



# Annual Report 2020-21

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chairman

Nikhil Sinha

### Manager

Raj Sachdeva

### Directors

Dilip Kumar Srivastava

Kaushik Dutta

Pawan Kumar Danwar

Ritu Arora

Sangeeta Talwar

## CHIEF FINANCIAL OFFICER

Alok Sahu

## COMPANY SECRETARY

Komal Bathla

## AUDITORS

BSR & Associates LLP, Gurugram

## BANKERS

State Bank of India

ICICI Bank Ltd.

Standard Chartered Bank

Axis Bank Limited

IDFC First Bank Ltd.

Indusind Bank Ltd.

## REGISTERED OFFICE

806, Siddharth, 96,

Nehru Place, New Delhi - 110019

## CORPORATE OFFICE

A-11, Sector-3, Noida-201301 (U.P.)

## CORPORATE IDENTITY NUMBER

L72200DL1986PLC023955

# CONTENTS

<b>03</b>	Chairman Message
<b>04</b>	Management Discussion & Analysis
<b>14</b>	Board Report
<b>24</b>	Report on Corporate Governance
<b>43</b>	Secretarial Audit Report
<b>50</b>	Standalone Financial Statements
<b>103</b>	Consolidated Financial Statements
<b>164</b>	Statements under Section 129 (3) of the Companies Act, 2013 in form AOC-1 relating to subsidiaries



## CHAIRMAN MESSAGE



Dear Shareholders,

During the financial year 2020-21, the company continued to focus on debt and loss reduction. The Company took various actions during the year to meet these objectives.

Last financial year the Board had recommended that both the Enterprise and Consumer distribution businesses be gradually scaled down. Accordingly, our Consumer and Enterprise Distribution businesses have been scaled down, resulting in the decline in revenues during the year.

In our System Integration and Solution business, we continued to focus on deliverables of existing projects and collection of receivables from customers. We also took a strategic decision to divest the entire shareholding in HCL Infotech Ltd to Novezo Consulting Pvt. Ltd, after certain carve outs. The transaction is subject to approval of statutory authorities and closure of certain conditions precedent.

The Company has been facing challenges and delays in the Systems Integration (SI) and Solutions business related to customer acceptances and payments in large contracts resulting in cost overruns and significant losses for the Company. Such delays and losses have also been the main reason for the high debt obligation and high cost of finance for the Company. The delay in realization of SI receivables has created financial challenges for the Company.

The Company will continue to monetize its real estate assets to help repay high-cost loans thereby reducing the cost of finance.

To assist the Company in meeting its financial obligations, Promoter Company has been voluntarily extending financial support to the Company from time to time in form of Corporate Guarantees and loans.

Due to the current pandemic situation, some of our plans concerning rationalization of our businesses and asset monetization may be delayed.

I would like to thank our shareholders for the support and faith that you have reposed in the company. I wish all of you safety and good health and hope that you come out of the pandemic stronger and better.

With Warm Regards,  
Nikhil Sinha

# Management Discussion & Analysis

## Focus on reduction of outstanding debt and losses

In FY20 and FY 21, the strategy of the Company was to focus on the reduction of outstanding debt as well as curtailment of losses. Hence, during the financial year, we continued to focus on initiatives to reduce the company's debt and business losses by rationalizing our businesses. Accordingly, our Enterprise and Consumer Distribution businesses were gradually scaled down during the year. We also took a strategic decision to divest the entire shareholding in HCL Infotech Ltd to Novezo Consulting Pvt. Ltd, after certain carve-outs.

In FY20, we had reported revenue from continuing operations of ₹ 1815 Crore while in FY21 our revenues decreased to ₹ 353 Crore.

## Businesses Performance & Highlights

For the purpose of financial reporting, the businesses have been arranged as per the following primary business categories:

Business Categories	Lines of Business
Enterprise Distribution	Third-Party Enterprise Products
Consumer Distribution	Third-Party Consumer Products
System Integration and Solutions	System Integration projects

The numbers provide a line of business-wise view based on management accounts and are not as per reported segments.

The Highlights for FY21 were:

- The Distribution business of the company consists of two business units:- Enterprise Distribution and Consumer Distribution. During the financial year, the distribution was gradually scaled down as recommended by the Board in January 2020 to limit future financial losses.
- FY21 Annual revenue of Enterprise Distribution was ₹ 58 Crore vs. ₹ 1,083 Crore in FY20.
- Consumer Distribution registered revenue of ₹ 159 Crore in FY21 vs. ₹ 573 Crore in FY20
- The System Integration and Solutions business had followed its well-charted path of execution of existing projects as well as the collection of receivables.
- During the financial year, a strategic decision to divest the entire shareholding in HCL Infotech Ltd to Novezo Consulting Pvt. Ltd, after certain carve-outs was taken.

## Distribution Business – Enterprise and Consumer Distribution

In FY21, the Distribution business had reported a revenue of ₹ 217 Crore.

## System Integration (SI) & Solutions Business

The SI and Solutions business reported revenue of ₹ 135 Crore in FY21 with a focus on project execution and gain outstanding receivables from customers.

Though the business was able to realize ₹ 185 Crore from customers, it continued to face delays in receivables. This delay was especially witnessed in customers from the power sector. The company has been constantly focusing on expediting the resolution of such issues by continuous engagement with the customer for the acceptance of project completions; however, progress has been very slow. It can be noted here that such delays have been the main reason for the high debt obligation and finance costs of the company.

During the year, ₹ 89 Crore has been provided for on account of such receivables.

## Other Updates:

In keeping with our stated goal of minimizing losses and rationalizing the operations of the Company, the Board of Directors 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 & its 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 ₹ 147 Crores. 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. We are in active discussion with the investor and the customer, and this transaction is expected to take longer time than expected initially with change in terms.

To reduce our debt obligations, we have decided to monetize company-owned properties in a phased manner. Several of our properties are not being fully utilized due to changes in the business of the Company.

Based on the detailed assessment performed by management which also included, wherever considered necessary, performing reconciliation with the parties and obtaining legal opinion, the Company has credited in Statement of Profit and Loss with ₹ 71.18 Crores, for the year ended March 31, 2021 (2020: ₹ 24.85 Crores), on account of write back of certain old payables and provisions.

The Company is facing delays in receipts from the customers, primarily in the power sector, due to which the Company has charged ₹ 90.14 Crores, in the Statement of Profit and Loss, for the year ended March 31, 2021 (2020: ₹ 110.54 Crores) on account of provision for certain receivable balances.

As of March 31, 2021, the company has accumulated losses and its net worth has been fully eroded, the company has incurred a net loss of ₹ 204.76 Crores the current year (March 31, 2020: ₹ 318.44 Crores and the Company's current liabilities exceed its current assets by ₹ 461.33 Crores March 31, 2020, Rs.344.88 Crores) as at March 31, 2021. The losses are primarily as a result of delayed receipts on certain system integration contracts, certain historically 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, sale of certain non-core properties 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 ₹ 1,500 Crores. 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 reasonable expectation that the Company will be able to realize 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.

In the past, certain loss-making businesses like PC Manufacturing, Financial Inclusion, Learning, and Enterprise & Consumer Distribution Business have been wound down. Other businesses such as Care (Consumer Services), Enterprise Services, and overseas businesses in Singapore & Middle East have been sold off. This was in addition to the sale of

unutilized surplus properties, whose proceeds were used to reduce outstanding loans.

Despite all these efforts to reduce debt & losses as well as the promoter's support from time to time, the Company continues to face very challenging financial conditions and a very tight fund position. As a consequence, the Company cannot invest in any new businesses or in expanding its current operations and consequently, the business of the Company will continue to contract for the foreseeable future.

## COVID – 19 Impact

In evaluating the impact of COVID-19 on its ability to continue as a going concern and the possible impact on its financial position, the management has assessed the impact of macro-economic conditions on its business and the carrying value of its major assets comprising of Property, Plant and Equipment (PPE), trade receivables and other balances recoverable. In this regard, the management has carefully considered the circumstances and risk exposures arising from the COVID-19 situation for developing the estimates based on available information in its assessment of the impact thereof on its financial reporting.

Based on the aforesaid assessment, management believes that the Group will continue as a going concern and will be able to meet all of its obligations as well as recover the carrying amount of its aforesaid assets as of March 31, 2021. 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 statements, as and when these material changes to economic conditions arise.

## Business Risks & Mitigation Measures

The performance of our businesses can get affected by various risks posed by the external environment. Your Company continuously revisits the Enterprise Risk Management (ERM) framework and strengthens it to address various risks to our businesses. The risk management programme (ERM) involves risk identification, assessment and risk mitigation planning for strategic, operational and compliance-related risks across business units and functions. Periodic monitoring of risk is done and based on the overall risk performance mitigation action is refined and re-planned. The following table provides a glimpse of some key risks and their mitigation measures which the Company tracks regularly at an overall level (in addition to individual business risks tracked at the individual business level):

Sl. No.	Category	Risk Item	Risk Description	Risk Management Strategy
01	Litigation	Sustainability	<ul style="list-style-type: none"> <li>Delay from Client in Project sign off and payment</li> <li>Increasing finance cost to continuously run the Operations without corresponding collections (BR)</li> <li>Contractual compulsions to continue servicing unviable contracts</li> </ul>	<ul style="list-style-type: none"> <li>The subject is under Arbitration</li> <li>This has shown positive results in terms of movement in collections as well as a positive movement in Arbitration for a time-bound solution.</li> </ul>

Sl. No.	Category	Risk Item	Risk Description	Risk Management Strategy
02	Litigation	Sustainability	<ul style="list-style-type: none"> <li>Disputed billed receivables due to Project deliverable issues.</li> </ul>	<ul style="list-style-type: none"> <li>Contesting the matters based on judicial precedents in the cases</li> <li>Case to case basis, strategically handled</li> <li>Provisions are made on a case to case basis based on management assessment of the legal cases</li> </ul>
03	Financial	Continuity	<ul style="list-style-type: none"> <li>Continuity challenges in "Going Concern" status</li> <li>As of Mar, 21, Group's net worth has been fully eroded</li> <li>As of Mar, 21, Group's current liabilities exceeds its current assets.</li> <li>Once the SI transaction is complete, the Holding company revenue will reduce significantly.</li> </ul>	<ul style="list-style-type: none"> <li>The company continues to derive some revenue from SI Projects &amp; Enterprise Distribution related AMC customers.</li> <li>Promoters have been supporting the company from time to time by extending loans and Corporate Guarantees.</li> <li>Promoters have issued comfort letter/ support letter to the company to the extent of ₹ 500 Crs</li> </ul>
04	Operational	Financial risk	<ul style="list-style-type: none"> <li>Delay in getting the IT Refund from investors who had purchased domestic Services business.</li> </ul>	<ul style="list-style-type: none"> <li>We are opening a new bank account with a joint signature, so that whenever the refund comes from the IT Dept., we will be able to get it from the investor company.</li> </ul>
05	Financial	Treasury	<ul style="list-style-type: none"> <li>Operational scale down and reduced revenue opportunity can pose a challenge to the ability to pay creditors on time</li> </ul>	<ul style="list-style-type: none"> <li>Improve the collection efficiency – SI</li> <li>Monetization of identified Assets</li> <li>Daily/Weekly cash flow management to reduce the need for borrowings.</li> <li>Support in the form of HCL Corporate Guarantee</li> <li>Continuous monitoring &amp; adherence to loan payment terms</li> </ul>
06	Operational	Financial Risk	<ul style="list-style-type: none"> <li>Share Purchase Agreement has been signed with investors in HCL Infotech business, with open Billed receivables and income tax refund.</li> <li>Non-compliance to the contractual terms</li> </ul>	<ul style="list-style-type: none"> <li>It is agreed that the acquirer of HCL Infotech business, will refund the money back to HCL Infotech whenever the clients/income tax dept. pay.</li> <li>Share Purchase Agreement includes Unsecured OCD, through Private placement.</li> <li>In case of any challenge in recovering the BR &amp; IT Refunds, HCL reserves the right to convert OCD to equity.</li> </ul>
07	Operational	Human Capital	<ul style="list-style-type: none"> <li>Loss of Human capital in critical operations</li> </ul>	<ul style="list-style-type: none"> <li>Retention plans in place for identified critical resources</li> <li>Outsource the activities, with Supervision/monitoring by the Internal Governance team</li> </ul>
08	Operational	Compliances	<ul style="list-style-type: none"> <li>Legacy litigations in labour cases in HR practices</li> </ul>	<ul style="list-style-type: none"> <li>Criminal cases have been addressed to mitigate the risk for Directors and management members,</li> </ul>
09	Operational	Compliances	<ul style="list-style-type: none"> <li>Risk of compliance gaps due to operational scale down, resultant Organizational structural changes and attrition of resources</li> </ul>	<ul style="list-style-type: none"> <li>Periodical review of processes and alignment with organizational structure and compliance requirements.</li> <li>Risk assessment before delegating the authority.</li> <li>The financial authorities delegated are capped, within the framework of Board approved delegation.</li> <li>Stringent exception approval process and close monitoring of adherence to Delegation of Authority and Segregation of Duty.</li> </ul>



Sl. No.	Category	Risk Item	Risk Description	Risk Management Strategy
10	Operational	Compliance	<ul style="list-style-type: none"> <li>Code of Conduct (COC) &amp; Ethical Issues</li> </ul>	<ul style="list-style-type: none"> <li>Independent Whistle Blower Mechanism</li> <li>Strict actions on violations</li> <li>Continuous emphasis on company's Code of conduct policy</li> <li>Annual / Quarterly certification on compliance</li> <li>Periodic Internal Audit</li> <li>Quarterly Statutory Audit</li> </ul>
11	Operational	Compliance	<ul style="list-style-type: none"> <li>Risk of Shared services agency opting out and continuity issues in Finance &amp; Accounting process</li> </ul>	<ul style="list-style-type: none"> <li>Management is exploring alternative agency, considering a cost reduction.</li> <li>Retention of key resources as part of HCL's Governance team.</li> <li>Post the transition of SI business, a comprehensive review shall be taken and necessary corrective actions shall be implemented</li> </ul>
12	Outsourcing risks	Compliance	<ul style="list-style-type: none"> <li>Governance in Finance &amp; Accounts function can get complicated with Multiple outsourced vendors (activity/ manpower) dependency</li> </ul>	<ul style="list-style-type: none"> <li>Documented SOP's</li> <li>Retention of key resources</li> <li>Close supervision</li> <li>Internal audits</li> <li>Statutory audits</li> </ul>
13	Operational risks	Financial	<ul style="list-style-type: none"> <li>Expensive maintenance cost due to Operational downsizing and redundant IT Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Exploring alternative systems and vendors</li> <li>Data Classification, retention policies</li> </ul>
14	Indirect tax	Compliance	<ul style="list-style-type: none"> <li>Authorities claim cannot be foreseen without any time-limit</li> </ul>	<ul style="list-style-type: none"> <li>Document retention policies in the company aligned with the Statutory requirements and for Open transactions (legally or otherwise)</li> <li>Maintain statutorily required documents as per retention policies</li> <li>Wherever required, a suitable legal approach</li> </ul>
15	Indirect tax	Compliance	<ul style="list-style-type: none"> <li>Actual liability could be more due to unsuccessful trials;</li> <li>Insufficient funds to meet unsuccessful Litigations</li> </ul>	<ul style="list-style-type: none"> <li>High-value litigation matters were Opined in the company's favour by expert advocates</li> <li>The company has opted for an amnesty scheme in Service Tax &amp; Excise cases &amp; filed applications in SVLDRS-2019 wherein certain tax liabilities have been settled without payment of interest and penalty.</li> <li>There are deposits made and Bank Guarantee issued against some of the specific claims</li> <li>Necessary provisions are also made in the books of accounts</li> <li>In most of the cases except where Provision has been created, the company has assessed the cases and are of the view that the company has a fairly good chance of success both on factual as well as Technical grounds.</li> </ul>

## Internal Control Systems and their adequacy

The Company has put in place controls commensurate with the size and nature of Operations. These have been designed to provide reasonable assurance with regards to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance with corporate policies.



## HCL INFOSYSTEMS

The company has an internal audit function designed to review the adequacy of internal control checks in the system which covers all significant areas of the Company's Operations such as Accounting and Finance, Procurement, Business Operations, Statutory compliances, IT Processes, Safeguarding of Assets and their protection against unauthorized use, among others. The Internal Audit function performs the internal audit of the Company's activities based on the Internal audit plan, which is reviewed each year and approved by the Board Audit Committee. The Audit Committee reviews the reports submitted by internal auditors. Suggestions for improvements are considered and the Audit Committee follows up on corrective action. Disciplinary action is taken, wherever required, for non-compliance to Corporate policies and controls.

### Human Resource Development

As of March 31, 2021, the employee strength of the Company stood at 788, while on April 1, 2020, it was 1127. Besides full-time employees, the Company also engaged with over 87 associates for various short-term projects across different timelines during the year. The reduction in headcount was due to the scaling down of the Distribution Business and organization Rightsizing.

### DISCLAIMER

Certain statements made in this report relating to the Company's objectives, projections, outlook, estimates, etc. may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such estimates or projections etc., whether expressed or implied. Several factors including but not limited to economic conditions affecting demand and supply, government regulations and taxation, input prices, exchange rate fluctuation, etc., over, which the Company does not have any direct control, could make a significant difference to the Company operations. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on any forward-looking statements. The MD&A should be read in conjunction with the Company's financial statements included herein and the notes thereto. Information provided in this MD&A pertains to HCL Infosystems Limited and its subsidiaries on a consolidated basis unless otherwise stated.

## FINANCIAL COMMENTS ON CONSOLIDATED OPERATIONS FOR THE YEAR ENDED MARCH 31, 2021

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Management Discussion and Analysis on Financial performance relates to Consolidated Financial statements of the Company and its subsidiaries. This should be read in conjunction with the financial statements and related notes to the consolidated accounts for the year ended March 31, 2021.

Company had divested Singapore Services business in FY 20, considered as “discontinued operations”.

### RESULTS OF OPERATIONS

₹ Crore		
Particulars	FY 21	FY 20
<b>Revenue</b>	<b>353</b>	<b>1815</b>
Cost of sales	324	1709
<b>Gross margin from continuing operations</b>	<b>29</b>	<b>106</b>
Employee benefits expense	80	110
Administration, selling and others	110	104
Depreciation and amortization expense	4	9
Interest income on lease rental	0	0
Gain on foreign exchange fluctuation	1	2
Provisions/liabilities no longer required written back	73	27
<b>Operating Profit/(loss) from continuing operations before doubtful debts provision</b>	<b>(91)</b>	<b>(88)</b>
Provision for doubtful debts	90	110
Interest income on discounted receivables	24	29
Investment & other Income	14	19
Finance costs	52	90
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>	<b>(195)</b>	<b>(240)</b>
Exceptional Items gain/ (loss)	0	12
Tax expense	2	62
<b>Profit/(loss) after tax from continuing operations</b>	<b>(197)</b>	<b>(290)</b>
Profit/(loss) from discontinued operations before Tax	0	4
Profit/(loss) on disposal of discontinued operations	0	151
Tax expense of discontinued operations	0	1
<b>Profit/(loss) from discontinued operations (after tax)</b>	<b>0</b>	<b>154</b>
<b>Profit/(loss) from continuing and discontinued operations (after tax)</b>	<b>(197)</b>	<b>(136)</b>
Other comprehensive income	(1)	4
<b>Total comprehensive income/(loss) for the year</b>	<b>(198)</b>	<b>(132)</b>

### Revenue

Consolidated Revenues decreased to ₹ 353 Crore in FY 21 as compared to ₹ 1,815 Crore in FY 20. The decline in revenue is majorly in Distribution business.

