symbol: NSE : HCL-INSYS**  
**BSE (For Physical Form): 179**  
**BSE (For Demat Form): 500179**

Dear Sir/ Madam,

This is further to our letter dated 30<sup>th</sup> July, 2021 on the above subject.

In terms of the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the following:

- i. Unaudited Financial Results of the Company on standalone and consolidated basis for the quarter ended 30<sup>th</sup> June, 2021, duly reviewed and recommended by the Audit Committee and approved and taken on record by the Board of Directors of the Company at their meeting held today i.e., Friday, 6<sup>th</sup> August, 2021.
- ii. Limited Review Report on the aforesaid unaudited standalone and consolidated financial results. Further, we wish to state that the said Reports are with unmodified opinion.

The meeting of the Board of Directors commenced at 1:00 P.M. and concluded at 6:00 P.M.

We are arranging to publish the results in the newspapers.

Please acknowledge receipt.

Very Truly Yours,

**For HCL Infosystems Limited**

**Komal Bathla**  
**Company Secretary & Compliance Officer**

Encl: As above.

**HCL INFOSYSTEMS LIMITED**  
**Unaudited Standalone financial results for the quarter ended June 30, 2021**  
 Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.  
 CIN - L72200DL1986PLC023955  
 Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791  
 Website www.hclinfosystems.in  
 Email ID: cosec@hcl.com

Particulars		Standalone			
		Three months ended		Year ended	
		30.06.2021	31.03.2021	30.06.2020	31.03.2021
		Unaudited	Audited	Unaudited	Audited
<b>1</b>	<b>Income</b>				
	Revenue from operations	309	727	7,118	21,736
	Other income	776	1,431	370	2,363
	<b>Total Income</b>	<b>1,085</b>	<b>2,158</b>	<b>7,488</b>	<b>24,099</b>
<b>2</b>	<b>Expenses</b>				
(a)	Cost of materials consumed	-	-	-	-
(b)	Purchase of stock-in-trade	441	(64)	6,104	18,148
(c)	Changes in inventories of finished goods and stock-in-trade	(184)	137	804	2,371
(d)	Employee benefits expense	187	398	1,016	2,838
(e)	Finance costs	531	874	1,500	4,950
(f)	Depreciation and amortization expense	49	74	130	403
(g)	Other expenses	1,389	1,927	1,071	6,777
	<b>Total expenses</b>	<b>2,413</b>	<b>3,346</b>	<b>10,625</b>	<b>35,467</b>
<b>3</b>	<b>Profit / (loss) before exceptional items and tax (1 - 2)</b>	<b>(1,328)</b>	<b>(1,188)</b>	<b>(3,137)</b>	<b>(11,368)</b>
<b>4</b>	<b>Exceptional Items (loss) (refer note 2)</b>	<b>6,320</b>	<b>(3,263)</b>	<b>(342)</b>	<b>(9,088)</b>
<b>5</b>	<b>Profit / (loss) before tax (3 - 4)</b>	<b>4,992</b>	<b>(4,551)</b>	<b>(3,479)</b>	<b>(20,476)</b>
<b>6</b>	<b>Tax expense</b>				
(a)	Current tax	-	-	-	-
(b)	Deferred tax expense	-	-	-	-
<b>7</b>	<b>Net profit / (loss) for the period (5 - 6)</b>	<b>4,992</b>	<b>(4,551)</b>	<b>(3,479)</b>	<b>(20,476)</b>
<b>8</b>	<b>Other comprehensive income</b>				
A (i)	Items that will not be reclassified to profit or loss	-	(25)	-	(25)
(ii)	Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B (i)	Items that will be reclassified to profit or loss	-	-	-	-
(ii)	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	<b>Total other comprehensive income, net of income tax</b>	<b>-</b>	<b>(25)</b>	<b>-</b>	<b>(25)</b>
<b>9</b>	<b>Total comprehensive income for the period (7 + 8)</b>	<b>4,992</b>	<b>(4,576)</b>	<b>(3,479)</b>	<b>(20,501)</b>
<b>10</b>	<b>Paid-up equity share capital (face value per share in Rs. 2/-)</b>	<b>6,584</b>	<b>6,584</b>	<b>6,584</b>	<b>6,584</b>
<b>11</b>	<b>Reserve as per balance sheet of previous accounting year</b>				<b>(31,067)</b>
<b>12</b>	<b>Earnings per share (of Rs 2/- each) (not annualised):</b>				
(a)	Basic	1.52	(1.38)	(1.06)	(6.22)
(b)	Diluted	1.52	(1.38)	(1.06)	(6.22)