### Gross Margin

Gross margin was 8.2% in FY 21 as against 5.8% in FY 20. Increase in gross margin was due to higher margin in Distribution business mainly on account reversal of provisions. Distribution business revenue in % terms of total revenue was lower in FY 21 (62%) in comparison to FY 20 (91%).

### Employee Benefits Expense

Employee Benefits Expense was ₹ 80 Crore in FY 21 as against ₹ 110 Crore in FY 20.

### Administration, Selling and Other Expenses

Administration, Selling & other expenses were ₹ 110 Crore in FY 21 as against ₹ 104 Crore in FY 20. The details of administration, selling & other expenses is as follows:

₹ Crore		
Particulars	FY 21	FY 20
Legal, Professional and Consultancy Charges	36	34
Rent	3	8
Bank Charges	3	9
Retainership Expenses	12	11
Travelling and Conveyance	0	5
Office Electricity and Water	2	3
Packing, Freight and Forwarding	1	2
Rates and Taxes *	32	14
Others	21	18
<b>TOTAL</b>	<b>110</b>	<b>104</b>

\* During FY 21, Company has taken a provision against GST input credit of Distribution business of ₹ 20 Crs as against ₹ 1 Crs during FY 20.

### Depreciation

Depreciation was ₹ 4 Crore in FY 21 as against ₹ 9 Crore in FY 20.

### Provisions/Liabilities no longer required written back

Provisions/Liabilities no longer required written back were ₹ 73 Crore in FY 21 as against ₹ 27 Crore in FY 20.

### Operating Profit/ (Loss) from continuing operations before Doubtful Debts provision

Operating Profit/ (Loss) from continuing operations before Doubtful Debts provision was ₹ (91) Crore in FY 21 as against ₹ (88) Crore in FY 20.

### Provision for Doubtful Debts

Provisions for doubtful debts were ₹ 90 Crore in FY 21 as against ₹ 110 Crore in FY 20, mainly in System Integration business & Solutions business. Provision for doubtful debts created due

## HCL INFOSYSTEMS

to inordinate delays with certain customer acceptances and payments thereof, especially in the Power Sector.

### Interest Income on discounted receivables

Interest Income on discounted receivables was ₹ 24 Crore in FY 21 as against ₹ 29 Crore in FY 20, mainly due to lower Trade Receivables in System Integration business.

### Investment & Other Income

Investment & other income was ₹ 14 Crore in FY 21 as against ₹ 19 Crore in FY 20. During FY 20, other income was higher due to income from sharing of company's infrastructure & facilities with Divested business.

### Finance Costs

Finance costs was ₹ 52 Crore in FY 21 as against ₹ 90 Crore in FY 20, mainly due to lower interest-bearing external borrowings in FY 21.

### Exceptional Items

Gain from Exceptional items was Nil in FY 21 (net gain on sale of properties) as against ₹ 12 Crore in FY 20.

### Tax Expense

Tax expense net of deferred tax was ₹ 2 Crore in FY 21 as against ₹ 62 Crore in FY 20.

### Profit/ (Loss) after Tax from continuing operations

Profit/ (Loss) after Tax from continuing operations was ₹ (197) Crore in FY 21 as against ₹ (290) Crore in FY 20. FY 20 loss was higher due to higher provisioning in System Integration Business, higher finance cost and higher Tax expense due to reversal of deferred tax assets.

### Profit/ (Loss) from Discontinued operations (before Tax)

Profit/ (Loss) from Discontinued operations (before Tax) was Nil in FY 21 as against ₹ 4 Crore in FY 20.

### Profit/(loss) on disposal of discontinued operations

Profit/ (Loss) on disposal of discontinued operations was Nil in FY 21 as against ₹ 151 Crore in FY 20 (Sale of Singapore Services business).

### Tax expense from discontinued operations

Tax expense from discontinued operations was Nil in FY 21 as against ₹ 1 Crore in FY 20.

### Profit/ (Loss) from Continuing and Discontinued operations (after tax)

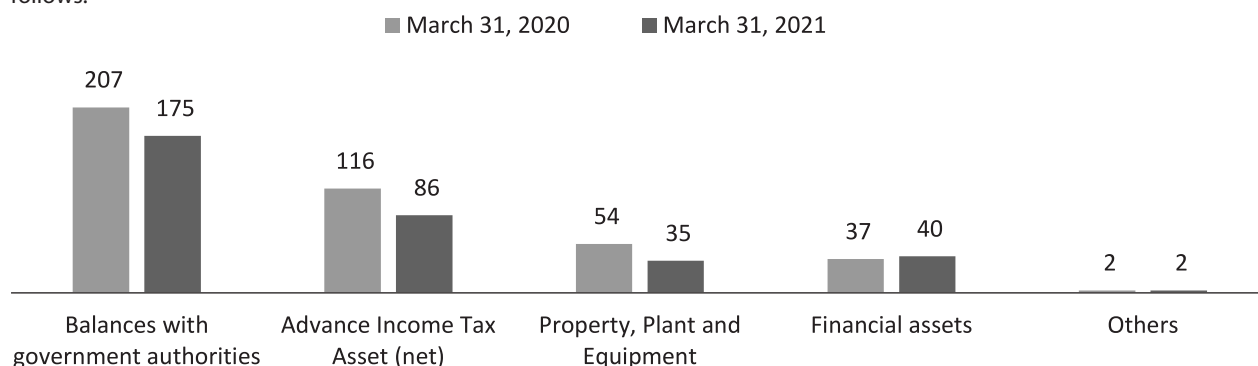
Profit/ (Loss) from Continuing and Discontinued operations (after tax) was ₹ (197) Crore in FY 21 as against ₹ (136) Crore in FY 20.

## FINANCIAL CONDITION

		₹ Crore	
Particulars	March 31, 2021	March 31, 2020	
<b>ASSETS</b>			
Non-current assets	338	416	
Current assets	296	628	
Disposal group-assets held for sale	15	3	
<b>Total</b>	<b>649</b>	<b>1,047</b>	
<b>EQUITY AND LIABILITIES</b>			
Net worth	(240)	(42)	
Non-current liabilities	61	29	
Current liabilities	828	1,060	
<b>Total</b>	<b>649</b>	<b>1,047</b>	

### Non-Current Assets

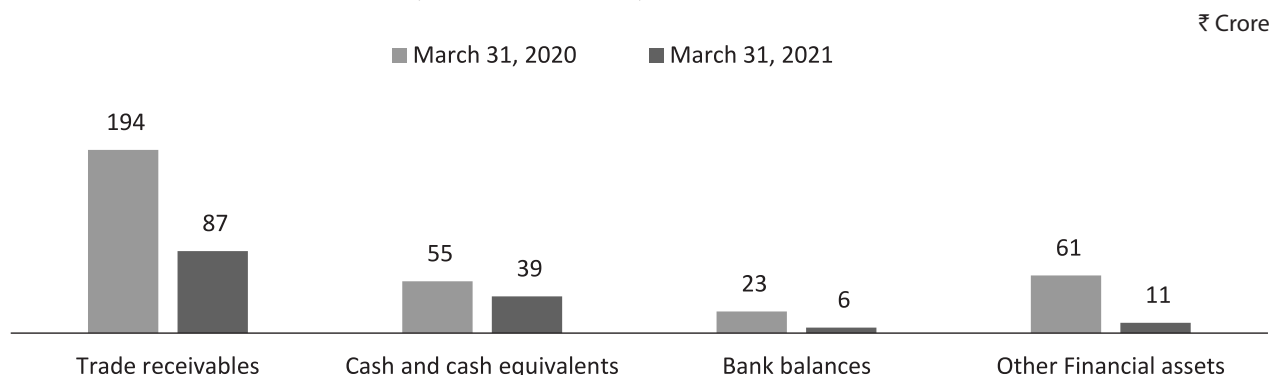
Non-current assets were ₹ 338 Crore as at March 31, 2021 as compared to ₹ 416 Crore as at March 31, 2020. The details are as follows:



### Current Assets

Current assets were ₹ 296 Crore as at March 31, 2021 as compared to ₹ 628 Crore as at March 31, 2020. The details are as follows:

- Inventories were ₹ 3 Crore as at March 31, 2021 as compared to ₹ 28 Crore as at March 31, 2020 lower by ₹ 25 Crore mainly in Distribution business.
- Financial Assets were ₹ 143 Crore as at March 31, 2021 as compared to ₹ 333 Crore as at March 31, 2020. Trade receivables were lower at March 31, 2021 mainly in Distribution and System Integration. The details are as follows:



- Other Current Assets were ₹ 150 Crore as at March 31, 2021 as compared to ₹ 266 Crore as at March 31, 2020.

### Net Worth

The Net-worth of the company was ₹ (240) Crore at March 31, 2021 as against ₹ (42) Crore at March 31, 2020.

### Non-Current Liabilities

Non-current liabilities were ₹ 61 Crore as at March 31, 2021 as compared to ₹ 29 Crore as at March 31, 2020 mainly due to increase in non-current borrowings by ₹ 36 Crore.

### Net Borrowings

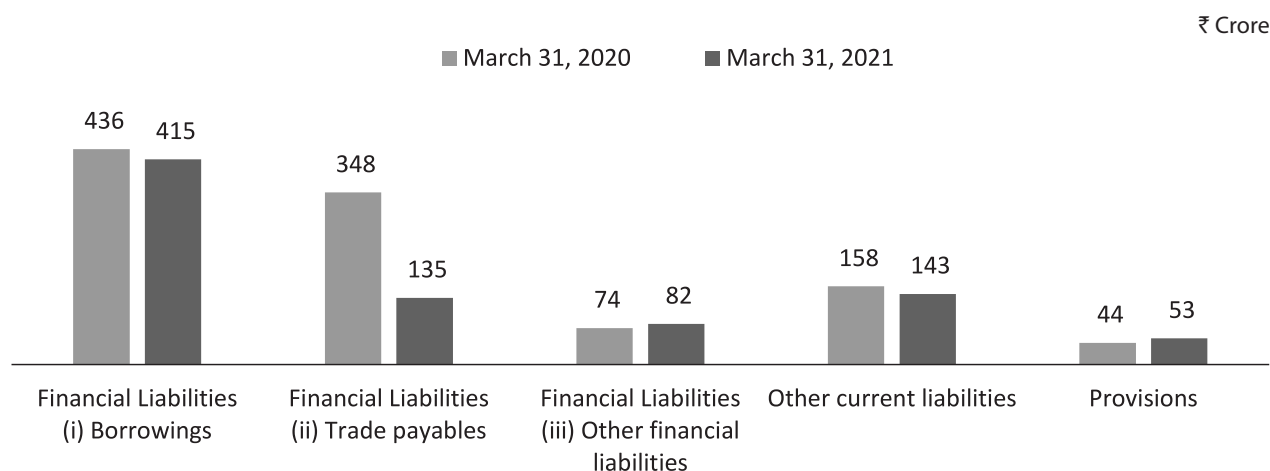
Net borrowings were ₹ 493 Crore as at March 31, 2021 as compared to ₹ 427 Crore as at March 31, 2020.

₹ Crore

Particulars	March 31, 2021	March 31, 2020
Borrowings	537	505
Less : Cash, Bank & Investments	44	78
<b>Net Borrowings</b>	<b>493</b>	<b>427</b>

### Current Liabilities

Current liabilities were ₹ 828 Crore as at March 31, 2021 as compared to ₹ 1,060 Crore as at March 31, 2020. The details are as follows:



## HCL INFOSYSTEMS

- **Financial Liabilities (ii) Trade Payable** lower as at March 31, 2021 due to scaling down of Distribution business.
- **Financial Liabilities (iii) Other Financial Liabilities** includes current maturities of long term debts, Employee benefits payable, Deposits, Interest accrued but not due on borrowings, etc.
- **Other Current Liabilities** includes deferred revenue, advances received from customers, statutory dues payable, etc.

### CASH FLOW STATEMENT

A summary of cash statement is given below:

₹ Crore		
Particulars	FY 21	FY 20
Opening balance of cash and cash equivalents	55	90
Net cash flow from operating activities	(14)	62
Net cash flow from investing activities	20	393
Net cash flow from financing activities	(22)	(490)
Effect of foreign exchange on cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>39</b>	<b>55</b>

#### Cash flow from operations

In FY 21, the Company generated ₹ (14) Crore from operations as against ₹ 62 Crore in FY 20. In FY 20, higher cash flows was due to release of working capital, deployed earlier during FY18 in Consumer distribution business.

₹ Crore		
Particulars	FY 21	FY 20
Operating profit before changes in operating assets and liabilities	(149)	(81)
Changes in operating assets and liabilities	128	152
<b>Cash generated from operations</b>	<b>(21)</b>	<b>71</b>
Tax payments made	7	(9)
Net cash generated/(used) in operating activities	(14)	62

#### Cash flow from investing activities

In FY 21, the Company generated ₹ 20 Crore from investing activities as against ₹ 393 Crore in FY 20. The cash generation in FY 21 was mainly comprised of redemption of Bank Deposits ₹ 16 Crores, Interest income ₹ 3 Crores and others ₹ 1 Crores as against FY20 comprised of sale of Singapore Services 196 Crores, redemption of Bank Deposits ₹ 129 Crores, proceeds from Subsidiary sale ₹ 49 Crore, Interest income ₹ 6 Crore and others ₹ 13 Crore.

#### Cash flow from financing activities

In FY 21, the Company used ₹ 22 Crore for financing activities (mainly for loan repayment and interest payment) as against cash used of ₹ 490 Crore in FY 20.

### SEGMENT PERFORMANCE

#### Segment Revenue

₹ Crore		
Particulars	FY 21	FY 20
- Hardware Products and Solutions	135	154
- Services *	-	264
- Distribution	217	1,656
- Learning	-	5
Less : Intersegment Eliminations	-	(0)
<b>Total</b>	<b>353</b>	<b>2,079</b>

#### Hardware Products and Solutions

Hardware Products & Solution business comprise of large system integration projects to enterprise and government customers.

Segment revenue in FY 21 was ₹ 135 Crore as against ₹ 154 Crore in FY 20.

Segment PBIT in FY 21 was ₹ (82) Crore as against ₹ (80) Crore in FY 20.

Segment assets were ₹ 282 Crore as at March 31, 2021 as against ₹ 365 Crore as at March 31, 2020 and Segment liabilities were ₹ 265 Crore as at March 31, 2021 as against ₹ 306 Crore as at March 31, 2020.

#### Services

\*Services business has been considered as discontinued operations.

Segment revenue in FY 21 was NIL as against ₹ 264 Crore in FY 20. Singapore Services business was divested in FY 20.

#### Distribution

The distribution segment consists of distribution of (a) Consumer Products including telecommunication, digital lifestyle and consumer electronic products (b) Enterprise products including IT products, Enterprise software and Office Automation products.

Segment revenue in FY 21 was ₹ 217 Crore as against ₹ 1,656 Crore in FY 20. Consumer Distribution revenue was ₹ 159 Crore in FY 21 vs. ₹ 573 Crore in FY 20 and Enterprise Distribution revenue was ₹ 58 Crore in FY 21 vs. ₹ 1,083 Crore in FY 20.

Segment PBIT in FY 21 was ₹ (34) Crore as against ₹ (60) Crore in FY 20.

Segment assets were ₹ 141 Crore as at March 31, 2021 as against ₹ 379 Crore as at March 31, 2020 and Segment liabilities were ₹ 42 Crore as at March 31, 2021 as against ₹ 209 Crore as at March 31, 2020. Segment assets & liabilities as at March 31, 2021 were lower mainly due to scaling down of Distribution business.

#### Learning

Segment revenue in FY 21 was Nil mainly as against ₹ 5 Crore in FY 20. Last year revenue was on account of outright content sale.

Segment PBIT in FY 21 was ₹ 1 Crore as against ₹ 6 Crore in FY 20. PBIT was lower due to lower revenue.

Segment assets were ₹ 2 Crore as at March 31, 2021 as against ₹ 2 Crore as at March 31, 2020 and Segment liabilities were ₹ 1 Crore as at March 31, 2021 as against ₹ 4 Crore as at March 31, 2020.

**KEY FINANCIAL RATIOS:**

Particulars	₹ Crore	
	FY21	FY 20
Debtors Turnover (Days)	89.8	39.0
Inventory Turnover (Days)	2.9	5.6
Current Ratio (times)	0.4	0.6
Operating Profit Margin (%)	-25.8%	-4.8%
Net Profit Margin (%)	-55.8%	-7.5%

- Debtors Turnover days were at 89.8 as at March 31, 2021 as against 39.0 as at March 31, 2020 due to lower revenue on account of scaling down of Distribution business.
- Inventory Turnover days were at 2.9 as at March 31, 2021 as against 5.6 as at March 31, 2020 due to lower Inventory.
- Debt Equity Ratio was negative as at March 31, 2021 and March 31, 2020 due to negative Net-worth.
- Operating Profit Margin was at (25.8%) as at March 31, 2021 as against (4.8%) as at March 31, 2020 due to lower revenue in FY 21.
- Interest coverage was negative on account of negative EBIT in FY21 & FY20.
- Net Profit Margin was (55.8%) for FY21 as against (7.5%) for FY20 due to lower revenue in FY 21 and higher profit on sale of Singapore services business in FY 20.





## HCL INFOSYSTEMS

# Board Report

### Dear Shareholders,

Your Board of Directors are pleased to present the Thirty Fifth (35<sup>th</sup>) Annual Report on the Business and Operations of the Company, together with the audited Financial Statements, both standalone and consolidated, for the financial year ended March 31, 2021.

### Financial Highlights

The summary of the financial performance of the Company for the Financial Year ended March 31, 2021, as compared to the previous year is as below:

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
<b>Continuing operations</b>				
Net Sales and other income	<b>466.02</b>	1,891.95	<b>240.99</b>	1,677.78
Loss before exceptional items Interest, depreciation and tax	<b>(138.13)</b>	(141.11)	<b>(60.35)</b>	(61.5)
Finance charges	<b>52.35</b>	90.43	<b>49.50</b>	84.27
Depreciation and amortization	<b>4.27</b>	8.8	<b>4.03</b>	7.41
Exceptional items	-	12.75	<b>(90.88)</b>	(101.71)
Loss before tax	<b>(194.75)</b>	(227.59)	<b>(204.76)</b>	(254.89)
Provision for taxation: current	<b>1.98</b>	0.08	-	-
Deferred tax expenses / (credit)	-	62.09	-	63.55
Net loss after tax	<b>(196.73)</b>	(289.76)	<b>(204.76)</b>	(318.44)
<b>Discontinued operations</b>				
Profit before tax	-	4.05	-	-
Profit from disposal of discontinued operations	-	150.76	-	-
Tax expense / (credit)	-	1.38	-	-
Net Profit after tax	-	153.43	-	-
<b>Net loss after tax</b>	<b>(196.73)</b>	(136.33)	<b>(204.76)</b>	(318.44)

### State of Company's Affairs/Performance

The consolidated net revenue (from continuing operations) of the Company for the financial year ended March 31, 2021, was ₹ 466.02 crores as against ₹ 1891.95 crores during the previous financial year ended March 31, 2020. The consolidated loss before tax (from continuing operations) for the financial year ended, March 31, 2021, was ₹ 194.75 crores as against a loss of ₹ 227.59 crores during the previous financial year ended March 31, 2020.