**Notes**

1. After recommendation by the Audit Committee, these results have been approved and taken on record by the Board of Directors at its meeting held on August 06, 2021. The statutory auditors have issued review report with unmodified opinion on these results.

2. Exceptional items include :

Particulars	Three months ended				Year ended
	30.06.2021	31.03.2021	30.06.2020	31.03.2021	
	Unaudited	Audited	Unaudited	Audited	
a. Profit on sale of property, plant and equipments (Refer Note 7)	6,203	-	-	-	-
b. Provision against loan given to subsidiary	117	(2,453)	(342)	(8,178)	
c. Provision for loss in subsidiary#	-	(279)	-	(279)	
d. Loss on conversion of ICD to OCD (Refer Note 9)	-	(631)	-	(631)	
<b>Total loss - (a+b)</b>	<b>6,320</b>	<b>(3,363)</b>	<b>(342)</b>	<b>(9,088)</b>	

# The Company has made provision of Nil for the quarter ended June 30, 2021 (for the quarter and year ended March 31, 2021: Rs 279 Lakhs), on account of accumulated losses and erosion of net worth of HCL Infotech Limited.

3. As at June 30, 2021, the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net profit of Rs. 4,992 Lakhs during the current period (March 31, 2021: net loss of Rs. 20,476 Lakhs) and the Company's current liabilities exceeded its current assets by Rs. 40,523 lakhs (March 31, 2021: Rs. 46,133 lakhs) as at June 30, 2021. The losses are primarily as a result of delayed receipts on certain system integration contracts, certain historical low margin contracts, slow-down of distribution businesses and finance costs. The management of the Company, is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 4), sale of certain non-core properties (refer note 7) and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited has approved support (in the form of corporate guarantees and unsecured loans) to the Company upto Rs. 1,50,000 lakhs. This had been approved by the shareholders of the Company, vide their resolution dated September 14, 2017. Considering the above support, the Company's management and the Board of Directors have a reasonable expectation that the Company will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, these financial results have been prepared on a going concern basis.

4. In view of the current financial stress faced by the Enterprise and Consumer Distribution businesses resulting in decline in sales and increase in losses, the Board of Directors had appointed a reputed independent consulting firm to review these businesses. Based on the report of the consulting firm and the inputs of the management team, the Board of Directors in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the current financial position of the Company, the Distribution businesses of the Company were not financially sustainable. Consequently, the Board recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business has been substantially scaled down during the previous financial year ended March 31, 2021.

5. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial results. In evaluating the impact of COVID-19 on the Company's ability to continue as a going concern, the management has assessed the impact on its business and the carrying value of its major assets comprising of property, plant and equipment, trade receivables and other receivable balances. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Company will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial results as and when these material changes to economic conditions arise.

6. The Board of Directors of HCL Infosystems Limited, in its meeting held on August 06, 2020, approved the merger of HCL Learning Limited and Digilife Distribution and Marketing Services Limited (DDMS), wholly owned subsidiaries of the Company, with HCL Infosystems Limited. The proposed merger is for the purpose of simplifying the group structure. As part of the ongoing rationalization of the business, the learning business and the distribution business are being scaled down. As a result, separate entities for these businesses, i.e. HCL Learning Limited for learning business and DDMS for distribution business, are no longer required. An application was filed before the Hon'ble National Company Law Tribunal (NCLT) at New Delhi Bench on 21 September 2020 for obtaining the sanction of NCLT on the proposed merger. Since, the aforesaid Scheme is subject to approval from concerned regulatory authorities which is considered to be substantive, the accounting effect of the above Scheme has not been considered in these financial results.