The net revenue on standalone basis for the financial year ended, March 31, 2021, was ₹ 240.99 crores as against ₹ 1,677.78 crores during the previous financial year ended March 31, 2020. The loss before tax for the financial year ended, March 31, 2021, was ₹ 204.76 crores as against a loss of ₹ 254.89 crores during the previous financial year ended March 31, 2020.

### Recommendation of Dividend

Your Board of Directors did not recommend any dividend for the financial year 2020-21.

### Operations

A detailed analysis and insight into the financial performance and operations of your Company for the year ended March 31,

2021, is provided in the Management Discussion and Analysis, forming part of the Annual Report.

### Material Change and Commitments

During the financial year, the Enterprise Distribution and Consumer Distribution businesses were gradually scaled down as recommended by the Board in January 2020 in order to limit future financial losses.

In keeping with our stated goal of minimizing losses and rationalizing the operations of the Company, the Board of Directors 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 & its 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 147 Crores. 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. We are in active discussion with the investor and the customer, and this transaction is expected to take longer time than expected initially with change in terms.

### Share Capital

As on March 31, 2021, the authorized share capital of the Company stands at INR 1,155,000,000 (One Hundred Fifteen Crores and Fifty Lakhs Only) divided into (i) 552,500,000 (Fifty-Five Crores and Twenty-Five Lakhs) equity shares having a nominal value of INR 2/- each and (ii) 500,000 (Five Lakhs) Preference Shares having a nominal value of INR 100 each.

As on March 31, 2021, the issued and subscribed share capital stands at INR 658,421,856 (Indian Rupees Sixty-Five Crores Eighty-Four Lakhs Twenty-One Thousand Eight Hundred and Fifty-Six only) divided into 329,210,928 (Thirty-Two Crores Ninety-Two Lakhs Ten Thousand Nine Hundred and Twenty-Eight) equity shares of INR 2 each.

As on March 31, 2021, paid up equity share capital stands at INR 658,419,856 (Indian Rupees Sixty-Five Crores Eighty-Four Lakhs Nineteen Thousand Eight Hundred and Fifty-Six only) divided into 329,209,928 (Thirty-Two Crores Ninety-Two Lakhs Nine Thousand Nine Hundred and Twenty-Eight) equity shares of INR 2 each.

### Transfer to Reserves

In view of losses, no amount is proposed to be transferred to the general reserve of the Company.

### Details of Amalgamation / Restructuring

Your Company initiated a scheme of amalgamation of Digilife Distribution and Marketing Services Limited and HCL Learning Limited, wholly owned subsidiaries, with and into HCL Infosystems Limited. The rationale for this was to consolidate businesses into a single entity, simplify the corporate structure and reducing administrative costs. 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 amalgamation.

### Employee Stock Option Plan

The shareholders of the Company in the last year's Annual General Meeting held on 29<sup>th</sup> September 2020 had approved an amendment of the Employee Stock Option Scheme 2000 (Scheme 2000) and Employee Stock Based Compensation Plan 2005 (Scheme 2005) by inserting an "Amendment and termination clause" in the schemes. Consequently, Board of Directors terminated these schemes.

### Credit Rating

The Company has credit rating of "BBB-/Negative" as long-term issuer rating and "A3" as short-term issuer rating, indicating moderate degree of safety regarding timely servicing of financial obligations", from India Ratings and Research (Ind-Ra).

### Deposits

Your Company has not accepted/renewed any deposits from the public during the year and there were no deposits

outstanding either at the beginning or at the end of the year. However, there was unclaimed matured deposit of past years amounting to ₹ 0.47 Crores, for which no claimants were reported to the Company, had been transferred to the Investor Education and Protection Fund (IEPF) account during the financial year 2020-21.

### Listing

The Equity Shares of your Company are listed at The BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

Stock Exchange(s) where HCL Infosystems Ltd. shares are listed	Scrip Symbol/ Code
National Stock Exchange of India Limited (NSE)	HCL-INSYS
BSE Limited (BSE)	500179

The Company has paid the listing fee for the year 2021-2022 to BSE and NSE.

### Directors and Key Managerial Personnel (KMP)

During the year under review, Ms. Ritu Arora was reappointed as an Independent Director for the second term of 5 years w.e.f. April 6, 2020. In the opinion of the Board Ms. Arora possess the integrity, expertise and experience required to best serve the interests of the Company.

Mr. Sushil Kumar Jain, the Company Secretary of the Company superannuated w.e.f. the closing hours of 31<sup>st</sup> March 2021. To fill the Vacancy caused by superannuation of Mr. Jain, the Board of Directors appointed Ms. Komal Bathla as the Company Secretary and Compliance Officer of the Company w.e.f. 1<sup>st</sup> April 2021.

Mr. Vinod Pulyani had been appointed as the Manager of the Company w.e.f. 29<sup>th</sup> September 2020 subject to the approval of the shareholders in the next Annual General Meeting. He subsequently resigned from the position of the manager of the Company w.e.f. the closing hours of 30<sup>th</sup> April 2021. The Board of Directors has appointed Mr. Raj Sachdeva as the Manager of the Company w.e.f. 1<sup>st</sup> May 2021, subject to the approval of shareholders in the next Annual General Meeting.

Further, Mr. Kapil Kapur, the CFO of the Company resigned from the position of CFO of the Company w.e.f. 31<sup>st</sup> May 2021. The Board of Directors appointed Mr. Alok Sahu as the CFO of the Company w.e.f. 1<sup>st</sup> June 2021.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Pawan Kumar Danwar, retires from office by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. A brief resume, details of expertise and other directorships/committee memberships held by the above Director, form part of the Notice convening the Thirty fifth Annual General Meeting.

In terms of the provision of Section 149, 152(6) and other applicable provisions of the Companies Act, 2013, an Independent Director shall hold office up to a term of five consecutive years on the Board of the Company and shall not be liable to retire by rotation.

## HCL INFOSYSTEMS

**Committees of Board**

Currently, the Board has 5 (Five) Committees: Accounts and Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and Finance Committee. A detailed note on Committees is provided in the Corporate Governance Report forms part of the Annual Report.

**Composition of Accounts and Audit Committee**

The composition of the Accounts and Audit Committee is given below:

Name	Category
Mr. Kaushik Dutta (Chairman)	Independent & Non-executive
Dr. Nikhil Sinha	Independent & Non-executive
Ms. Ritu Arora	Independent & Non-executive
Ms. Sangeeta Talwar	Independent & Non-executive

The board had accepted all the recommendations of the Accounts and Audit Committee of the board during the financial year 2020-21.

**Manner & Criteria of formal annual evaluation of Board's performance and that of its Committees and Individual Directors**

Pursuant to the provisions of Section 178 and 134 read with Schedule IV of the Companies Act, 2013 and Regulation 17(10) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors conducted a formal annual performance evaluation of its own performance, the Committees of the Board, and each individual Director.

The Company had appointed an external agency to initiate the online board evaluation of the Board, Committees and individual Directors including Independent Directors, as per the assessment criteria and norms designed by the Company's Human Resource Department. The report content and quality were reviewed by an Independent HR consultant, who shared the results with the Board Chairman – Dr. Nikhil Sinha.

Independent Directors in their separate meeting held through Video Conferencing have reviewed the performance of non-independent directors and the Board as a whole. They also reviewed the performance of the Chairperson of the Company.

**Criteria/Policy on Appointment and Remuneration**

The Company believes that a diverse Board will be able to leverage different skills, qualifications, professional experiences which is necessary for achieving sustainable and balanced development. In accordance with the provisions of Section 178 of the Companies Act, 2013 and Part D of Schedule II of the Listing Regulations, the Company has adopted the policy on Nomination and Remuneration of Directors (Executive, Non-Executive and Independent), Key Managerial Personnels (KMPs), Senior Management and other Employees of your Company. The policy specifies the criteria for appointment of Directors and Senior Management and their remuneration and for determining qualifications, positive attributes and independence of a director. The policy

is available on the website of the Company and can be assessed at <https://hclinfosystems.in/wp-content/uploads/2020/05/Appointment-and-Remuneration-policy.pdf>

**Board Meetings**

During the financial year 2020-21, 7 (Seven) Board Meetings were held and the gap between two meetings did not exceed one hundred and twenty days. The details of Board Meetings held are stated in the Corporate Governance Report which forms part of the Annual Report.

**Corporate Social Responsibility (CSR)**

The Company has a policy on CSR which includes the major area in which the Company engages itself with the CSR activities/projects and the manner of implementation and monitoring the activities/projects, which is available on the Company's website at the following web link <https://hclinfosystems.in/wp-content/uploads/2021/05/CSR-Policy.pdf>

As per the provisions of Section 135 of the Companies Act, 2013 read with rules made thereunder as amended, the Company has duly constituted the CSR Committee. The Composition of CSR Committee as on 31<sup>st</sup> March 2021 is as follows:

Name	Category
Ms. Sangeeta Talwar (Chairperson)	Independent & Non-executive
Mr. Pawan Kumar Danwar	Non-Independent & Non-executive
Mr. Dilip Kumar Srivastava	Non-Independent & Non-executive

Since the Company has incurred losses during the last three years. Therefore, the Company was not required to spend any amount on CSR during the financial year 2020-21. A report on Corporate Social Responsibility (CSR) is attached as Annexure - A to this Report.

**Corporate Governance**

The Company is committed to adhere to best corporate governance practices. The separate sections on Management Discussion and Analysis, Corporate Governance, and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI Listing Regulations, 2015 form part of this Annual Report.

**Directors' Responsibility Statement**

Pursuant to the requirement of Section 134(3)(c) of the Companies Act, 2013, and based on the representations received from the operating management, the Directors hereby confirm that:

- in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company

as on the financial year ended 31<sup>st</sup> March 2021 and of the profit and loss of the company for that period;

- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### Statement on Declaration given by Independent Directors

All Independent Directors have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations, 2015.

#### Particulars of Employees and related disclosures

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- (a) **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year: NA\***

\* No remuneration has been paid to any director during the year

- (b) **The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Manager, Company Secretary in the financial year:**

S. No.	Name	Designation	Remuneration paid (2020-21)	Percentage increase
1	Mr. Kapil Kapur	Chief Financial Officer	1,44,77,114	NA*
2	Mr. Vinod Pulyani	Manager	—**	-
3.	Mr. Sushil Kumar Jain	Company Secretary	65,21,714	-

#### Note:

\*Remuneration received in FY 2020-2021 is not comparable with remuneration received in FY 2019-2020 due to payment of long-term incentive in FY 2020-2021, hence not stated.

\*\* Vinod Pulyani received remuneration from HCL Corporation Private Limited

- (c) **The percentage increase in the median remuneration of employees in the financial year:**

There was decrease of 11.4% in the median remuneration of the employees in the financial year 2020-21 as compared to increase of 7.2% in financial year 2019-20 due to scale down of businesses.

- (d) **The number of permanent employees on the rolls of Company:**

The number of permanent employees on the rolls of the Company at the end of the financial year was 390.

- (e) **Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

There was no increase in the salaries of employees including managerial personnel for the financial year 2020-21.

- (f) **Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms remuneration is as per the remuneration policy of the Company.

Annual Report is being sent to the members of the Company and others entitled thereto, excluding the information under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended. Any member interested in obtaining the said information may write to the Company Secretary at the registered office of the Company.

#### Particulars of Loans, Guarantees or Investments

The Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 and relevant rules thereunder are given in the notes to the Financial Statements.

#### Related Party Transactions

All the related party transactions entered by the Company were in the ordinary course of business and at arm's length basis. The Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions which requires disclosure in Form AOC-2. The Company has employed an external firm of Chartered Accountants to review and evaluate the basis of such agreements and opine on their fairness.

The Company has formulated a Policy on dealing with related party transactions which is also available on the website of the Company at the following web link:

<https://hclinfosystems.in/wp-content/uploads/2016/09/Related-Party-transaction-policy.pdf>

**Internal Control Systems and their Adequacy**

The Company has put in place controls commensurate with the size and nature of Operations. These have been designed to provide reasonable assurance with regards to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies.

The Company has an internal audit function designed to review the adequacy of internal control checks in the system which covers all significant areas of the Company's Operations such as Accounting and Finance, Procurement, Business Operations, Statutory compliances, IT Processes, Safeguarding of Assets and their protection against unauthorized use, among others. The Internal Audit function performs the internal audit of the Company's activities based on the Internal audit plan, which is reviewed each year and approved by the Board Audit Committee. The Audit Committee reviews the reports submitted by internal auditors. Suggestions for improvements are considered and the Audit Committee follows up on corrective action. Disciplinary action is taken, wherever required, for non-compliance to corporate policies and controls.

**Adequacy of Internal Financial control with respect to Financial Statements**

The Company has in place adequate Internal Financial Controls with respect to financial statements. No material weakness in the design or operation of such controls was observed during the year.

**Vigil Mechanism/Whistle Blower Policy**

Pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, The Company has established a Vigil Mechanism/ Whistle Blower Policy for Directors and employee to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. No person has been denied access to the Chairman of the Audit Committee.

The said Policy is posted on the website of the Company and can be assessed at

[https://hclinfosystems.in/wp-content/uploads/2016/09/Whistleblower\\_Policy\\_.pdf](https://hclinfosystems.in/wp-content/uploads/2016/09/Whistleblower_Policy_.pdf)

**Policy against Sexual Harassment and Constitution of Internal Complaint Committee on Prevention of Sexual Harassment**

The organization endeavors to ensure a safe, protected and congenial work environment where employees deliver their best without any inhibition, threat or fear. Hence, the prevention of sexual harassment at workplace policy has been implemented.

The Company has put in place a 'Policy on Prevention and Redressal of Sexual Harassment at Workplace under the name of 'With You'. As per the policy, any employee may report his/her complaint to the supervisor or HR representative or member of the Committee or to the With You email id '[withyou@hcl.com](mailto:withyou@hcl.com)', in writing as mentioned.

The Committee would then investigate and submit its report within 90 working days. We affirm that adequate access was provided to any complainant who wished to register a complaint under the policy, during the year.

The Company has complied with the provisions relating to constitution of Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH"). No case is reported on sexual harassment during the year

**Risk Management Policy**

The Board of the Company has adopted a risk management policy for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis, including aligning the internal audit functions to areas of key risks.

The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this annual report as a Separate section.

**Auditors & Auditors' Report****Statutory Auditors**

As per Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company in its 31<sup>st</sup> Annual General Meeting held on September 14, 2017 approved the appointment of M/s BSR & Associates LLP, Chartered Accountants (FRN – 116231W/W-100024), as the Statutory Auditors of the Company for an initial term of 5 years i.e. from the conclusion of 31<sup>st</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> Annual General Meeting of the Company.

The Report given by M/s BSR & Associates LLP, Chartered Accountants on the financial statements of the Company for the financial year 2020-21 is part of the Annual Report. There was no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) of the Act.

**Secretarial Audit Report**

The secretarial audit as per Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 was carried out by M/s. V K C & Associates, Practicing Company Secretaries for the financial year 2020-21. The Report given by the Secretarial Auditor of the Company and its material subsidiary HCL Infotech Limited forms an integral part of this Board's Report.

During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) of the Act. In terms of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Accounts & Audit Committee recommended, and the Board of Directors appointed M/s. V K C & Associates, Practicing Company



Secretaries as the Secretarial Auditors of the Company in relation to the financial year 2021-22. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder.

### Compliance with Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards as issued and amended by The Institute of Company Secretaries of India (ICSI), from time to time.

### Particulars of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, as required under the Companies (Accounts) Rules, 2014.

#### A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy; Your Company has executed measures at its facilities to reduce power consumption. By consolidation of various offices/shifting to Business Centers, we were able to save approximately 6.17 Lakh units of electrical energy during the whole financial year 2020-2021.
- (ii) the steps taken by the company for utilizing alternate sources of energy; NA
- (iii) the capital investment on energy conservation equipment's; NA

#### B) Technology absorption-

- (i) the efforts made towards technology absorption- Nil
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution- Nil
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- Nil
  - (a) the details of technology imported- NA
  - (b) the year of import; NA
  - (c) whether the technology been fully absorbed- NA
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof- NA

#### C) The expenditure incurred on Research and Development: NIL

#### D) Foreign exchange earnings and Outgo-

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflow:

(In Crores.)

Particulars	Amount for F.Y. 2020-21
Foreign exchange earnings	3.26
Foreign exchange Outgo	59.65

### Consolidated Financial Statement

In accordance with the Companies Act, 2013 ('the Act') and Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments in Subsidiaries/Associates/JVs and AS - 27 on Financial Reporting of Interests in Joint Ventures, the audited consolidated financial statement is provided in the Annual Report.

### Subsidiaries, Joint Ventures and Associate Companies

During the year under review there is no change in the subsidiaries, Joint Ventures and Associate Companies of the Company.

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Subsidiaries Companies and Joint Venture in Form AOC-1 forms part of this Annual report.

### Annual Return

Pursuant to the provisions of Section 134(3)(a) r/w/ Section 92(3) of the Act, the Annual Return is put up on the Company's website and can be accessed at <https://hclinfosystems.in/wp-content/uploads/2020/06/Annual-Return-2020-2021.pdf>

### Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more have also been transferred to the demat account created by the IEPF Authority.

There were no unclaimed and unpaid dividends amount / the corresponding shares which were due to be transferred to IEPF/ IEPF suspense account during the FY 2020-21.

However, there was unclaimed matured deposit of past years amounting to ₹ 47.30 lakhs, for which no claimants were reported to the Company, had been transferred to the Investor Protection and Education Fund (IEPF) account during the financial year 2020-21.

### General

The Board of Directors of the Company state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
4. There was no significant or material order passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.



## HCL INFOSYSTEMS

5. Details of the Employees Stock Option Scheme Section as required under Section 62(1)(b) of the Act read with rule 12(9) of Companies (Share capital and debentures) Rules, 2014.
6. There is no change in the nature of the Company
7. The company is not required to maintain cost records as per sub section (1) of Section 148 of the Companies Act, 2013.

### Acknowledgements

The Directors place on record their appreciation for the continued co-operation extended by all stakeholders including various departments of the Central and State

Government, Shareholders, Investors, Bankers, Financial Institutions, Customers, Dealers and Suppliers.

The Board also places on record its gratitude and appreciation of the committed services of the executives and employees of the Company.

**On behalf of the Board of Directors**

**Sd/  
Nikhil Sinha  
(Chairman)**

**Place: US**

**Date: 25<sup>th</sup> June, 2021**

# Annual Report On Corporate Social Responsibility Activities

## 1. Introduction (Brief outline on CSR Policy of the Company)

Corporate Social Responsibility (CSR) at HCL Infosystems Limited ("the Company") is formulated keeping the view to create values with stakeholder and communities.