7. In order to reduce Company's debt obligations, the Company has decided to monetize Company owned properties in a phased manner. Several of Company's properties are not being fully utilized due to changes in the business of the Company, therefore during the quarter ended, June 30, 2021, the Company has disposed three properties located in Mohali, Sector-11 Noida and Sederaspet, having net carrying amount of Rs.1,407 Lakhs, for a consideration of Rs. 7,610 Lakhs, resulting an overall gain of Rs. 6,203 Lakhs. (quarter and year ended March 31, 2021: Nil). Additionally, the Company has subsequently sold one property located at Hyderabad during the month of July 2021.

8. The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 had approved to sell the entire shareholding held by HCL Infotech Limited in HCL Infotech Limited at "Net Asset Value" as on closing date, after acquiring the undertaking which shall comprise of the business relating to two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte., Singapore & it's step down subsidiary through a share purchase agreement. Unaudited net asset value of HCL Infotech Limited post this carve out as on 30 September 2020 is Rs 14,700 Lakhs. The sale will be made to Novexo Consulting Pvt. Ltd based on the terms and conditions as specified in share purchase agreement dated February 10, 2021. One of the customers of our key defense project which is forming part of the deal has asked us to maintain status quo and further explore alternative options. The Company is in active discussion with the investor and the customer is expected to take longer time than expected initially with change in terms. Since, the closure of transaction is subject to certain conditions precedents, which are considered to be substantive in nature, the accounting effect of the above transaction has not been considered in these financial results.

9. The Board of Directors of the Company in its meeting held on March 23, 2021, had consented to adjust the unsecured loan advanced to HCL Infotech Limited, a wholly-owned subsidiary, amounting to Rs. 40,000 Lakhs, against the subscription money payable by the Company to HCL Infotech Limited, for subscription of the 40,00,000 (forty lakhs) 0.1% Optionally Convertible Debentures (OCD) of a face value of Rs.1,000 each (Indian Rupees One thousand only) issued, on private placement basis to the Company, pursuant to terms of OCD Subscription Agreement dated March 31, 2021 between the Company and HCL Infotech Limited. As legally advised, the issuance of 0.1% OCDs does not meet the definition of loan as envisaged under section 186 of the Companies Act, 2013 and accordingly the Company is of the view that the above transaction is outside the purview of the aforesaid section.

Further the company had recognised a loss on of Rs. 631 Lakhs, upon conversion of net balance of unsecured loan into OCD during the previous financial year ended March 31, 2021.

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10. The Company and HCL Infotech Limited, has agreed that the OCDs as mentioned in note 9, issued to the Company shall be redeemed only from and to the extent of the proceeds from certain specified book receivables and favorable awards received by the HCL Infotech Limited in accordance with the terms set out in the OCD Subscription Agreement. Accordingly, HCL Infotech Limited, has transferred its rights to receive cash flows from those specified book receivables and favorable awards to the Company and the aforesaid transaction meets the pass-through arrangement criteria, as per the requirements of Ind AS 109 Financial Instruments. Therefore, the outstanding balance of specified books receivables of Rs. 1,892 Lakhs (including amount of Rs. 867 Lakhs of the contract assets) has been derecognized in the financial statements of HCL Infotech Limited and recognized by the Company against the value of OCDs.
11. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial results in the period in which the Code becomes effective and the related rules are published.
12. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year upto March 31, 2021 and the unaudited published year-to-date figures upto December 31, 2020 being the date of the end of the third quarter of the financial year which were subjected to a limited review.
13. Financial results for all the periods presented have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

By order of the Board  
for HCL Infosystems Limited

Kaushik Dutta  
Director

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Place : Noida  
Date : August 06, 2021