## 2. Composition of CSR committee:

The composition of the committee is as under:

S.No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the financial year 2020-21	Number of meetings of CSR Committee attended during the financial year 2020-21
1	Ms. Sangeeta Talwar (Chairperson)	Independent & Non- Executive Director	Not Applicable	Not Applicable
2	Mr. Pawan Kumar Danwar (Member)	Non-Independent & Non- Executive Director	Not Applicable	Not Applicable
3	Mr. Dilip Kumar Srivastava (Member)	Non-Independent & Non- Executive Director	Not Applicable	Not Applicable

## 3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The Composition of CSR committee can be accessed at: <https://hclinfosystems.in/meet-the-team/>

The CSR policy can be accessed at: <https://hclinfosystems.in/wp-content/uploads/2021/05/CSR-Policy.pdf>

As the average profit for the last three financial years of the Company was negative, therefore the board of directors was not required to approve any CSR projects.

## 4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable

## 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
Not Applicable			

## 6. Average net profit of the company for last three financial years:

The average profit for last three financial years is Negative

## 7. (a) Two percent of average net profit of the company as per section 135(5): Not applicable

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not Applicable

(c) Amount required to be set off for the financial year 2020-21: Not Applicable

(d) Total CSR obligation for the financial year (7a+7b+7c): Not Applicable

## 8. (a) CSR amount spent or unspent for the financial year 2020-21:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Not Applicable					

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation -Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
Not Applicable												

**(c) Details of CSR amount spent against other than ongoing projects for the financial year 2020-21:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number.
Not Applicable									

**(d) Amount spent in Administrative Overheads:** Not Applicable

**(e) Amount spent on Impact Assessment, if applicable:** Not Applicable

**(f) Total amount spent for the Financial Year 2020-21(8b+8c+8d+8e):** Not Applicable

**(g) Excess amount for set off:** Not Applicable

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer	
Not Applicable							

**(b) Details of CSR amount spent in the financial year 2020-21 for ongoing projects of the preceding financial year(s):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No	Project ID.	Name of the Project	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed/ Ongoing.
				State			Name	
Not Applicable								

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**

**(a) Date of creation or acquisition of the capital asset(s)-** Not Applicable

**(b) Amount of CSR spent for creation or acquisition of capital asset-** Not Applicable



- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- Not Applicable
  - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)- Not Applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)-Not Applicable

**Sd/**  
**Mr. Pawan Kumar Danwar**  
Director

**Sd/**  
**Ms. Sangeeta Talwar**  
Chairperson (CSR Committee)

Date : 25<sup>th</sup> June 2021  
Place : Delhi

# Report On Corporate Governance

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company firmly believes that good corporate governance practices ensure efficient conduct of the affairs of the Company, while upholding the core values of transparency, integrity, honesty and accountability, and help the Company in its goal to maximize value for all its stakeholders.

The Company adopts and adheres to the best recognized corporate governance practices and continuously strives to better them.

The Company is in compliance with the requirements of the guidelines on corporate governance, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 2. BOARD OF DIRECTORS:

- As on 31<sup>st</sup> March 2021, the Board of Directors of the Company comprises six Directors, out of which, four are Independent Directors, including two women Directors. The composition of the Board is in conformity with Regulation 17(1) and 17(A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees as specified in Regulation 26(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 across all the public companies in which he is a director. Necessary disclosures regarding Committee position in other public companies as on 31<sup>st</sup> March 2021 have been made by the Directors.
- All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013 (Act). In the opinion of the Board, all the Independent Directors fulfil the conditions specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management. The maximum tenure of Independent Directors is in accordance with the Act.
- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2020–21 and the last Annual General Meeting, and the number of Directorship and committee chairmanship/ membership held by them in other public companies is given below. Other Directorship does not include that of private limited companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013. Chairmanship/membership of Board Committees includes only Audit Committee and Stakeholders' Relationship Committee.

Names	Category	No. of Board Meetings during 2020–21		Whether attended last AGM held on 29 <sup>th</sup> September, 2020	No. of Directorships in other public companies as on 31 <sup>st</sup> March 2021	Name of listed company and category of directorship as on 31 <sup>st</sup> March, 2021	No. of Committee positions held in other public companies as on 31 <sup>st</sup> March 2021	
		Held	Attended				Chairman	Member
Dr. Nikhil Sinha (Chairman)	Independent & Non-executive Director	7	7	Yes	2	-	-	-
Mr. Kaushik Dutta	Independent & Non-executive Director	7	7	Yes	6	1. New Delhi Television Limited (Independent Director) 2. Newgen Software Technologies Limited (Independent Director)	-	2
Ms. Ritu Arora*	Independent & Non-executive Director	7	7	Yes	4	-	-	2
Ms. Sangeeta Talwar	Independent & Non-executive Director	7	7	Yes	6	1. TCNS Clothing Co. Limited (Independent Director) 2. Castrol India Limited (Independent Director) 3. Mahindra Holidays & Resorts India Limited (Independent Director)	1	5

Names	Category	No. of Board Meetings during 2020-21		Whether attended last AGM held on 29 <sup>th</sup> September, 2020	No. of Directorships in other public companies as on 31 <sup>st</sup> March 2021	Name of listed company and the category of directorship as on 31 <sup>st</sup> March, 2021	No. of Committee positions held in other public companies as on 31 <sup>st</sup> March 2021	
		Held	Attended				Chairman	Member
Mr. Dilip Kumar Srivastava	Non-independent & Non-executive Director	7	7	Yes	3	-	-	-
Mr. Pawan Kumar Danwar	Non-independent & Non-executive Director	7	7	Yes	1	-	-	-

\*Ms Ritu Arora was reappointed as Independent Director for the second term w.e.f. 6th April 2020.

- (v) Seven Board Meetings were held during the financial year 2020-21 and the gap between two meetings did not exceed 120 days. The dates on which the Board Meetings were held are as follows:

15 <sup>th</sup> June, 2020	06 <sup>th</sup> August, 2020	29 <sup>th</sup> September, 2020
06 <sup>th</sup> November, 2020	23 <sup>rd</sup> and 25 <sup>th</sup> January, 2021	10 <sup>th</sup> February, 2021
23 <sup>rd</sup> March, 2021		

- (vi) Inter-se Relationship among Directors: none of the Director is a relative of other Director(s).
- (vii) Necessary information as mentioned in Part A of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the Board for their consideration. Some of the items discussed at the Board/Board Committees meetings are listed below:

- Annual operating plans and budgets and all updates.
- Capital budgets and all updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of the chief financial officer and the company secretary, if any.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Sale of investments, subsidiaries which are material in nature and not in normal course of business
- Quarterly details of foreign exchange exposures and steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- Discussion and review of Business Operations.
- Advancement of inter-corporate loan to subsidiaries, if any.
- Issue of corporate guarantees(s) on behalf of subsidiaries, if any.
- Minutes of meetings of Board of Directors of subsidiary companies.
- Review of operations of subsidiary companies.
- Review of related party transactions.
- Review of statutory compliances.

### 3. COMMITTEES OF THE BOARD

#### (i) ACCOUNTS AND AUDIT COMMITTEE:

- The Accounts and Audit Committee of the Company was constituted in August' 1998.
- The Committee is governed by a Charter.
- The brief description of the terms of reference of the Audit Committee inter-alia include the following:
  - Recommending to the Board, the appointment, re-appointment, remuneration and terms of appointment and, if required, the replacement or removal of the auditors of the Company.
  - Approval of payment to statutory auditors for any other services rendered by them.

3. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
4. To review and monitor the auditor's independence and performance, and effectiveness of audit process.
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report under Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgement by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements related to financial statements.
  - Disclosure of any related party transactions.
  - modified opinion(s) in the draft audit report.
6. Review, with the management, the quarterly financial statements before submission to the Board for approval.
7. Examination of the financial statements and the auditors' report thereon.
8. Evaluation of internal financial controls and risk management systems.
9. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
10. Reviewing and monitoring, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
11. Approval or any subsequent modification of transactions of the company with related parties.
12. Scrutiny of inter-corporate loans and investments.
13. Valuation of undertakings or assets of the Company, wherever necessary.
14. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
15. Discussion with internal auditors of any significant findings and follow-up thereon.
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
19. To review the functioning of the Whistle Blower mechanism.
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, background, etc. of the candidate.
21. The Audit Committee shall mandatorily review the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief internal auditor.
  - statement of deviations:
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

- (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
22. To perform any other function as may be assigned by the Board from time to time.
- d. The composition, powers, roles and the terms of reference of the Committee are in terms of the requirement of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Committee members have reasonable knowledge of finance and accounting and two members possess financial and accounting expertise.
- e. The composition of the Accounts and Audit Committee and details of meetings attended by its Chairman/members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Kaushik Dutta (Chairman)	Independent & Non-executive	5	5
Dr. Nikhil Sinha	Independent & Non-executive	5	5
Ms. Ritu Arora	Independent & Non-executive	5	5
Ms. Sangeeta Talwar	Independent & Non-executive	5	5

- f. The Audit Committee met Five times during the financial year 2020-21 on the following dates:

15 <sup>th</sup> June 2020	06 <sup>th</sup> August, 2020	06 <sup>th</sup> November, 2020
10 <sup>th</sup> February, 2021	23 <sup>rd</sup> March, 2021	

- g. The previous Annual General Meeting of the Company was held on 29<sup>th</sup> September 2020 and it was attended by the Chairman of the Committee.
- h. The Company Secretary of the Company acts as Secretary to the Committee.
- i. The Board had accepted all the recommendations of the Audit committee of the board, which was mandatorily required, during the financial year 2020-21

## (ii) **NOMINATION AND REMUNERATION COMMITTEE:**

- a. The Nomination & Remuneration Committee was constituted in August 1998.
- b. The Committee is governed by a Charter.
- c. The brief description of the terms of reference of the Committee inter alia includes:

### **Charter of the Committee:**

The purpose of the Committee is to:

- Manage the following set of activities with respect to members of the Board of Directors of the Company:
  - Appointment of Directors
    - Formulate the criteria for determining qualification, positive attributes and independence of Directors
    - Review and recommend potential candidates to the Board for appointment with due consideration to Board diversity
  - Evaluation of performance of the Directors of the Board
    - Establish criteria for evaluation of Director's performance
    - Conduct evaluation and submit the report to the Chairman of the Board (if necessary, the Committee may seek external consulting assistance in this matter)
  - Remuneration of Directors including Executive and Non-executive Directors
    - Recommend policy for approval by the Board
- Manage the following set of activities with respect to key managerial personnel viz., Executive Directors, Managing Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary of the Company and in future, such persons as recommended by the Board:
  - Establish and review the performance scorecard for key managerial personnel for each financial year
  - Review and recommend compensation, incentive and bonus plans for MD/CEO and other key managerial personnel based on performance evaluation outcomes
  - The committee should also review, guide, and finalize succession planning for key managerial personnel

3. Manage the following set of activities with respect to the senior management of the Company:
  - Review the performance scorecard for the senior management for each financial year
  - Review and recommend to the Board the compensation, incentive, and bonus plans for the senior management as proposed by the HR Head / Manager / CFO based on his / her evaluation of the performance outcomes of the senior management
  - The Committee should also review, guide, and finalize succession planning for senior management
4. Other activities:
  - Wherever considered necessary, the committee may review matters such as Organizational Structure, HR Charter, proposal from the HR Head / Manager / CFO on annual compensation plan, pay hikes and budgets across organization for all employees globally etc.
  - Review and recommend the Stock Option Plans
  - Approve the individual grant of options to employees and/or non-independent Directors
  - In case considered appropriate the Board may recommend a review of any other areas considered critical to performance of Business
- d. The composition of the Nomination and Remuneration Committee and the details of meetings attended by its chairman/members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Ms. Sangeeta Talwar (Chairperson)	Independent & Non-executive	6	6
Dr. Nikhil Sinha	Independent & Non-executive	6	6
Mr. Dilip Kumar Srivastava	Non-independent & Non-executive	6	6

- e. The Committee met Six times during the financial year 2020-21 on the following dates:

15 <sup>th</sup> June, 2020	06 <sup>th</sup> August, 2020	29 <sup>th</sup> September, 2020
06 <sup>th</sup> November, 2020	10 <sup>th</sup> February, 2021	23 <sup>rd</sup> March, 2021

- f. The board had accepted all the recommendations of the Nomination and Remuneration Committee, which was mandatorily required, during the financial year 2020-21

- g. **Compensation policy for Non-executive Directors (NEDs):**

Within the ceiling of 1% of the net profits of the Company computed under the applicable provisions of the Companies Act, 2013 and after obtaining the approval of the shareholders, the Non-executive Directors (other than Promoter Director) are paid a commission, the amount whereof is determined based on the policy adopted by the Company laying down the criteria relating to their positions on the Board and the various Board Committees. However, in view of the losses incurred by the Company during the year ended 31<sup>st</sup> March 2021, no commission be paid to Non-executive Directors for the year ending 31<sup>st</sup> March 2021.

These Directors are also paid sitting fees at the rate of ₹ 75,000 for attending each meeting of the Board and the Board Committees. The sitting fees are paid to the Independent Directors.

- h. **Details of remuneration paid / payable to all the Directors for the period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021:**

(₹ /Lacs)

Name	Salary & Allowances	Perquisites	Performance Linked Bonus	Commission	Sitting Fees
Dr. Nikhil Sinha	NIL	NIL	NIL	NIL	14.25
Mr. Dilip Kumar Srivastava	NIL	NIL	NIL	NIL	NIL
Mr. Pawan Kumar Danwar	NIL	NIL	NIL	NIL	NIL
Ms. Sangeeta Talwar	NIL	NIL	NIL	NIL	17.25
Mr. Kaushik Dutta	NIL	NIL	NIL	NIL	13.50
Ms. Ritu Arora	NIL	NIL	NIL	NIL	13.50
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>58.50</b>

The above remuneration excludes reimbursement of expenses on actual to the Directors for attending meetings of the Board/Committees.

i. **Details of stock options issued to Directors:**

The Company has not granted any options to any of the Director of the Company.

j. **Period of contract of Executive Director:**

The Company does not have any Executive Director on the Board.

k. There were no pecuniary relationships or material, financial and commercial transactions of the Non- executive Directors and the senior management vis-à-vis the company.

l. As on 31<sup>st</sup> March 2021, Mr. Kaushik Dutta was holding 4,000 shares in the Company. No other Director was holding any shares of the Company as on 31<sup>st</sup> March 2021.

**(iii) STAKEHOLDERS RELATIONSHIP COMMITTEE:**

a. The Stakeholders Relationship Committee was constituted to oversee and review all matters connected with the transfer and transmission of shares of the Company and the matters related thereto and redressal of shareholders/investors' complaints.

b. The role of the committee shall inter-alia include the following:

1. To review the grievances of shareholders of the Company received from MCA, Stock Exchanges (NSE/BSE), SEBI, Investor forum and to note how the Company has resolved the same up to the satisfaction of the shareholders.
2. To review the communication received from shareholders and how the issues has been addressed by the Company/RTA.
3. To approve share transfers or delegate the same to an officer or a committee or to the registrar and share transfer agent who will attend to share transfer formalities at least once in a fortnight.
4. To authorize RTA to have frequent meeting for transfer of shares in physical form submit the report to the Company on share transferred, rejection cases of transfer.
5. To review and approve to release new share certificates without surrender of the corresponding old share certificates which are reported lost and not traceable and to transmit the shares, if requested.
6. To review the details of shareholders and shareholding on periodical basis and report in the Stakeholders Relationship Meeting.
7. To review and note the Certificate issued by the RTA of the Company on various compliances related to maintenance of shareholders data and connected matters like share like transfer, split, dematerialization, re-materialization etc.
8. To review the shareholding pattern including change in shareholding of promoters, if any.
9. To review the details of dealing in shares by Directors/Designated Employees.

c. The composition of the Stakeholders Relationship Committee and the details of meetings attended by its Chairperson/members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Ms. Sangeeta Talwar (Chairperson)	Independent & Non-executive	4	4
Mr. Pawan Kumar Danwar	Non-independent & Non-executive	4	4
Mr. Dilip Kumar Srivastava	Non-independent & Non-executive	4	4

d. The Committee met four times during the financial year 2020-21 on the following dates:

15 <sup>th</sup> June, 2020	06 <sup>th</sup> August, 2020	6 <sup>th</sup> November, 2020
10 <sup>th</sup> February, 2021		

e. **Name, designation, and address of Compliance Officer:**

Ms. Komal Bathla  
 Company Secretary and Compliance Officer  
 HCL Infosystems Limited  
 A- 11, Sector 3,  
 NOIDA (U.P.) – 201301  
 Tel: 0120-2526490  
 Fax: 91 120 2523791

**f. Investor Grievances / Complaints**

The details of the Investor Complaints during the Financial Year ended 31<sup>st</sup> March 2021 are as follows:

Opening Balance	Number of shareholders' complaints received	No. of Complaints Resolved	Number not solved to the satisfaction of shareholders	Number of pending complaints
0	2	2	0	0

**(iv) OTHER COMMITTEES**
**a. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

- In compliance with Section 135 of Companies Act, 2013, Corporate Social Responsibility Committee was constituted in the year 2014.
- The Committee is governed by a Charter.
- The terms of reference of the Committee inter alia includes:
  - To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company.
  - To recommend the amount of expenditure to be incurred on the activities referred above.
  - To monitor the Corporate Social Responsibility Policy of the Company from time to time.
  - To undertake such other activities as it may deem expedient to discharge its functions or which can be assigned to it by the Board of Directors from time to time.
- The composition of the Corporate Social Responsibility Committee is given below:

Name	Category
Ms. Sangeeta Talwar (Chairperson)	Independent & Non-executive
Mr. Pawan Kumar Danwar	Non-Independent & Non-executive
Mr. Dilip Kumar Srivastava	Non-Independent & Non-executive

The Company is having losses for the past three years, hence not liable to spend any amount on CSR activities. Therefore, no meeting of CSR Committee was conducted during the financial year 2020–21.

**b. FINANCE COMMITTEE**

- The Company constituted a Committee of Director in 1999 and renamed as Finance Committee in 2011.
- The Committee is governed by a Charter.
- The terms of reference of the Committee inter alia includes: -
  - Capital structure plans and specific equity and debt financings
  - Review the corporate guarantee/bonds provided by the company either directly or through banks in connection with the Company's business, to any third parties and recommend to the Board.
  - Approve opening/closing of bank accounts of the Company and change in signatories for operating the bank accounts.
  - Review annual budgets and other financial estimates and provide its recommendations to the Board.
  - Review the actual performance of the Company against the plans on a quarterly basis
  - Capital expenditure plans and specific capital projects
  - Evaluate the performance of and returns on approved capital expenditure
  - Customer financing
  - Mergers, acquisitions, buy backs, demerger, and divestitures
  - Evaluate the performance of acquisitions
  - Fresh/further investment in subsidiaries/JVs/branches
  - Evaluate the performance of subsidiaries/JVs/branches
  - Plans and strategies for managing the foreign exchange exposure
  - Investment of surplus funds
  - Recommend dividend policy to the Board



- Insurance coverage and program
  - Review of the total BG issued V/s BG Limits
4. The composition of the Finance Committee and the details of meetings attended by its chairperson/ members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Kaushik Dutta (Chairperson)	Independent & Non-executive	5	5
Mr. Pawan Kumar Danwar	Non-Independent & Non-executive	5	5
Ms. Ritu Arora	Independent & Non-executive	5	5

5. The board had accepted all the recommendations of the Finance Committee, which was mandatorily required, during the financial year 2020-21.

#### 4. Independent Directors' Meeting

During the year under review, the Independent Directors' meeting was conducted on 23<sup>rd</sup> March 2021 through video conferencing, to discuss the following:

- a. review the performance of Non-independent Directors and the Board as a whole
- b. review the performance of the Chairman of the Company, taking into account the views of Non-executive Directors
- c. assess quality, quantity, and timeliness of flow of information between the Company management and the Board that is necessary for the Board to perform their duties effectively and reasonably

All Independent Directors attended the meeting through video conferencing as there was lockdown due to Covid-19.

#### 5. Familiarization Programmes for Independent Directors

During the year under review, no Independent Director was inducted on the Board of the company. Apart from this, the Company frequently organizes familiarization programme to update the Independent Directors on the business and operations of the company.

The details of such familiarization programmes are posted on the website of the company and can be accessed at [https://hclinfosystems.in/wp-content/uploads/2016/09/Familiarisation\\_programme\\_For\\_Independent\\_Directors-1.pdf](https://hclinfosystems.in/wp-content/uploads/2016/09/Familiarisation_programme_For_Independent_Directors-1.pdf)

#### 6. Key Board Skills, Expertise and Competence

The Company's Board comprises qualified members with required skills, expertise and competence that allow them to make contributions to the Board and its Committees.

In the table below, the specific areas of expertise/skills/competence of individual Board members have been highlighted. However, the absence of mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

S. No	Area of Expertise/ Skills / Competence	Dr. Nikhil Sinha	Mr. Kaushik Dutta	Ms. Sangeeta Talwar	Ms. Ritu Arora	Mr. Pawan Kumar Danwar	Mr. Dilip Kumar Srivastava
1	<b>Strategy</b> (Experience in developing and implementing business strategy)	√	√	√	√	√	√
2	<b>Leadership</b> (Leadership experience and corporate leadership positions held)	√	√	√	√	√	√
3	<b>Financial and Risk Management</b> (Experience in financial accounting, corporate finance, risk management and internal controls)	√	√	√	√	√	√

S. No	Area of Expertise/ Skills / Competence	Dr. Nikhil Sinha	Mr. Kaushik Dutta	Ms. Sangeeta Talwar	Ms. Ritu Arora	Mr. Pawan Kumar Danwar	Mr. Dilip Kumar Srivastava
4	<b>Governance and Board</b> (Experience as corporate Board member or membership of industry or other governance bodies)	√	√	√	√	√	√
5	<b>Technology</b> (Significant background in or knowledge of technology including its impact on business models and strategy)	√	-	-	-	-	-

## 7. APPOINTMENT AND REMUNERATION POLICY OF DIRECTORS, SENIOR MANAGEMENT AND OTHER EMPLOYEES

The Company believes that a diverse Board will be able to leverage different skills, qualifications, professional experiences which is necessary for achieving sustainable and balanced development. In accordance with the provisions of Section 178 of the Companies Act, 2013 and Part D of Schedule II of the Listing Regulations, the Company has adopted the policy on nomination and remuneration of Directors (Executive, Non-executive and Independent), key managerial personnel (KMP), senior management and other employees of the Company. The policy also specifies the criteria for determining qualifications, positive attributes, and independence of a Director. The policy is available on the website of the Company and can be accessed at <https://hclinfosystems.in/wp-content/uploads/2020/05/Appointment-and-Remuneration-policy.pdf>

## 8. Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a formal annual performance evaluation has been done by the Board of its own performance, the Directors individually as well as the evaluation of its Committees.

The Company had appointed an external agency to initiate the online board evaluation of the Board, Committees and individual directors including independent directors, as per the assessment form designed in-house by the Company's Human Resource Department. The report content and quality were reviewed by an Independent HR consultant and she shared the results with the Board Chairman – Dr. Nikhil Sinha.

Independent Directors in their separate meeting have reviewed the performance of non-independent directors and the Board as a whole. They also reviewed the performance of the Chairperson of the Company.

## 9. CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT:

The Company has adopted a comprehensive code of conduct for its Directors and senior management, which lays the standards of business conduct, ethics, and governance.

The Code has been circulated to all the members of the Board and senior management and they have affirmed compliance of the same.

## 10. UNLISTED SUBSIDIARY COMPANIES:

The Company has six unlisted subsidiaries as on 31<sup>st</sup> March 2021 as under:

S. No.	Name of the Company	Date of Incorporation / Acquisition
1.	Digilife Distribution and Marketing Services Limited	19 <sup>th</sup> March, 2008
2.	HCL Learning Limited	28 <sup>th</sup> September, 2012
3.	HCL Infotech Limited	28 <sup>th</sup> September, 2012
4.	Pimpri Chinchwad eServices Limited	21 <sup>st</sup> September 2010
5.	HCL Investments Pte. Limited, Singapore	29 <sup>th</sup> November, 2010
6.	Nurture Technologies FZE (formerly known as HCL Infosystems MEA FZE, Dubai) (acquired)	4 <sup>th</sup> July, 2010

The Audit Committee reviewed the financial statements of the unlisted subsidiary companies. The Minutes of the Board and Committee meetings of the unlisted subsidiary companies are regularly placed before the Board. The Board also

reviewed the statement of all significant transaction and arrangement entered by the unlisted subsidiary companies. Presently, the company is having a policy on material subsidiaries which is posted on the website of the Company and can be accessed at <https://hclinfosystems.in/wp-content/uploads/2019/04/Material-subsidiary-policy.pdf>

## 11. RELATED PARTY TRANSACTIONS

All the related party transactions as defined under the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered during the financial year 2020-21 were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the financial year 2020-21. The Company has not entered any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Board of Directors of the Company has on the recommendation of the Audit Committee, adopted a Related Party Transactions Policy in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. The said policy is posted on the website of the Company and can be accessed at

<https://hclinfosystems.in/wp-content/uploads/2016/09/Related-Party-transaction-policy.pdf>

All related party transactions are placed before the Audit Committee and the Board for approval.

## 12. VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had adopted a Vigil Mechanism/ Whistle Blower Policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. No person has been denied access to the Chairman of the Audit Committee. The said Policy is posted on the website of the company and can be assessed at [https://hclinfosystems.in/wp-content/uploads/2016/09/Whistleblower\\_Policy\\_.pdf](https://hclinfosystems.in/wp-content/uploads/2016/09/Whistleblower_Policy_.pdf)

## 13. GENERAL BODY MEETINGS:

(i) The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Mode/Location
2019-20	29 <sup>th</sup> September, 2020	10:00 a.m.	Video Conference ("VC")/Other Audio Visual Means ("OAVM") (Deemed venue: 806, Siddharth, 96, Nehru Place, New Delhi-110 019)
2018-19	16 <sup>th</sup> September, 2019	10:00 a.m.	Kamani Auditorium, 1, Copernicus Marg, New Delhi- 110001
2017-18	27 <sup>th</sup> September, 2018	10:00 a.m.	Kamani Auditorium, 1, Copernicus Marg, New Delhi- 110001

(ii) The special resolutions which were passed at the last three AGMs are as follows:

### AGM held on 29<sup>th</sup> September 2020

- Re-appointment of Ms. Ritu Arora (DIN: 07019164) as an Independent Director.
- Authorization to sell certain properties held in the name of the Company.
- Authorization to surrender Company's Plot located at Plot No 1-9, Sunrise City IT Park, Anandapur, Nonadanga, Kolkata to IT Department Kolkata.
- Amendment of the Employee Stock Option Scheme 2000 (Scheme 2000) and Employee Stock Based Compensation Plan 2005 (Scheme 2005) by inserting the "Amendment and Termination clause".

### AGM held on 16<sup>th</sup> September 2019

- Re-appointment of Mr. Kaushik Dutta as an Independent Director of the Company
- Re-appointment of Ms. Sangeeta Talwar as an Independent Director of the Company
- Change of designation of Dr. Nikhil Sinha from Non-independent Director to Independent Director
- Approval for the revision in remuneration to be paid to Mr. Rangarajan Raghavan (DIN: 07932761), Managing Director of the Company.
- Approval for sell/transfer/dispose off the shares of step-down subsidiary, HCL Insys Pte. Ltd, Singapore to M/s PCCW Solutions Limited.

### AGM held on 27<sup>th</sup> September 2018

- Approval for the remuneration to be paid to Mr. Rangarajan Raghavan, Managing Director of the Company.

**14. Postal Ballot**

Pursuant to the provisions of Section 110 of the Companies Act 2013 ("the Act"), read with Rule 20 and 22 of the Companies (Management and Administration Rules) 2014, as amended from time to time, the Secretarial Standards on General Meetings ("SS-2") issued by Institute of Company Secretaries of India including any statutory modification or re-enactment thereof for the time being in force, and other applicable provisions, if any, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the members of the Company was sought by way of passing of resolution(s) through postal ballot (including e-voting) in the Postal Ballot Notice dated March 1, 2021 ("Postal Ballot Notice") with respect to the following Resolutions:

Resolution Numbers	Type of Resolutions	Particulars
1.	Special Resolution	To Consider and approve purchase of Shares of HCL Investment Pte. Ltd. from HCL Infotech Limited, a Wholly Owned Subsidiary to the Company.
2.	Special Resolution	To Consider and to give approval for sale of HCL Infotech Limited, a Wholly Owned Subsidiary

Procedure for postal ballot

- Mr. Vineet K Chaudhary, partner of VKC & Associates, Practicing Company Secretary (Membership No. F5327) was appointed as Scrutinizer by the Board of Directors on 25<sup>th</sup> February 2021 to conduct the postal ballot process in fair and transparent manner.
- The Company had engaged the services of National Securities Depository Limited (NSDL) for the purpose of providing e-voting facility and voting through physical ballot to all its Members.
- The Company had completed the electronic transmission/physical dispatch of the Postal Ballot Notices and Postal Ballot Forms along with the postage pre-paid self-addressed Business Reply Envelope (Collectively referred as "Postal Ballot") on March 9, 2021 to all the members of the Company, whose names appeared on the Register of Members/ list of Beneficial Owners as on the cut-off date i.e., Friday, February 26, 2021.
- The voting period commenced from Wednesday, 10<sup>th</sup> March 2021 (09:00 A.M. IST) and ends on Thursday, 8<sup>th</sup> April 2021 (05:00 P.M. IST).
- The newspaper advertisement regarding completion of dispatch of Postal Ballot Notice was published by the Company in English "Business Standard" and in Hindi "Business Standard" on 10<sup>th</sup> March 2021.
- The Scrutinizer after carrying out the scrutiny of all votes received physically and electronically up to 5:00 P.M. on April 8, 2021 had compiled the results and submitted his consolidated report dated April 9, 2021.

The summarized details of voting as per Scrutinizer's report are as under:

**1. Resolution no. 1: To Consider and approve purchase of Shares of HCL Investment Pte. Ltd. from HCL Infotech Limited, a Wholly Owned Subsidiary to the Company.**

Mode	Total Valid Votes		Votes in favour			Votes Against		
	Voters	No. of votes	Voters	No. of votes	%	Voters	No. of votes	%
Remote e-voting	455	207,335,854	405	207,308,490		50	27,364	
Postal Ballots	14	13,136	14	13,136		0	0	
<b>TOTAL</b>	<b>469</b>	<b>207,348,990</b>	<b>419</b>	<b>207,321,626</b>	<b>99.99</b>	<b>50</b>	<b>27,364</b>	<b>0.01</b>

**2. Resolution no. 2: To Consider and to give approval for sale of HCL Infotech Limited, a wholly owned subsidiary.**

Mode	Total Valid Votes		Votes in favour			Votes Against		
	Voters	No. of votes	Voters	No. of votes	%	Voters	No. of votes	%
Remote e-voting	451	207,374,629	388	207,343,033		63	31,596	
Postal Ballots	5	12,763	5	12,763		0	0	
<b>TOTAL</b>	<b>456</b>	<b>207,387,392</b>	<b>393</b>	<b>207,355,796</b>	<b>99.98</b>	<b>63</b>	<b>31,596</b>	<b>0.02</b>

Based on the Scrutinizer's consolidated report dated April 9, 2021, on the voting (including postal ballot) on the resolutions mentioned in the postal ballot notice, Ms. Komal Bathla, duly authorised by the Chairman of the

Company vide Authority Letter dated April 3, 2021, signed, and announced the results of voting on April 10, 2021. The result was intimated to the National Stock Exchange of India Limited (NSE), the BSE Limited, National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and was also posted on the website of the Company at [www.hclinfosystems.in](http://www.hclinfosystems.in) and NSDL website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The result was duly displayed at the notice board at the Registered Office at 806, Siddharth, 96 Nehru Place, New Delhi -110019 as well as at the Corporate Office of the Company at E-4, Sector 11, Noida, U.P.-201301.

Based on the above postal ballot results, all the Resolutions set out in the Postal Ballot Notice dated 1<sup>st</sup> March 2021 were passed with requisite majority on 08<sup>th</sup> April 2021 being the last date of e-voting.

With declaration of the result as above and with posting of the same on the website of the Company and intimation to the Stock Exchanges & Depositories, the process of postal ballot was duly completed in a fair and transparent manner.

## **15. MANAGER/CFO CERTIFICATION:**

The Certificate as stipulated in Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the Board along with the financial statements for the financial year ended 31<sup>st</sup> March 2021 and the Board reviewed the same. Copy of certification is attached to this report.

## **16. DISCLOSURES:**

- (i) The Company has complied with the requirements of the stock exchanges/SEBI/any statutory authority on all matters related to capital markets during the last three years except one error in composition of the Nomination & Remuneration Committee (NRC) Committee in the financial year 2019-20, which has been compounded by payment of fee to NSE/BSE under Standard Operating Procedures (SOP) guidelines of SEBI.
- (ii) A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The report confirms that the issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- (iii) The Board of the Company has adopted a risk management policy for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis, including aligning the internal audit function to areas of key risks.
- (iv) Pursuant to Section 204 of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit has been done by M/s VKC & Associates, a firm of practicing company secretaries for financial year 2020-21.
- (v) The Company has fulfilled all the Mandatory requirements as per Listing Regulations and the following non-mandatory requirements as prescribed in Part E of Schedule II r/w Regulation 27(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:
  - a. The Company has appointed non-executive independent director to the post of chairperson.
  - b. The statutory financial statements of the Company are unqualified.
  - c. Internal Auditor can directly report to the Audit Committee.
- (vi) The company has complied with corporate governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vii) The Company has taken a certificate from M/s VKC & Associates, a firm of practicing Company Secretaries confirming that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed herewith as '**Annexure-A**'.
- (viii) **Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:** During the period under review, the total fees of ₹ 1,43,04,961 (One Crores Forty-Three Lakhs Four thousand nine hundred sixty-one only) has been paid to the statutory auditors for the audit of the Company and its subsidiaries including ₹ 19,34,855 (Nineteen Lakhs and thirty-four thousand) for special non-statutory audit assignment to KPMG Assurance and Consulting Services LLP (network entity). This fee excludes applicable taxes and out-of-pocket expenses.
- (ix) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as under:
  - a. Number of complaint filed during the financial year: 0
  - b. Number of complaint disposed of during the financial year: 0
  - c. Number of complaint pending as on the end of the financial year: 0

**17. MEANS OF COMMUNICATION:**

- (i) **Quarterly/Half Yearly/Annual Results:** The quarterly, half yearly and annual results of the company are sent to the stock exchanges immediately after they are approved by the Board.
- (ii) **News Releases:** The quarterly, half yearly and annual results of the company are published in the prescribed format within 48 hours of the conclusion of the meeting of the Board in which they are considered, at least in one English newspaper circulating in the whole or substantially the whole of India and in one vernacular newspaper of the state where the registered office of the company is situated.

The quarterly financial results during the financial year 2020–21 was published as detailed below:

Quarter (FY 2020-21)	Date of Board Meeting	Date of Publication	Name of the Newspaper
1	15 <sup>th</sup> June, 2020	N.A*	N.A*
2	06 <sup>th</sup> August, 2020	7 <sup>th</sup> August 2020	Business Standard
3	6 <sup>th</sup> November 2020	7 <sup>th</sup> November 2020	Business Standard
4	10 <sup>th</sup> February, 2021	11 <sup>th</sup> February 2021	Business Standard

**\*SEBI, vide circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 had exempted publication of advertisements in newspapers, as required under regulation 47, for all events scheduled till June 30, 2020**

- (iii) **Website:** The Company's website [www.hclinfosystems.in](http://www.hclinfosystems.in) contains a separate section on 'Investors' where the latest shareholders information is available. The quarterly, half yearly and annual results are regularly posted on the website. Official Press/news releases and presentations on investor call made by the company from time to time and presentations made to investors and analysts are displayed on the company's website.
- (iv) **NSE Electronic Application Processing System (NEAPS), BSE Corporate Compliance & Listing Centre:** National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) have developed web-based applications for corporates. Periodical compliances like financial results, shareholding pattern and corporate governance report, etc., are also filed electronically on NEAPS/ BSE listing centre.
- (v) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Board Report, Auditors' Report, and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the annual report. The annual report is also available on the Company's website.