# B S R & Associates LLP

Chartered Accountants

Building No.10,12th Floor Tower-B  
DLF Cyber City, Phase-II  
Gurugram – 122 002, India

Telephone: +91 124 7191000  
Fax: +91 124 235 8613

To  
Board of Directors of HCL Infosystems Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of **HCL Infosystems Limited** (“the company”) for the quarter ended 30 June 2021 (“the Statement”).
2. This Statement, which is the responsibility of the Company’s management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “*Interim Financial Reporting*” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Attention is drawn to the fact that the figures for the 3 months ended 31 March 2021 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.
5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to note 3 of the Statement, which states that the Company has accumulated losses and has incurred a profit of Rs. 4,992 Lakhs during the current quarter. Further its net worth is fully eroded and that the Company's current liabilities exceed its current assets as at 30 June 2021. These conditions, along with other matters set forth in note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern i.e., whether the Company will be able to realise its assets and discharge all its contractual obligations and liabilities as they fall due in near future in the normal course of the business. However, based upon the measures as set forth in the note 3, including necessary financial support from a significant promoter shareholder, the management and the Board of Directors of the Company have a reasonable expectation that the Company will be able to operate as a going concern in the near future. Accordingly, management has prepared the statement on a going concern basis.

Our opinion is not modified in respect of this matter.

For **B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration No. 116231W/W-100024

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Girish Arora  
*Partner*  
Membership No: 098652  
UDIN: 21098652AAAABC1791

Place: New Delhi  
Date: 06 August 2021

**HCL INFOSYSTEMS LIMITED**  
**Unaudited Consolidated financial results for the quarter ended June 30, 2021**  
 Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.  
 CIN - L72200DL1986PLC023955  
 Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791  
 Website www.hclinfosystems.in  
 Email ID: cosec@hcl.com

**Consolidated Statement of Profit and Loss for the quarter ended June 30, 2021** (Rs. In Lakhs)

Particulars	Consolidated			
	Three months ended		Year ended	
	30.06.2021	31.03.2021	30.06.2020	31.03.2021
	Unaudited	Audited	Unaudited	Audited
<b>1 Income</b>				
Revenue from operations	2,761	4,346	10,569	35,275
Other income	818	7,856	943	11,327
<b>Total Income</b>	<b>3,579</b>	<b>12,202</b>	<b>11,512</b>	<b>46,602</b>
<b>2 Expenses</b>				
(a) Cost of materials consumed	-	-	-	-
(b) Purchase of stock-in-trade	454	(160)	6,134	18,124
(c) Changes in inventories of finished goods and stock-in-trade	(180)	213	588	2,507
(d) Other direct expense	1,377	1,510	2,293	11,814
(e) Employee benefits expense	901	1,578	2,407	8,049
(f) Finance costs	563	956	1,584	5,235
(g) Depreciation and amortisation expense	55	80	138	427
(h) Other expenses	2,554	12,011	2,054	19,921
<b>Total expenses</b>	<b>5,724</b>	<b>16,188</b>	<b>15,198</b>	<b>66,077</b>
<b>3 Loss before exceptional items and tax from continuing operations (1 - 2)</b>	<b>(2,145)</b>	<b>(3,986)</b>	<b>(3,686)</b>	<b>(19,475)</b>
4 Exceptional items gain (Refer note 3)	6,203	-	-	-
<b>5 Profit / (Loss) before tax from continuing operations (3 + 4)</b>	<b>4,058</b>	<b>(3,986)</b>	<b>(3,686)</b>	<b>(19,475)</b>
6 Tax expense / (credit)	-	-	-	-
(a) Current tax	-	198	-	198
(b) Deferred tax expense	-	-	-	-
<b>7 Profit / (Loss) for the period from continuing operations (5 - 6)</b>	<b>4,058</b>	<b>(4,184)</b>	<b>(3,686)</b>	<b>(19,673)</b>
8 Profit / (loss) before tax from discontinued operations	-	-	-	-
9 Profit / (loss) on disposal of discontinued operations	-	-	-	-
10 Tax expense / (credit) of discontinued operations	-	-	-	-
<b>11 Net Profit / (Loss) for the period from discontinued operations (8 + 9 - 10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12 Net Profit / (Loss) for the period (7+ 11)</b>	<b>4,058</b>	<b>(4,184)</b>	<b>(3,686)</b>	<b>(19,673)</b>
13 Other comprehensive income				
A (i) Items that will not be reclassified to profit and loss	-	(21)	-	(21)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B (i) Items that will be reclassified to profit and loss	21	19	16	(99)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
<b>Total other comprehensive income, net of income tax</b>	<b>21</b>	<b>(2)</b>	<b>16</b>	<b>(120)</b>
<b>14 Total comprehensive income for the period (12 + 13)</b>	<b>4,079</b>	<b>(4,186)</b>	<b>(3,670)</b>	<b>(19,793)</b>
15 Net Profit/(Loss) attributable to:				
- Shareholders	4,058	(4,184)	(3,686)	(19,673)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)
Total comprehensive income attributable to:				
- Shareholders	4,079	(4,186)	(3,670)	(19,793)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)
16 Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584
17 Reserve as per balance sheet of previous accounting year	-	-	-	(30,591)
18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):				
(a) Basic	1.23	(1.27)	(1.12)	(5.98)
(b) Diluted	1.23	(1.27)	(1.12)	(5.98)
19 Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):				
(a) Basic	-	-	-	-
(b) Diluted	-	-	-	-
20 Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):				
(a) Basic	1.23	(1.27)	(1.12)	(5.98)
(b) Diluted	1.23	(1.27)	(1.12)	(5.98)