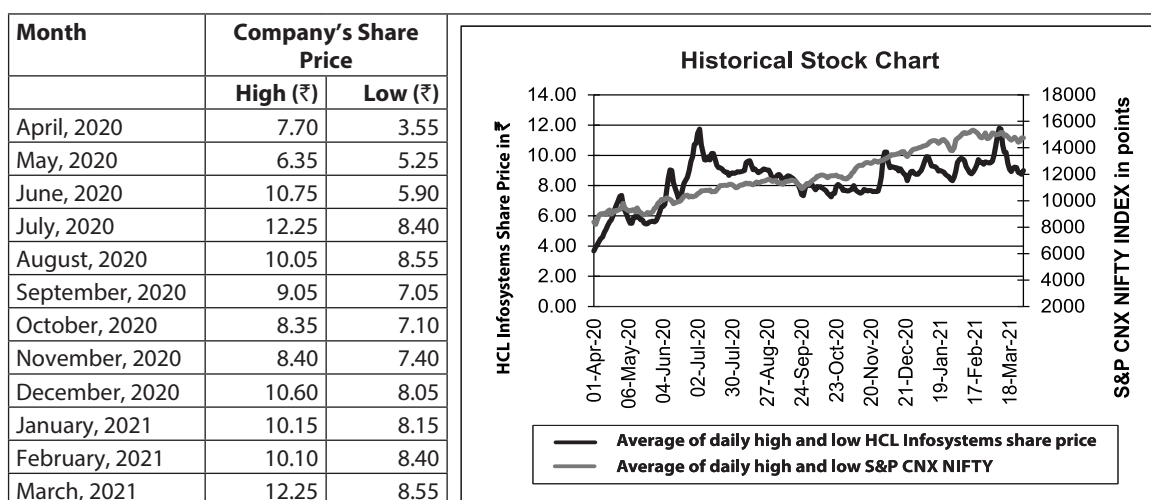
**18. GENERAL SHAREHOLDERS' INFORMATION:**

- (i) Annual General Meeting:
  - Date : Wednesday 22<sup>nd</sup> September 2021
  - Time : 10:00 A.M.
  - Mode : Video Conference ("VC")/Other Audio-Visual Means ("OAVM")  
(Deemed Venue: 806, Siddharth,  
96, Nehru Place, New Delhi - 110019)
- (ii) The Company follows April to March year end.
- (iii) Dividend Payment date: Not Applicable
- (iv) Date of Book Closure: 17<sup>th</sup> September 2021 (Friday)—22<sup>nd</sup> September 2021 (Wednesday) (both days inclusive)
- (v) Listing on Stock Exchanges:
  - a) National Stock Exchange of India Limited (Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051)
  - b) BSE Limited (Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001)

Annual listing fee for the Financial Year 2020- 21 has been paid to the BSE Limited and the National Stock Exchange of India Limited.
- (vi) Plant Locations: NA
- (vii) Stock Codes/Symbol:
  - National Stock Exchange of India Limited:HCL-INSYS
  - BSE Limited : Physical Form–179
  - : Demat Form–500179



(viii) Market Price Data:



(Source : National Stock Exchange of India Limited)

(ix) Registrar and Transfer Agents (RTA):

Name & Address : M/s. Alankit Assignments Limited  
 205-208, Anarkali Complex  
 Jhanewalan Extension, New Delhi-110055

Contact Person : Mr. J. K. Singla, Senior Manager

Phone No. : 011-42541234, 23541234

Fax No. : 23552001

E-Mail : [rta@alankit.com](mailto:rta@alankit.com)

(x) Share Transfer System:

SEBI has mandated that, effective April 1, 2019, no share can be transferred in physical mode. Hence, the Company has stopped accepting any fresh lodgement of transfer of shares in physical form. The Company had sent communication to the shareholders encouraging them to dematerialise their holding in the Company. The communication, inter alia, contained procedure for getting the shares dematerialised. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation.

During the year, the Company had obtained, on half-yearly basis, a certificate, from a Company Secretary in Practice, certifying that all certificates have been issued within thirty days of the date of lodgement of the transfer (for cases lodged prior to April 1, 2019), sub-division, consolidation and renewal as required under Regulation 40(9) of the Listing Regulations and filed a copy of the said certificate with the Stock Exchanges. Trading in equity shares of the Company is permitted only in dematerialised form. Transfer of dematerialized shares is done through the depositories with no involvement of the Company.

(xi) Shareholders' Referencer:

The shareholders' referencer is available on the Company's website. Any shareholder who wishes to obtain copy of the same can send his request to the Company Secretary.

(xii) Distribution of Shareholding as on 31<sup>st</sup> March 2021:

No. of equity shares	Shareholders		Total Shares	
	Number	(%)	Number	(%)
Upto 500	78311	75.09	11456737	3.48
501-1000	11620	11.14	9865053	3.00
1001-2000	6559	6.29	10280967	3.12
2001-3000	2586	2.48	6710561	2.04
3001-4000	1176	1.13	4282342	1.30
4001-5000	1123	1.08	5387219	1.64
5001-10000	1569	1.50	11768969	3.57
10001 and above	1342	1.29	269458080	81.85
<b>Total</b>	<b>104286</b>	<b>100.00</b>	<b>329209928</b>	<b>100.00</b>

(xiii) Shareholding pattern as on 31<sup>st</sup> March 2021:

Category	No. of shares	Percentage (%)
Promoters / Promoters Group	207031161	62.89
Mutual Funds/Alternate Investment Funds	5500	0.00
NBFCs	1835853	0.56
Foreign Portfolio Investors	6725	0.00
Insurance Companies	2141182	0.65
Financial Institutions / Banks	457440	0.14
Bodies Corporate	18787462	5.71
Indian Public	88173958	26.78
NRI / Trust/others	9867820	3.00
Central Government (IEPF Fund)	902827	0.27
<b>TOTAL</b>	<b>329209928</b>	<b>100.00</b>

(xiv) **Dematerialization of shares and liquidity:**

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the depositories in India i.e., NSDL & CDSL. As on 31<sup>st</sup> March 2021, 99.34% equity shares of the Company were held in dematerialized form.

The Company's shares are regularly traded on the NSE and the BSE in electronic form.

Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE236A01020.

(xv) The Company has not issued any GDRs/ADRs. There are no outstanding warrants or convertible instruments as on 31<sup>st</sup> March 2021.

(xvi) **Address for Correspondence:**

The shareholders may address their communication/suggestions/grievances/queries to the registrar and share transfer agents at the address mentioned above, or to:

The Compliance Officer

HCL Infosystems Limited

A – 11, Sector – 3,

NOIDA (U.P.) – 201301.

Tel. No.: 0120-2520977, 2526518, 2526519

Fax: 91 120 2523791

Email: [cosec@hcl.com](mailto:cosec@hcl.com)

(xvii) **Credit Rating**

The Company has credit rating of "BBB-/Negative" as long-term issuer rating and "A3" as short-term issuer rating, indicating moderate degree of safety regarding timely servicing of financial obligations, from India Ratings and Research (Ind-Ra).

(xviii) **Company Website:**

The Company has its website namely [www.hclinfosystems.in](http://www.hclinfosystems.in). This provides detailed information about the Company, its subsidiaries, products and services offered, locations of its corporate office and various sales offices, etc. It also contains updated information on the financial performance of the Company and procedures involved in completing various investors' related transactions expeditiously. The quarterly results, annual reports and shareholding distributions, etc., are updated on the website of the Company from time to time.



**Code of Conduct**

This is to certify that the Company has laid down a Code of Conduct (the Code) for all Board Members and Senior Management Personnel of the Company and a copy of the Code is put on the website of the Company viz. [www.hclinfosystems.in](http://www.hclinfosystems.in)

It is further confirmed that all the Directors and Senior Management have affirmed their compliance with the Code for the year ended 31<sup>st</sup> March 2021.

Sd/  
Raj Sachdeva  
Manager

Place: Noida

Date: 24<sup>th</sup> June, 2021



## HCL INFOSYSTEMS

### MANAGER AND CHIEF FINANCIAL OFFICER CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

This is to certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March 2021 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and Audit Committee, and steps have been taken to rectify these deficiencies.
- (d) There have been no significant changes in internal controls over financial reporting and in accounting policies during the year requiring disclosure in the notes to the financial statements and we are not aware of any instance of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**(Raj Sachdeva)**

Manager

**(Alok Sahu)**

Chief Financial Officer

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To

The Members of

**HCL INFOSYSTEMS LIMITED**

**CIN: L72200DL1986PLC023955**

**Registered Office Address:** - 806, SIDDHARTH 96,  
NEHRU PLACE, NEW DELHI-110019.

We have examined the registers, records, forms, returns and disclosures received from the Directors of **HCL INFOSYSTEMS LIMITED** having **CIN L72200DL1986PLC023955** and having registered office at **806, Siddharth 96, Nehru Place, New Delhi-110019** (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Director Identification Number (DIN)</b>	<b>Date of Appointment in the Company</b>
1.	Sangeeta Talwar	00062478	11/02/2014
2.	Nikhil Sinha	01174807	29/07/2009
3.	Kaushik Dutta	03328890	11/02/2014
4.	Dilip Kumar Srivastava	06847137	21/03/2014
5.	Pawan Kumar Danwar	06847503	21/03/2014
6.	Ritu Arora	07019164	06/04/2015

The eligibility for appointment/ continuity of every Director on the Board of Directors of the Company is the responsibility of the Management of the Company. Our responsibility is to express an opinion based on the verification of the records maintained by the Company, annual disclosure received by the Company from its Directors and verification of the status of DIN data of the Directors available on the Ministry of Corporate Affairs Portal.

This Certificate is neither an assurance as to future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

For VKC & ASSOCIATES  
(Company Secretaries)  
Unique Code: P2018DE077000

CS Mohit K Dixit  
Partner

ACS No. 49021

CP No. 17827

UDIN: A049021C000463314

Date: 15<sup>th</sup> June 2021

Place: New Delhi



**HCL INFOSYSTEMS**

# Corporate Governance Certificate

**INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (Listing Obligations and Disclosure Requirements) REGULATIONS, 2015**

**TO THE MEMBERS OF HCL INFOSYSTEMS LIMITED**

1. This certificate is issued in accordance with the terms of our engagement letter dated 26 November 2018 and addendum to the engagement letter dated 20 May 2021.
2. We have examined the compliance of conditions of Corporate Governance by HCL Infosystems Limited ("the Company"), for the year ended 31 March 2021, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

**Management's Responsibility**

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

**Auditors' Responsibility**

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2021
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, we report that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Restriction on use**

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No. 116231W/W-100024

**Sandeep Batra**

*Partner*

Membership No: 093320

UDIN:21093320AAAABJ5306

Place: New Delhi  
Date: 25 June 2021

# Secretarial Audit Report

---

## **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

**HCL INFOSYSTEMS LIMITED**

CIN L72200DL1986PLC023955

Registered Office Address: - 806, Siddharth, 96 Nehru Place, New Delhi-110019 India

### **We report that**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HCL INFOSYSTEMS LIMITED** (hereinafter referred as 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

### **Company's Responsibilities**

The Company's Management and Board of Directors are responsible for the maintenance of secretarial record under the Companies Act, 2013 and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards. Further the Company's management and the Board of Directors are also responsible for establishing and maintaining adequate systems and process, commensurate with the size and operations of the company to identify, monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

### **Auditor's Responsibilities Statement**

Our responsibility is only to examine and verify those compliances on a test basis and express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

### **Limitations**

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Secretarial Auditing Standards as prescribed by Institute of Company Secretaries of India (ICSI).

Further, we conducted the secretarial audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. However, due to lockdown to fight COVID-19 followed by restrictions imposed by local authorities and State Government, some of the documents and records mentioned above have been received via electronic means. The management has confirmed that the records submitted to us are the true and correct. We have also relied upon representation given by the management of the company for certain areas which otherwise requires physical verification.

### **Basis of Opinion**

We have followed the audit practices, secretarial auditing standards and processes as were applicable and appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification in some cases were done

on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion. We also believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Report on Secretarial Records and Compliances made thereunder**

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; - **Not Applicable**
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not Applicable**
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable as the Company is not a registered Registrar to an issue or Transfer Agent.**
  - (h) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2021; - **Not Applicable**
  - (i) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018; - **Not Applicable**
- (vi) The Company has identified following laws specifically applicable to the Company and we have relied upon the representation made by the Company and its officers for the system and mechanism framed by the Company for compliances thereunder;
  - (a) The Information Technology Act, 2000;
  - (b) The Indian Copyright Act, 1957;
  - (c) The Patents Act, 1970;
  - (d) The Trade Marks Act, 1999;
  - (e) The Legal Metrology Act, 2009

We have also examined compliance with the applicable provisions of the following: -

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with **BSE Limited** (BSE) and **National Stock Exchange of India Limited** (NSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Standards and Guidelines etc. mentioned above;

**We further report that**

The Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice(s) have been given to all directors to schedule the Board & Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in case of shorter notice, compliance as required under the Act has been made by the Company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board & Committee Meetings have been carried out with requisite majority of the members of the Board or committees as the case may be. Further there is no case of views of the dissenting members as per the recordings in the minutes of the meetings of the Board thereof.

**We further report that** there are adequate systems and process in the company commensurate with the size and operations of the company to monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the company has the following specific events/actions having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, standards & guidelines, if any, as may be referred to above:

During the period under review:

- a) The Board of the Company has approved a Scheme of Amalgamation between HCL Learning Limited and Digilife Distribution and Marketing Services Limited (DDMS) as Transferor Companies with HCL Infosystems Limited, Holding Company as Transferee Company under section 230 to 232 and other applicable provisions of Companies Act, 2013 and as such there are no further comments on the same.
- b) The Company has obtained Shareholders' approval in Annual General Meeting held on 29<sup>th</sup> September, 2020 for the following transactions:
  - Pursuant to the Shareholders' approval, the Board of the Company has decided to wound up its Employee Stock Option Scheme, 2000 and Employee Stock Based Compensation Plan 2005 with effect from 6<sup>th</sup> November, 2020.
  - Pursuant to provision of Section 180(1)(a) of the Act, the shareholders' have authorized the sale of various plots/land situated in various parts of India, in order to reduce the Debt Obligation of the Company. As informed by the management, the Company is still searching for the appropriate buyer which may offer lucrative offer to the Company for these properties.
  - Pursuant to provision of Section 180(1)(a) of the Act, the shareholders' have authorized to surrender the Company's Plot located at Sunrise City IT Park, Anandapur, Nonadanga, Kolkata. to Information Technology Department, Kolkata.
- c) Pursuant to shareholders' approval by means of postal ballot notice 9<sup>th</sup> March 2021, the Company shall purchase 100% (one hundred per cent) shares of HCL Investment Pte. Limited, wholly owned subsidiary of HCL Infotech Limited. As a result, HCL Investment Pte. Limited will be the wholly owned subsidiary of HCL Infosystems Limited and Nurture Technologies FZE, Dubai will be step down subsidiary through HCL Investment Pte. Limited.
- d) HCL Infotech Limited (a material Subsidiary under Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015), is propose to be hive-off from the Company to Novezo Consulting Private Limited (Novezo) as per the terms and conditions stipulated in the share purchase agreement dated 10<sup>th</sup> February 2021,. As informed by the management, the Company would likely to close the deal with Novezo in July, 2021. Accordingly, as a condition precedent to the proposed sale of 100% (one hundred per cent) shareholding of the Company in HCL Infotech Limited, the Company shall acquire the following assets and business from HCL Infotech Limited:
  - SI Business Undertaking in HCL Infotech Limited (which primarily comprises UIDAI and Rajasthan power projects) pursuant to a business transfer agreement;
  - HCL Investments Pte. and it's step-down subsidiary, Nurture Technologies FZE pursuant to a share purchase agreement; and
  - Residual business, which comprises of legacy assets and liabilities, consisting of completed HCL SI Projects, other discontinued and closed projects of HCL Infotech Limited, and a liability of INR 37,00,00,000 (Indian Rupees Thirty-seven crore) towards excess of the balance cost of servicing the DCN Contract (over the balance revenue to be generated from it), pursuant to an assignment agreement.

In this regard, the shareholders' approval by means of postal ballot dated 9<sup>th</sup> March, 2021 pursuant to Regulation 23 of SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015) has been obtained by the Company for the transfer of material subsidiary to Novezo.

- e) Pursuant to the request of HCL Infotech Limited, Wholly owned Subsidiary of the Company. The Board of the Company in their Board Meeting held 23<sup>rd</sup> March, 2021, has consented to fully convert Inter Corporate Deposits amounting to ₹ 400 Crores into 4,000,000 Optional Convertible Debenture at a face value of ₹ 1,000/- each in HCL Infotech Limited, wholly owned subsidiary.





## HCL INFOSYSTEMS

- f) The Board of the Company had appointed Mr. Vinod Pulyani as Manager of the Company w.e.f 29<sup>th</sup> September, 2020, at Board Meeting held post Annual General Meeting of the Company. As informed by the management, the Company shall place the matter for ratification of appointment under Section 196 & 197 read with Schedule V of the Companies Act, 2013 before the Shareholders of the Company in ensuing Annual General Meeting. Further Mr. Vinod Pulyani has resigned from the post of Manager of the Company w.e.f 30<sup>th</sup> April, 2021.

**FOR VKC & ASSOCIATES**

*(Company Secretaries)*

ICSI Unique Code: P2018DE077000

**CS Mohit K Dixit**

*Partner*

ACS No. 53517

C P No. 24258

UDIN: A049021C000496908

Date: June 25, 2021

Place: New Delhi

To,

The Members,

**HCL INFOTECH LIMITED**

CIN: U72200DL2012PLC242944

Registered office address: - 806, Siddharth

96 Nehru Place New Delhi South Delhi-110019 India

**We report that**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HCL INFOTECH LIMITED** (hereinafter referred as 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**Company's Responsibilities**

The Company's Management and Board of Directors are responsible for the maintenance of secretarial record under the Companies Act, 2013 and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards. Further the Company's management and the Board of Directors are also responsible for establishing and maintaining adequate systems and process, commensurate with the size and operations of the company to identify, monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

**Auditor's Responsibilities Statement**

Our responsibility is only to examine and verify those compliances on a test basis and express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Limitations**

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Secretarial Auditing Standards as prescribed by Institute of Company Secretaries of India (ICSI).

Further, we conducted the secretarial audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. However, due to lockdown to fight COVID-19 followed by restrictions imposed by local authorities and State Government, some of the documents and records mentioned above have been received via electronic means. The management has confirmed that the records submitted to us are the true and correct. We have also relied upon representation given by the management of the company for certain areas which otherwise requires physical verification.

**Basis of opinion**

We have followed the audit practices, secretarial auditing standards and processes as were applicable and appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification in some cases were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion. We also believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Report on Secretarial Records and Compliances thereof**

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

## HCL INFOSYSTEMS

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not Applicable**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Not Applicable**
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **Not Applicable**
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; - **Not Applicable**
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. **Not Applicable**
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not Applicable**
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable as the Company is not a registered Registrar to an issue or Transfer Agent.**
  - (h) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; - **Not Applicable**
  - (i) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018; - **Not Applicable**
- (vi) The Information Technology Act, 2000 is specifically applicable to the Company and we have carried out a limited review and also relied upon the representation made by the Company and its officers for the system and mechanism framed by the Company for compliances made thereunder.

We have also examined compliance with the applicable provisions of the following: -

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s); - **Not Applicable**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Standards and Guidelines etc. mentioned above;

### We further report that

The Board of Directors of the Company has been duly constituted by Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice(s) has been given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in case of shorter notice, compliance as required under the Act has been made by the Company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings have been carried out with requisite majority of the members of the Board. Further there is no case of views of the dissenting members as per the recordings in the minutes of the meetings of the Board.

**We further report that** there are adequate systems and process in the company commensurate with the size and operations of the company to monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the company has the following specific event/action having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, standards & guidelines:

- The Board of Directors of the Company has authorized a fund infusion upto USD 1 Million (equivalent in INR) in HCL Investment Pte. Ltd., Singapore, wholly owned subsidiary for subsequent remittance in form of equity in Nurture Technologies, FZE, step down subsidiary.
- During the period under review, In Pursuance of Share Purchase Agreement (SPA) 10<sup>th</sup> February, 2021 executed between the HCL Infosystems Limited, Holding Company & Novezo Consulting Pvt. Ltd, as condition precedent to the sale of entire shareholding of the Company in HCL Infotech Limited, the following business and investments need to be carved out from HCL Infotech Limited:
  - (a) SI Business Undertaking in HCL Infotech Limited (which primarily comprises UIDAI and Rajasthan power projects);

- (b) HCL Investments Pte. and its step down subsidiary, Nurture Technologies FZE; and
- (c) Residual business, which comprises of legacy assets and liabilities, consisting of completed HCL SI Projects, other discontinued and closed projects of HCL Infotech Limited, and a liability of INR 37,00,00,000 (Indian Rupees Thirty-seven crore) towards excess of the balance cost of servicing the DCN Contract (over the balance revenue to be generated from it);

In this regard, the Company has obtained the approval of the Shareholders of the Company under Section 180(1)(a) of the Act;

- The Company has created and offer 43,71,782 (Forty-Three Lakh Seventy-One Thousand Seven Hundred and Eighty-Two) optionally convertible debentures of the face value of INR 1000 (Indian Rupees One thousand) each ("OCDs") to the HCL Infosystems Limited on a preferential basis through private placement for consideration other than cash by way of conversion of Inter Corporate Deposit after obtaining the Shareholders approval in the Extra Ordinary General Meeting held on 16<sup>th</sup> March, 2021. In pursuance to above, HCL Infosystems Limited has accepted the offer for 40,00,000 Optionally Convertible Debentures of the face value of INR 1000/- each and in this regard the Company has made the allotment of the same on 31<sup>st</sup> March, 2021.

**FOR VKC & ASSOCIATES**

*(Company Secretaries)*

ICSI Unique Code: P2018DE077000

**CS Ishan Khanna**

*Partner*

ACS No. 53517

C P No. 24258

UDIN: A053517C000496960

Date: June 24, 2021

Place: New Delhi



**HCL INFOSYSTEMS**

# INDEPENDENT AUDITOR'S REPORT

**To the Members of HCL Infosystems Limited**

**Report on the Audit of the Standalone Financial Statements**

## **Opinion**

We have audited the standalone financial statements of HCL Infosystems Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

## **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

## **Material Uncertainty on Going Concern**

We draw attention to note 57 of the standalone financial statements, which states that the Company has accumulated losses and has incurred a net loss of Rs. 204.76 crore during the current year. Further its net worth is fully eroded and that the Company's current liabilities exceed its current assets as at 31 March 2021. These conditions, along with other matters set forth in note 58, 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 57, 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 standalone financial statements on a going concern basis.

Our opinion is not modified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be key audit matter to be communicated in our report.

### **Description of Key Audit Matter**

#### **Recoverability of loans given to certain subsidiaries**

**See note 2.14 (a) and 14 to the standalone financial statements**

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
The Company has given loans to its subsidiaries amounting to Rs. 2.81 crores (net of impairment losses Rs. 81.78 crores). Assessment of the recoverable amount of loans including interest thereon given to these subsidiaries has been identified as a key audit matter due to:	In view of the significance of the matter we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence: <ul style="list-style-type: none"><li>Evaluating design, implementation and operating effectiveness of controls over process followed for recoverability of principal and interest.</li></ul>

The key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> <li>Significance of the carrying amount of these balances and these subsidiaries have been incurring losses.</li> <li>This assessment requires the Company to make significant estimates and judgements of the future cash flows, qualitative assessments of the projects in those subsidiaries and timelines of expected project approvals.</li> <li>Changes to any of these estimates and judgements may lead to material changes in the estimated recoverable amount, impacting both the potential impairment charge and the recognition of interest income.</li> </ul>	<ul style="list-style-type: none"> <li>Assessing the projections prepared by the Company and the assumptions used, with particular attention to the following: <ul style="list-style-type: none"> <li>assessing the reasonableness of the cash flow forecasts through analysis of past performance vis- a-vis previous forecasts and our knowledge of the business of the Company;</li> <li>performing sensitivity analyses of the key assumptions used in the forecasts to determine the appropriate level of impairment and interest income to be recognised;</li> <li>understanding the nature and duration of the ongoing projects in the respective subsidiaries to determine the likely timing of recovery of the loans;</li> </ul> </li> <li>Assessing, whether disclosures made in the standalone Ind AS financial statements are in compliance, with the applicable accounting standards.</li> </ul>

### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) The going concern matter described under the Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company; and
  - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 37 to the standalone financial statements.



- ii. The Company has long-term contract for which there were no material foreseeable losses. The company did not have any long term derivative contracts as on 31 March 2021.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Associates LLP**

Chartered Accountants

Firm's Registration No. 116231W/W-100024

**Sandeep Batra**

Partner

Membership No: 093320

UDIN: 21093320AAAABG9347

Place : New Delhi  
Date : 25 June 2021

# Annexure A To Independent Auditors' Report

**Annexure A referred to in our Independent Auditor's Report to the Members of HCL Infosystems Limited on the standalone financial statement for the year ended 31 March 2021, we report the following:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified by the management in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable properties included in fixed assets are held in the name of the Company, except for the immovable property mention below:

(₹ in crores)

Particulars	Gross Block	Net Block
Land and Buildings at Ambattur, Chennai	5.58	3.08

- (ii) The physical verification of inventory has been conducted at reasonable intervals by the management during the year. The discrepancies noticed on physical verification of inventory as compared to books records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3 (iii) of the order not applicable to the Company.
- (iv) According to the information and explanations given to us, there are no loans, guarantee and security given by the Company in respect which provisions of Section 185 of the Companies Act, 2013 are applicable. Further, provisions of Section 186 of the Companies Act, 2013 have been complied with respect to loans given, investments made, guarantees and security given by the Company. Also refer note 52 to the standalone financial statements.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the products of the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Service tax, Goods and Services tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited with the appropriate Authorities.

According to information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Sales tax, Service tax, Goods and service tax, Duty of customs, Duty of excise, Value added tax, Cess and any other material statutory dues were in arrears as at 31 March 2021, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax and Goods and service tax which have not been deposited by the Company on account of disputes, except for the following:

Name of Act	Nature of dues	Demand (in crores)	Amount Deposit (in crores)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise	0.49	0.02	2006-07 to 2008-09, 2010-11	Commissioner Appeals
Central Excise Act, 1944	Excise	0.21	0.02	2002-03, 2012-13	High Court
Customs Act, 1962	Customs	0.02	-	2008-09	Commissioner (Appeals)
Customs Tariff Act, 1975	Customs	40.49	5.00	2005-2009	CESTAT
Finance Act, 1994	Service Tax	70.94	5.00	2003-06, 2010-11 to 2013-14	High Court

Name of Act	Nature of dues	Demand (in crores)	Amount Deposit (in crores)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	351.86	13.25	2006-2009, 2010-2015	CESTAT
Goods and Services Tax, 2017	SGST	0.02	-	2018-19	Deputy Commissioner
Sales Tax/ Value added Act under various states	Sales Tax	8.05	2.26	2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15	Additional Commissioner (Appeals)
Sales Tax/ Value added Act under various states	Sales Tax	0.93	0.17	2014-15	Additional Commissioner
Sales Tax/ Value added Act under various states*	Sales Tax	6.31	0.00	2007-08, 2010-11, 2011-12, 2016-17, 2017-18	Assessing Officer
Sales Tax/ Value added Act under various states	Sales Tax	0.36	0.06	2003-04, 2005-06, 2006-07, 2010-11, 2012-13, 2013-14, 2014-15, 2016-17	Assistant Commissioner
Sales Tax/ Value added Act under various states	Sales Tax	19.06	1.54	2003-04, 2004-05, 2005-06, 2007-08, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18	Deputy Commissioner
Sales Tax/ Value added Act under various states	Sales Tax	10.13	1.79	2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16	Deputy Commissioner (Appeals)
Sales Tax/ Value added Act under various states	Sales Tax	0.12	0.08	2005-06, 2006-07, 2007-08, 2008-09	High Court
Sales Tax/ Value added Act under various states	Sales Tax	11.74	1.34	2007-08, 2009-10, 2014-15, 2015-16, 2016-17	Joint Commissioner
Sales Tax/ Value added Act under various states	Sales Tax	8.02	2.09	2004-05, 2008-09, 2011-12, 2012-13, 2013-14, 2014-15, 2016-17	Joint Commissioner (Appeals)
Sales Tax/ Value added Act under various states	Sales Tax	1.37	0.45	2001-02, 2003-04, 2005-06, 2006-07, 2007-08, 2009-10, 2010-11, 2012-13, 2013-14, 2014-15	Sales Tax Tribunal
Sales Tax/ Value added Act under various states	Sales Tax	0.01	0.01	2013-14	Special Commissioner (Appeals)
Sales Tax/ Value added Act under various states	Sales Tax	24.30	53.56	2005-06, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13	Tax Board
Sales Tax/ Value added Act under various states	Sales Tax	0.01	-	2009-10 and 2014-15	Intelligence Officer
Entry Tax Act	Entry Tax	0.09	-	2008-09, 2009-10	Additional Commissioner (Appeals)
Entry Tax Act	Entry Tax	0.34	0.05	2008-11	Assessing Officer
Entry Tax Act	Entry Tax	0.25	0.02	2008-09, 2009-10, 2010-11, 2014-15, 2016-17	Deputy Commissioner (Appeals)

Name of Act	Nature of dues	Demand (in crores)	Amount Deposit (in crores)	Period to which the amount relates	Forum where the dispute is pending
Entry Tax Act	Entry Tax	0.58	0.09	2012-13, 2012-14	High Court
Entry Tax Act	Entry Tax	0.09	0.11	2010-11, 2011-12, 2014-15	Tax Board
Central Sales tax Act, 1956	CST	1.44	0.45	2007-08, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2016-17	Additional Commissioner (Appeals)
Central Sales tax Act, 1956	CST	0.07	0.03	2004-05, 2005-06, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15	Assessing Officer
Central Sales tax Act, 1956	CST	0.11	0.03	2003-04, 2013-14, 2014-15, 2015-16	Assistant Commissioner
Central Sales tax Act, 1956	CST	3.16	1.00	2003-04, 2004-05, 2006-07, 2007-08, 2010-11, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2011-12	Deputy Commissioner
Central Sales tax Act, 1956	CST	7.15	0.70	2006-07, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2015-16, 2017-18	Deputy Commissioner (Appeals)
Central Sales tax Act, 1956	CST	0.28	0.30	2004-05, 2005-06, 2006-07, 2007-08, 2009-10, 2016-17	Joint Commissioner
Central Sales tax Act, 1956	CST	0.75	0.47	2005-06, 2011-12, 2013-14, 2014-15	Joint Commissioner (Appeals)
Central Sales tax Act, 1956	CST	2.68	1.43	2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2010-11, 2011-12, 2014-15, 2015-16	Sales Tax Tribunal
Central Sales tax Act, 1956	CST	0.10	-	2013-14	Special Commissioner (Appeals)
Central Sales tax Act, 1956	CST	0.66	-	2006-07, 2008-09	Tax Board
Central Sales tax Act, 1956	CST	0.37	0.11	2004-05, 2013-14, 2014-15, 2015-16	Commercial Tax Officer
Central Sales tax Act, 1956	CST	1.55	0.46	2012-13, 2013-14	Department of Trade and Taxes
Central Sales tax Act, 1956	CST	1.48	0.01	2010-11, 2011-12, 2014-15, 2015-16	ETO - Haryana
Central Sales tax Act, 1956	CST	0.04	-	2015-16	AVTO- DELHI
Central Sales tax Act, 1956	CST	0.02	-	2015-16, 2016-17	Sales Tax Officer
Central Sales tax Act, 1956	CST	0.01	-	2015-16	Commissioner
Sales Tax/ Value added Act under various states	Sales Tax	2.60	2.79	2004-05, 2007-08, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16	Commercial Tax Officer
Sales Tax/ Value added Act under various states	Sales Tax	4.08	-	2015-16	Commissioner
Sales Tax/ Value added Act under various states	Sales Tax	2.85	0.13	2010-11, 2011-12	Uppar Auykat Appeals

Name of Act	Nature of dues	Demand (in crores)	Amount Deposit (in crores)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax/ Value added Act under various states	Sales Tax	2.25	0.31	2012-13, 2013-14, 2014-15	ETO
Sales Tax/ Value added Act under various states*	Sales Tax	0.00	0.01	2015-16	Senior Joint Commissioner
Sales Tax/ Value added Act under various states	Sales Tax	0.12	0.04	2013-14	Assistant Commissioner (Appeals)
Sales Tax/ Value added Act under various states	Sales Tax	0.21	0.14	2009-10	Tax Officer
Entry Tax Act	Entry Tax	0.09	0.04	2008-09, 2009-10, 2010-11, 2011-12, 2013-14, 2014-15	Commercial Tax Officer
Entry Tax Act	Entry Tax	0.01	0.01	2009-10, 2016-17	Joint Commissioner
Entry Tax Act	Entry Tax	0.27	0.19	2011-12, 2012-13, 2013-14	Joint Commissioner (Appeals)
Entry Tax Act	Entry Tax	0.02	0.02	2012-13, 2016-17	Assistant Commissioner
Income tax Act, 1961	Income tax	19.95	-	2006-07 and 2013-14	Income tax Appellate tribunal
Income tax Act, 1961	Income tax	10.75	-	2005-2006, 2006-07, 2011-12 and 2017-18	Commissioner of Income Tax (Appeals)

\* Represents demand below Rs one lac.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any banks or financial institution. The Company did not have any outstanding loans or borrowings from Government and there were no debentures issued during the year or outstanding as at 31 March 2021.
- (ix) According to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purpose for which they were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of records of the Company, the managerial remuneration has paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with the Section 177 and Section 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For B S R & Associates LLP**

Chartered Accountants

Firm Registration No.:116231W/W-100024

**Sandeep Batra**

Partner

Membership No.: 099320

UDIN: 21093320AAAABG9347

Place : New Delhi

Date : 25-June-2021

# Annexure B To Independent Auditors' Report

---

**Annexure B to the Independent Auditors' report on the standalone financial statements of HCL Infosystems Limited for the year ended 31 March 2021.**

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## **Opinion**

We have audited the internal financial controls with reference to standalone financial statements of HCL Infosystems Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

## **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

## **Meaning of Internal Financial controls with Reference to Standalone Financial Statements**

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: New Delhi  
Date: 25-June-2021

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

**Sandeep Batra**  
Partner  
Membership No.: 099320  
UDIN:21093320AAAABG9347



# Standalone Balance Sheet

as at March 31, 2021

		Notes	As at 31.03.2021 ₹/Crores		As at 31.03.2020 ₹/Crores	
<b>I. ASSETS</b>						
(1)	<b>Non-current assets</b>					
	Property, plant and equipment	3 (a)	35.13		53.60	
	Right of use assets	3 (b)	-		0.84	
	Capital work-in-progress	3(c)	0.16		-	
	Intangible assets	4	0.08		0.36	
	Financial Assets					
	(i) Investments	5	0.04		0.04	
	(ii) Other financial assets	6	36.36		34.85	
	Deferred tax assets (net)	7	-		-	
	Advance income tax (net)	8	39.14		44.46	
	Other non-current assets	9	165.46	276.37	196.96	331.11
(2)	<b>Current assets</b>					
	Inventories	10	0.53		24.24	
	Financial Assets					
	(i) Trade receivables	11	14.64		158.38	
	(ii) Cash and cash equivalents	12	18.52		37.56	
	(iii) Bank balances other than (ii) above	13	5.67		22.22	
	(iv) Loans	14	2.81		203.56	
	(v) Other financial assets	15	16.28		34.33	
	Other current assets	16	21.36		46.43	
	<b>Assets held for sale</b>	51	15.05	94.86	-	526.72
	<b>Total Assets</b>			371.23		857.83
<b>II. EQUITY AND LIABILITIES</b>						
(1)	<b>Equity</b>					
	Equity share capital	17	65.84		65.84	
	Other equity	18	(310.68)	(244.83)	(105.66)	(39.82)
(2)	<b>Liabilities</b>					
	<b>Non-current liabilities</b>					
	Financial liabilities					
	(i) Borrowings	19(i)	59.03		22.75	
	(ii) Lease obligation	19(ii)	-		1.03	
	Provisions	20	0.84	59.87	2.27	26.05
	<b>Current liabilities</b>					
	Financial liabilities					
	(i) Borrowings	21	414.89		420.60	
	(ii) Trade payables	22				
	(a) Total outstanding dues of micro enterprises and small enterprises		1.89		6.71	
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		38.50		341.49	
	(iii) Other financial liabilities	23	75.58		76.38	
	Other current liabilities	24	13.48		14.63	
	Provisions	25	11.84	556.19	11.79	871.60
	<b>Total Equity and Liabilities</b>			371.23		857.83
	<b>Significant Accounting Policies</b>	2				

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**For B S R & Associates LLP**

Chartered Accountants

ICAI Registration Number-116231W/W-100024

**Sandeep Batra**

Partner

Membership Number - 093320

For and on behalf of the Board of Directors of

**HCL Infosystems Limited**
**Pawan Kumar Danwar**

Director

DIN - 06847503

**Alok Sahu**

Chief Financial Officer

Noida, June 25, 2021

**Raj Sachdeva**

Manager

**Kaushik Dutta**

Director

DIN - 03328890

**Komal Bathla**

Company Secretary

New Delhi, June 25, 2021

# Standalone Statement of Profit and Loss for the year ended March 31, 2021

	Notes	Year ended 31.03.2021 ₹/Crores		Year ended 31.03.2020 ₹/Crores	
<b>Income :</b>					
Revenue from operations	26		217.36		1,648.13
Other income	27		23.63		29.65
<b>Total income</b>			<b>240.99</b>		<b>1,677.78</b>
<b>Expenses :</b>					
Cost of materials consumed			0.00		0.00
Purchase of stock-in-trade			181.48		1,547.99
Changes in inventories of stock-in-trade	28		23.71		61.05
Other direct expense	29		0.78		6.89
Employee benefits expense	30		28.38		56.54
Finance costs	31		49.50		84.27
Depreciation and amortization expense	3,4		4.03		7.41
Other expenses	32		66.99		66.81
<b>Total expenses</b>			<b>354.87</b>		<b>1,830.96</b>
Loss before exceptional items and tax			(113.88)		(153.18)
Exceptional items	36		(90.88)		(101.71)
Loss before tax			(204.76)		(254.89)
Income tax expense:					
Current tax		-	-	-	-
Deferred tax	48	-	-	63.55	63.55
Loss for the year			(204.76)		(318.44)
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to profit or loss					
(i) Gain/(loss) on remeasurement of defined benefit plan	45	(0.25)		(0.21)	
(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		-	(0.25)	-	(0.21)
<b>Total comprehensive loss for the year</b>			<b>(205.01)</b>		<b>(318.65)</b>
<b>Earnings per share (in ₹)</b>	43				
- Basic and diluted (of ₹ 2/- each)			(6.22)		(9.67)
<b>Significant accounting policies</b>	2				

The notes referred to above form an integral part of the financial statements.  
As per our report of even date attached