**Segment-wise information**

Particulars	Three months ended				Year ended
	30.06.2021	31.03.2021	30.06.2020	31.03.2021	31.03.2021
	Unaudited	Audited	Unaudited	Audited	
<b>1. Segment Revenue</b>					
- Hardware Products and Solutions	2,461	3,684	3,617	13,537	
- Distribution	300	662	6,952	21,738	
- Learning	-	-	-	-	
Total	2,761	4,346	10,569	35,275	
Less : Intersegment revenue	-	-	-	-	
<b>Revenue from operations</b>	<b>2,761</b>	<b>4,346</b>	<b>10,569</b>	<b>35,275</b>	
<b>2. Segment results (profit / (loss) before tax and interest from each segment)</b>					
- Hardware Products and Solutions	(851)	(2,836)	(373)	(8,218)	
- Distribution	(112)	95	(1,278)	(3,439)	
- Learning	(1)	109	17	118	
Total	(964)	(2,632)	(1,634)	(11,539)	
Less :					
i) Interest expense	563	956	1,584	5,235	
ii) Other un-allocable expenditure net off un-allocable (income)	(5,585)	398	468	2,701	
<b>Total Profit / (Loss) before tax</b>	<b>4,058</b>	<b>(3,986)</b>	<b>(3,686)</b>	<b>(19,475)</b>	
<b>3. Segment Assets</b>					
- Hardware Products and Solutions	22,161	28,161	37,348	28,161	
- Distribution	13,356	14,096	29,006	14,096	
- Learning	131	192	239	192	
- Unallocated	29,521	22,473	30,312	22,473	
<b>Total Assets</b>	<b>65,169</b>	<b>64,922</b>	<b>96,905</b>	<b>64,922</b>	
<b>4. Segment Liabilities</b>					
- Hardware Products and Solutions	27,173	26,486	29,665	26,486	
- Distribution	3,308	4,204	14,094	4,204	
- Learning	133	130	397	130	
- Unallocated	54,481	58,109	60,634	58,109	
<b>Total Liabilities</b>	<b>85,095</b>	<b>88,929</b>	<b>1,04,790</b>	<b>88,929</b>	

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Notes:

- After recommendation by the Audit Committee, these results have been approved and taken on record by the Board of Directors at its meeting held on August 06, 2021. The statutory auditors have issued review report with unmodified opinion on these results.
- As at June 30, 2021, the Group has accumulated losses and its net worth has been fully eroded, the Group has incurred a net profit of Rs. 4,058 Lakhs during the current period (March 31, 2021: Rs. net loss of Rs. 19,673 Lakhs) and the Group's current liabilities exceeded its current assets by Rs 46,828 lakhs (March 31, 2021 - Rs. 51,625 Lakhs) as at June 30, 2021. The losses are primarily as a result of delayed receipts on certain system integration contracts, certain historical low margin contracts, slow-down of distribution businesses and finance costs. The management of HCL Infosystems Limited (Parent Company), is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 6), sale of certain non-core properties (refer note 4) and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited has approved support (in the form of corporate guarantees and unsecured loans) to the Parent Company upto Rs. 1,50,000 lakhs. This had been approved by the shareholders of the Parent Company, vide their resolution dated September 14, 2017. Considering the above support, the Parent's management and the Board of Directors have a reasonable expectation that the Group will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, the consolidated financial results have been prepared on a going concern basis.

3. Exceptional items include :

Particulars	Three months ended			Year ended
	30.06.2021	31.03.2021	30.06.2020	31.03.2021
	Unaudited	Audited	Unaudited	Audited
Gain on sale of property, plant and equipments (Refer Note 4)	6,203	-	-	-
<b>Total gain (a+b)</b>	<b>6,203</b>	<b>-</b>	<b>-</b>	<b>-</b>

- In order to reduce Group's debt obligations, the Group has decided to monetize Group owned properties in a phased manner. Several of Group's properties are not being fully utilized due to changes in the business of the Group, therefore during the quarter ended, June 30, 2021, the Group has disposed three properties located in Mohali, Sector-11 Noida and Sederapet, having net carrying amount of Rs.1,407 Lakhs, for a consideration of Rs. 7,610 Lakhs, resulting an overall gain of Rs. 6,203 Lakhs, (quarter and year ended March 31, 2021: Nil). Additionally, the Group has subsequently sold one property located at Hyderabad during the month of July 2021.
- The Board of Directors of HCL Infosystems Limited, in its meeting held on August 06, 2020, approved the merger of HCL Learning Limited and Digilife Distribution and Marketing Services Limited (DDMS), wholly owned subsidiaries of the Company, with HCL Infosystems Limited. The proposed merger is for the purpose of simplifying the group structure. As part of the ongoing rationalization of the business, the learning business and the distribution business are being scaled down. As a result, separate entities for these businesses, i.e. HCL Learning Limited for learning business and DDMS for distribution business, are no longer required. An application was filed before the Hon'ble National Company Law Tribunal (NCLT) at New Delhi Bench on 21 September 2020 for obtaining the sanction of NCLT on the proposed merger.  
  
Since, the aforesaid Scheme is subject to approval from concerned regulatory authorities which is considered to be substantive, the accounting effect of the above Scheme has not been considered in these financial results.
- In view of the current financial stress faced by the Enterprise and Consumer Distribution businesses resulting in decline in sales and increase in losses, the Board of Directors had appointed a reputed independent consulting firm to review these businesses. Based on the report of the consulting firm and the inputs of the management team, the Board of Directors in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the current financial position of the Group, the Distribution businesses of the Group were not financially sustainable. Consequently, the Board recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business has been substantially scaled down during the previous financial year.
- Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties and obtaining legal opinion, the Group has credited its Statement of Profit and Loss with Rs. Nil Lakhs, for the quarter ended June 30, 2021 (Rs. 5,987.28 Lakhs and Rs 7,118.17 Lakhs, for the quarter and year ended March 2021 respectively), on account of write back of certain old payables and provisions.
- The Group is facing delays in receipts from the customers, primarily in the System Integration Business, due to which the Group has charged Rs. 568.86 Lakhs, in the Statement of Profit and Loss, for the quarter ended June 30, 2021 (Rs. 8,805.68 Lakhs and Rs. 9,013.91 Lakhs, for the quarter and year ended March 2021 respectively) on account of provision for certain receivable balances.

- HCL Infosystems Limited ("the Company") was appointed as the Managed Service Provider ("MSP") by Unique Identification Authority of India ("UIDAI") vide the contract dated 6 August 2012 to implement and manage the Central Identities Data Repository (CIDR). The said contract originally ended on 6 August 2019 and then was unilaterally extended by the UIDAI. The Company challenged this unilateral extension of the MSP contract by UIDAI before the Hon'ble Arbitral Tribunal. However, while the arbitration proceedings were pending, the Company was constrained to agree for an adhoc extension for a period of 9 months plus 3 months Knowledge Transfer Period after August 2019. Later, the Company and UIDAI entered into consent terms dated 5 May 2020 (which also formed part of the consent order dated 7 May 2020 passed by the Hon'ble Arbitral Tribunal) and the Company agreed to perform services for UIDAI subject to the terms and conditions of the consent terms. Thereafter, the Hon'ble Arbitral Tribunal on 19 June 2020 passed the liability award wherein it held that the extension of the MSP contract by UIDAI is not valid. As per the consent terms executed between UIDAI and the Company, the Company has completed performance of services as per the terms of the MSP Contract, without prejudice to its rights and contentions in the arbitration proceedings, till 6 April 2021 (including knowledge transfer period of 3 months). The Company has further agreed to extend the annual maintenance contract and software licenses for the period till 6 August 2021. As per consent terms signed by the both the parties, the Company would continue to raise invoices to UIDAI as per the rates originally agreed in the MSP contract though the Company is entitled to claim market rate for the services provided to UIDAI, the quantum of which shall be decided in the subsequent hearings of the Arbitration proceedings.

Pending determination of the current market value through arbitration, no revenue has been recognized by the Company for the difference in the expected current market value and the existing contract price which will be recognized once the same has been determined by the Hon'ble Arbitral Tribunal in the future. Further, the costs have been recognized based on the revised rates agreed during negotiations with the vendors completed during the previous financial year. This has resulted into recognition of additional loss of INR 2,440 lakhs during the previous financial year ended 31 March 2021.

- Financial results for all the periods presented have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
- The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post – employment benefits has received the Presidential assent in September 2020. The Ministry of Labour and Employment had released draft rules for the Code on November 13, 2020, and had invited suggestions from stakeholders which are under active consideration by the Ministry. However, the effective date from which the changes are applicable is yet to be notified. The Company will evaluate and will give appropriate impact in the financial results in the period in which the Code becomes effective and the related rules are published.
- The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 had approved to sell the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited at "Net Asset Value" as on closing date, after acquiring the undertaking which shall comprise of the business relating to two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte., Singapore & it's step down subsidiary through a share purchase agreement. Unaudited net asset value of HCL Infotech Limited post this carve out as on September 30, 2020 is Rs 14,700 Lakhs. The sale will be made to Novezo Consulting Pvt. Ltd based on the terms and conditions as specified in share purchase agreement dated February 10, 2021. One of the customers of our key defense project which is forming part of the deal has asked us to maintain status quo and further explore alternative options. The Company is in active discussion with the investor and the customer and this transaction is expected to take longer time than expected initially with of change in terms. Since, the closure of transaction is subject to certain conditions precedents, which are considered to be substantive in nature, the accounting effect of the above transaction has not been considered in these financial results.
- Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial results. In evaluating the impact of COVID-19 on the Group's ability to continue as a going concern, the management has assessed the impact on its business and the carrying value of its major assets comprising of property, plant and equipment, trade receivables and other receivable balances. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Group will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial results as and when these material changes to economic conditions arise.
- Consolidated Results include financial results of HCL Infosystems Limited, HCL Infotech Limited, Digilife Distribution and Marketing Services Limited, HCL Learning Limited, HCL Investment Pte. Limited, Pimpri Chinchwad eServices Limited and Nurture Technologies FZE.
- The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year upto March 31, 2021 and the unaudited published year-to-date figures upto December 31, 2020 being the date of the end of the third quarter of the financial year which were subjected to a limited review.

for HCL Infosystems Limited

Place : Noida  
Date : August 06, 2021

**KAUSHI** Digitally signed by  
**K DUTTA** KAUSHIK DUTTA  
Date: 2021.08.06  
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Kaushik Dutta  
Director

# B S R & Associates LLP

Chartered Accountants

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To  
Board of Directors of HCL Infosystems Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of **HCL Infosystems Limited** (“the Parent”) and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”) for the quarter ended 30 June 2021 (“the Statement”), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”).
2. This Statement, which is the responsibility of the Parent’s management and approved by the Parent’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “*Interim Financial Reporting*” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

**Parent entity**

- a) HCL Infosystems Limited

**Subsidiaries**

- a) HCL Infotech Limited
- b) Digilife Distribution and Marketing Services Limited
- c) HCL Learning Limited
- d) HCL Investment Pte. Limited
- e) Pimpri Chinchwad eServices Limited
- f) Nurture Technologies FZE

5. Attention is drawn to the fact that the figures for the 3 months ended 31 March 2021 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit



5. Based on our review conducted and procedures performed as stated in paragraph 3 above nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to note 2 of the consolidated financial results, which states that the Group has accumulated losses and has incurred a profit of Rs.4,058 lakhs during the current quarter. Further its net worth is fully eroded and that the Group's current liabilities exceed its current assets as at 30 June 2021. These conditions, along with other matters set forth in note 6, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern i.e., whether the Group will be able to realise its assets and discharge all its contractual obligations and liabilities as they fall due in near future in the normal course of the business. However, based upon the measures as set forth in the note 2, including necessary financial support from a significant promoter shareholder, the management and the Board of Directors of the Parent have a reasonable expectation that the Group will be able to operate as a going concern in the near future. Accordingly, management has prepared the consolidated financial results on a going concern basis.

Our conclusion is not modified in respect of this matter.

7. We draw attention to note 9 of the consolidated financial results for the quarter ended 30 June 2021, which states that Hon'ble Arbitral Tribunal has on 19 June 2020 passed a liability award in the arbitration proceedings filed by HCL Infosystems Limited in respect of the MSP contract against one of the major customers. As stated in the said note, the said liability award provides, inter alia, that HCL Infosystems Limited is entitled to receive the consideration for its services during the period covered by the consent terms (order dated 07 May 2020), i.e. from May 2020 to August 2021, at the current market value which will be decided through arbitration in due course. As further stated in the said note, pending this determination, no revenue is recognized for the difference in the expected current market value and the existing contract price for the services provided to the customer, which has also resulted into recognition of upfront loss of Rs 2,440 lakhs during the previous financial ended 31 March 2021 which may undergo a revision on finalization of current market value through arbitration in subsequent period.

Our opinion is not modified in respect of this matter

8. The Statement includes the financial results of three subsidiaries which have not been reviewed, whose financial results reflect the Group's share of total revenue (before consolidation adjustments) of Rs. 2.88 lakhs and the Group's share of net loss after tax (before consolidation adjustments) of Rs.16 lakhs and total comprehensive income of Rs. 21 lakhs for the quarter ended 30 June 2021 respectively, as considered in the consolidated financial results. These financial results have been furnished to us by the Board of Directors and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such financial results.

B S R & Associates LLP

In our opinion and according to the information and explanations given to us by the Board of Directors, these financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter.

*For B S R & Associates LLP*  
*Chartered Accountants*  
Firm's Registration No. 116231W/W-100024

**GIRISH** Digitally signed  
by GIRISH ARORA  
**ARORA** Date: 2021.08.06  
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**Girish Arora**  
*Partner*  
Membership No: 098652  
UDIN: 21098652AAAABD2853

Place: New Delhi  
Date: 06 August 2021