**For B S R & Associates LLP**  
Chartered Accountants  
ICAI Registration Number-116231W/W-100024

**Sandeep Batra**  
Partner  
Membership Number - 093320

New Delhi, June 25, 2021

For and on behalf of the Board of Directors of  
**HCL Infosystems Limited**

**Pawan Kumar Danwar**  
Director  
DIN - 06847503

**Alok Sahu**  
Chief Financial Officer  
Noida, June 25, 2021

**Raj Sachdeva**  
Manager

**Kaushik Dutta**  
Director  
DIN - 03328890

**Komal Bathla**  
Company Secretary

# Standalone Cash Flow Statement

for the year ended March 31, 2021

	Year ended 31.03.2021 ₹/Crores		Year ended 31.03.2020 ₹/Crores	
<b>1. Cash Flow from Operating Activities:</b>				
<b>Loss before tax</b>		<b>(204.76)</b>		(254.89)
<b>Adjustments for:</b>				
Depreciation and amortisation expense	<b>4.03</b>		7.41	
Finance cost	<b>49.50</b>		84.27	
Interest income	<b>(3.70)</b>		(14.94)	
Net profit on sale of properties	<b>(0.19)</b>		(15.74)	
Property, plant and equipment written-off	<b>0.40</b>		0.12	
Provision against inter company deposits given to subsidiaries	<b>84.57</b>		117.36	
Loss on conversion of inter company deposits into Optionally Convertible Debentures	<b>6.31</b>		-	
Gain on foreign exchange fluctuation	<b>(0.63)</b>		(0.94)	
Provision for doubtful debts	<b>3.28</b>		4.09	
Provisions for other current assets	<b>17.80</b>		-	
Provisions/liabilities no longer required written back	<b>(14.88)</b>	<b>146.49</b>	(1.95)	179.68
<b>Operating (loss)/ profit before working capital changes</b>		<b>(58.27)</b>		(75.21)
<b>Changes in operating assets and liabilities</b>				
- Decrease in trade receivables	<b>140.44</b>		217.08	
- Increase in non-current assets	<b>31.49</b>		(15.28)	
- Decrease in current assets	<b>44.23</b>		50.14	
- Decrease in inventories	<b>23.71</b>		61.06	
- (Decrease)/increase in non current liabilities	<b>(1.43)</b>		(3.75)	
- Decrease in current liabilities	<b>(319.16)</b>	<b>(80.72)</b>	(181.18)	128.07
<b>Cash generated from operations</b>		<b>(138.99)</b>		52.86
- Taxes (paid) / refund received {net}		<b>6.73</b>		(2.52)
<b>Net cash generated from operating activities (A)</b>		<b>(132.26)</b>		50.34
<b>2. Cash flow from investing activities:</b>				
Purchase of properties plant and equipments and intangible assets	<b>(0.37)</b>		(0.32)	
Proceeds from sale of properties	<b>0.53</b>		29.91	
Interest received	<b>2.29</b>		14.94	
Redemption/maturity of bank deposits (net)	<b>14.58</b>		85.57	
Movement in margin money account (net)	<b>0.52</b>		(3.55)	
Movement in balances with banks on dividend account	<b>-</b>		0.12	
Inter corporate deposits given	<b>(285.72)</b>		(470.20)	
Inter corporate deposits received back	<b>379.41</b>		665.62	
Receipt of business consideration on sale of investment in subsidiaries	<b>-</b>	<b>111.24</b>	50.21	372.30
<b>Net cash generated from investing activities (B)</b>		<b>111.24</b>		372.30

# Standalone Cash Flow Statement for the year ended March 31, 2021

	Year ended 31.03.2021 ₹/Crores		Year ended 31.03.2020 ₹/Crores	
<b>3. Cash Flow from Financing Activities:</b>				
Proceeds from loans and borrowings	1,782.77		1,785.43	
Repayment of loans and borrowings	(1,729.88)		(2,120.40)	
Lease obligation paid	(1.03)		(1.49)	
Interest paid	(49.82)		(87.29)	
Unclaimed dividend transferred to investor protection fund	(0.47)	1.57	(0.12)	(423.87)
<b>Net cash used in financing activities</b> (C)		1.57		(423.87)
<b>Net decrease in cash and cash equivalents</b> (A+B+C)		(19.45)		(1.23)
Opening balance of cash and cash equivalents		37.56		38.99
Exchange difference on translation of foreign currency cash and cash equivalent		0.41		(0.20)
Closing balance of cash and cash equivalents		18.52		37.56
<b>Cash and cash equivalents comprise of</b>		18.52		37.56
Cash, cheques and drafts (on hand)		-		-
Balances with banks on current accounts		18.52		37.56

## Notes:

Figures in brackets indicate cash outflow.

**Note A :** During the current and previous year, there were no non-cash changes in financial liabilities arising from financing activities. Accordingly, reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities including both changes arising from cash flows and non-cash changes as required based on paragraph 44 of Ind AS 7 on 'Statement of Cash Flows' has not been given.

**Note B :** The above cash flow from operating activities has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7- Statement of cash flows.

As per our report of even date attached

## For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

## Sandeep Batra

Partner

Membership Number - 093320

New Delhi, June 25, 2021

For and on behalf of the Board of Directors of  
**HCL Infosystems Limited**

## Pawan Kumar Danwar

Director

DIN - 06847503

## Alok Sahu

Chief Financial Officer

Noida, June 25, 2021

## Raj Sachdeva

Manager

## Kaushik Dutta

Director

DIN - 03328890

## Komal Bathla

Company Secretary



## HCL INFOSYSTEMS

### Standalone Statement of Changes in Equity for the period ended March 31, 2021

#### a. Equity Share Capital

₹/Crores

	Number of Equity Shares	Equity Share Capital
Balance as at 01.04.2019	32,92,09,928	65.84
Balance as at 31.03.2020	32,92,09,928	65.84
Balance as at 01.04.2020	<b>32,92,09,928</b>	<b>65.84</b>
Balance as at 31.03.2021	<b>32,92,09,928</b>	<b>65.84</b>

#### b. Other Equity

₹/Crores

Particulars	Reserves and Surplus			Total
	Securities Premium Reserve	General Reserve	Retained Earnings	
Balance as at 01.04.2019	<b>1,194.38</b>	<b>215.83</b>	<b>(1,197.22)</b>	<b>212.99</b>
Loss for the year	-	-	(318.44)	(318.44)
Other comprehensive income for the year	-	-	(0.21)	(0.21)
Balance as at 31.03.2020	<b>1,194.38</b>	<b>215.83</b>	<b>(1,515.87)</b>	<b>(105.66)</b>
Balance as at 01.04.2020	1,194.38	215.83	(1,515.87)	(105.66)
Loss for the year	-	-	(204.76)	(204.76)
Other comprehensive income for the year	-	-	(0.25)	(0.25)
Balance as at 31.03.2021	<b>1,194.38</b>	<b>215.83</b>	<b>(1,720.88)</b>	<b>(310.68)</b>

#### Securities Premium :

The aggregate difference between the par value of shares and the subscription amount is recognised as share premium.

#### General Reserve :

The general reserve has been accumulated by way of transfer/ allocation of profits over the years in compliance with applicable regulations.

#### Retained Earnings:

Retained earnings represents the undistributed profits of the Company accumulated as on Balance Sheet date.

As per our report of even date attached

#### For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

#### Sandeep Batra

Partner

Membership Number - 093320

For and on behalf of the Board of Directors of

#### HCL Infosystems Limited

#### Pawan Kumar Danwar

Director

DIN - 06847503

#### Alok Sahu

Chief Financial Officer

Noida, June 25, 2021

#### Raj Sachdeva

Manager

#### Kaushik Dutta

Director

DIN - 03328890

#### Komal Bathla

Company Secretary

New Delhi, June 25, 2021

# Notes to the Standalone Financial Statements

## 1. Corporate information

HCL Infosystems Limited ('the Company') is domiciled and incorporated in India and publicly traded on the National Stock Exchange of India Limited ('NSE') and the BSE Limited ('BSE') in India. The registered office of the Company is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110019.

The Company is primarily engaged in value-added distribution of technology, mobility and consumer electronic products.

The financial statements were approved by the Board of Directors and authorised for issue on 25.06.2021.

## 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation and measurement

#### (i) Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The statement of cash flows have been prepared under indirect method.

These standalone financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company.

#### (ii) Basis of measurement

The financial statements have been prepared on a going concern basis using historical cost convention and on accrual method of accounting, except for the certain financial assets and liabilities which have been measured at fair value as explained in the accounting policies below.

### 2.2 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

### 2.3 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses disclosure of contingent liabilities and contingent assets at the date of the financial statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

### 2.4 Critical accounting estimates, assumptions and judgements

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the financial statement:

#### a) Property, plant and equipment

Management engages external adviser or internal technical team to assess the remaining useful lives and residual value of property, plant and equipment. Management believes that the assigned useful lives and residual value are reasonable.

#### b) Intangibles

Internal technical or user team assess the remaining useful lives of intangible assets. Management believes that assigned useful lives are reasonable.

#### c) Income taxes

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

#### d) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

# Notes to the Standalone Financial Statements

---

e) Allowance for uncollected trade receivable and advances

Trade receivables do not carry any interest and are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

f) Liquidated damages

Liquidated damages payable are estimated and recorded as per contractual terms; estimate may vary from actual as levied by customer.

g) Impairment of investments

Investments in subsidiaries are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test is performed at entity level. An impairment loss is recognised whenever the carrying amount of investment exceeds its recoverable amount.

The recoverable amount is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. The calculation involves use of significant estimates and assumptions which include turnover and gross margin, growth rate and net margin used to calculate projected future cash flows, discount rate and long term growth rate.

h) Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. In case of multiple performance obligations the Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

## 2.5 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the



# Notes to the Standalone Financial Statements

time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

## 2.6 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss on the date of disposal or retirement.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Company and cost of the item can be measured reliably. All other repair and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

Depreciation on property, plant and equipment is provided on straight-line basis over the useful lives of assets as determined on the basis of technical estimates which are similar to the useful lives as prescribed under Schedule II to the Companies Act, 2013.

Assets residual values, depreciation method and useful lives are reviewed at each financial year end considering the physical condition of the assets or whenever there are indicators for review and adjusted residual life prospectively. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leasehold land is amortised over a period of lease. Leasehold improvements are amortised on straight line basis over the period of three years or lease period whichever is lower.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit and loss within other income.

## 2.7 Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. The cost of intangible assets that are acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in statement of profit and loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the statement of profit and loss.

### Softwares

Softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license.

Intangible Assets are amortised at straight line basis as follows:

Software	1-5 years
----------	-----------

## 2.8 Leases

### As a lessee

As a lessee, the Company leases many assets including properties and office equipment. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IND AS 116, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

# Notes to the Standalone Financial Statements

---

## **As a lessor**

Lease income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Assets given under finance lease are recognised as receivables at an amount equal to the net investment in the lease. Inventories given on finance lease are recognised as deemed sale at fair value. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

## **2.9 Financial instruments**

### **A. Financial instruments – Initial recognition and measurement**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are initially recognised at fair value plus directly attributable transaction costs in case of financial assets and liabilities not at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit and loss.

### **B. Financial assets**

#### **1. Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

#### **Debt instrument**

##### **a. Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Company on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a risk management or investment strategy of the Company. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with changes in fair value recognised in other income in the statement of profit and loss.

##### **b. Financial assets measured at amortised cost**

Loans and receivables are non-derivative financial assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income in the statement of profit and loss.

##### **c. Fair value through other comprehensive income (FVOCI):**

Financial assets are measured at fair value through other comprehensive income (OCI) if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

#### **Investment in subsidiaries**

Investment in subsidiaries is carried at cost in standalone financial statement.

#### **Equity instruments**

The Company subsequently measures all equity investments at fair value. Dividends from such investments are recognised in statement of profit and loss as other income when the Company's right to receive payments is established.

# Notes to the Standalone Financial Statements

## 2. Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

## C. Financial liabilities

### 1. Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities measured at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate method. The effective interest rate method's amortisation is included in finance costs in the statement of profit and loss.

### 2. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit and loss.

## D. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## E. Derivative financial instruments - current versus non-current classification

Derivative instruments will be held for a period beyond twelve months after the reporting date, are classified as noncurrent (or separated into current and non-current portions) consistent with the classification of the underlying item. These are classified as current, when the remaining holding period is up to twelve months after the reporting date.

## F. Fair value measurement

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## 2.10 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised of carried forward tax losses and tax credits. Deferred tax is not recognised for:

# Notes to the Standalone Financial Statements

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore in case of a history of recent losses, the Company recognised a deferred tax assets only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised. Deferred tax assets-unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the assets is realised or the liability is settled based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or no different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

## 2.11 Inventories

Raw materials, stock-in-trade and finished goods are stated at the lower of cost and net realisable value.

Cost of raw materials and stock-in-trade comprises cost of purchases. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Cost is determined on the basis of weighted average. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Goods in-transit is valued inclusive of custom duty, where applicable.

## 2.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## 2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 2.14 Impairment of assets

### a. Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### b. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

## Notes to the Standalone Financial Statements

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

c. Investment in subsidiaries

Investments in subsidiaries are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test is performed at entity level. An impairment loss is recognised whenever the carrying amount of Investment exceeds its recoverable amount.

The recoverable amount is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants less the costs of disposal. Impairment losses, if any are recognised in the statement of profit and loss.

Other impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

### 2.15 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

If the criteria stated by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

### 2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid in accordance with the terms with the vendors. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit and loss as other gains/(losses).

# Notes to the Standalone Financial Statements

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## 2.18 Provisions, contingent liabilities and contingent assets

### a) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the notes to the financial statements.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are disclosed where an inflow of economic benefits is probable.

## 2.19 Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's operations are primarily in India. The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

## 2.20 Revenue recognition

The Company derives revenues primarily from sale of products. Revenue is measured at the fair value of the consideration received or receivable.

### **Sale of products**

#### Timing of recognition

The Company is engaged into the business of –

- Purchase/ sale and distribution of IT products, including computer hardware and mobile handsets.

Revenue from the sale of products is recognised at the point in time when control is transferred to the customer.

#### Measurement of revenue

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.



# Notes to the Standalone Financial Statements

## **Revenue from services**

### Timing of recognition

Service income includes income from IT infrastructure managed services, break-fix services, office automation maintenance services and managed print services. Revenues relating to time and materials contracts are recognized as the related services are rendered. Revenue in case of fixed price contracts is recognised on percentage of completion basis of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations. Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

### Measurement of revenue

Revenue is based on the price specified in the sales contract, net of the estimated volume discounts. For separately identified component from multiple element arrangement, pertaining to the sale of services, the revenues are measured based on fair value allocated to such component within the overall arrangement.

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in statement of profit and loss in the period in which the circumstances that give rise to the revision become known by management.

## **Interest income**

Interest income from loans and receivables (debt instruments) is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

## **2.21 Employee benefits**

### **Defined benefit plans**

#### **Gratuity**

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

#### **Provident Fund**

In respect of certain employees, provident fund contributions are made to a multi-employer Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the statement of profit and loss in the year in which they arise.

#### **Defined contribution plans**

Contributions to the employees' state insurance fund, administered by the prescribed government authorities, are made in accordance with the Employees' State Insurance Act, 1948 and are recognised as an expense on an accrual basis.

Company's contribution towards Superannuation Fund is accounted for on accrual basis.

The Company makes defined contributions to a Superannuation Trust established for the purpose. The Company has no further obligation beyond the monthly contributions.



# Notes to the Standalone Financial Statements

---

**Other benefits****Compensated absences**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the statement of profit and loss in the year in which they arise.

**Long term employee benefits**

Employee benefits, which are expected to be availed or encashed beyond 12 months from the end of the year, are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

**Employee options**

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in statement of profit or loss, with a corresponding adjustment to equity.

**2.22 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**2.23 Earnings per share****(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**2.24 Exceptional items**

Items which are material either because of their size or their nature, and which are non-recurring, are highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance.

### 3 (a) Property, plant and equipment

The changes in carrying value of property, plant and equipment

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 01.04.2020	Additions / Adjustment	Disposal/ Adjustment*	As at 31.03.2021	As at 01.04.2020	Additions / Adjustment	Disposal/ Adjustment*	As at 31.03.2021	As at 31.03.2021
Leasehold land	12.33	-	4.31	8.02	0.76	0.16	0.38	0.53	7.49
Leasehold improvements	1.47	-	1.47	-	1.47	-	1.47	-	-
Freehold land <sup>^</sup>	3.90	-	1.30	2.60	-	-	-	-	2.60
Buildings <sup>^</sup>	36.95	-	11.25	25.70	5.04	1.07	2.04	4.07	21.63
Plant and machinery	3.49	0.15	2.16	1.47	2.54	0.32	1.60	1.25	0.22
Furniture and fixtures	5.93	0.02	1.70	4.26	3.46	0.58	1.32	2.72	1.54
Office equipment	2.37	0.01	1.13	1.26	1.58	0.17	1.04	0.72	0.54
Vehicles	1.59	-	1.59	-	1.57	-	1.57	-	-
Computers	5.79	0.02	0.74	5.06	3.80	0.89	0.72	3.96	1.11
<b>Total</b>	<b>73.82</b>	<b>0.20</b>	<b>25.65</b>	<b>48.37</b>	<b>20.22</b>	<b>3.19</b>	<b>10.14</b>	<b>13.25</b>	<b>35.13</b>

<sup>^</sup>Land and Building at Ambattur amounting to ₹ 3.08 crores (2020 - ₹ 3.12 crores) are pending for registration in the name of the Company.

\* Refer note 51, for disclosure related to "Assets held for sale".

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 01.04.2019	Additions	Disposal/ Adjustment*	As at 31.03.2020	As at 01.04.2019	Additions	Disposal/ Adjustment*	As at 31.03.2020	As at 31.03.2020
Leasehold land	12.33	-	-	12.33	0.60	0.16	-	0.76	11.57
Leasehold improvements	1.47	-	-	1.47	1.04	0.43	-	1.47	-
Freehold land <sup>^</sup>	3.90	-	-	3.90	-	-	-	-	3.90
Buildings <sup>^</sup>	36.95	-	-	36.95	3.92	1.12	-	5.04	31.91
Plant and machinery	3.56	-	0.07	3.49	2.13	0.48	0.07	2.54	0.95
Furniture and fixtures	5.97	-	0.04	5.93	2.89	0.61	0.04	3.46	2.47
Office equipment	2.34	0.13	0.10	2.37	1.29	0.39	0.10	1.58	0.79
Vehicles	1.87	-	0.28	1.59	1.59	0.26	0.28	1.57	0.02
Computers	6.05	0.27	0.53	5.79	2.74	1.57	0.51	3.80	1.99
<b>Total</b>	<b>74.44</b>	<b>0.40</b>	<b>1.02</b>	<b>73.82</b>	<b>16.20</b>	<b>5.02</b>	<b>1.00</b>	<b>20.22</b>	<b>53.60</b>

<sup>^</sup>Land and Building at Ambattur amounting to ₹ 3.12 crores (2019 - ₹ 3.16 crores) are pending for registration in the name of the Company.

### 3 (b) Right of use Assets

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 01.04.2020	Additions / Adjustment	Disposal/ Adjustment	As at 31.03.2021	As at 01.04.2020	Additions / Adjustment	Disposal/ Adjustment	As at 31.03.2021	As at 31.03.2021
Right of use assets	2.52	-	0.28	2.24	1.68	0.56	-	2.24	-
<b>Total</b>	<b>2.52</b>	<b>-</b>	<b>0.28</b>	<b>2.24</b>	<b>1.68</b>	<b>0.56</b>	<b>-</b>	<b>2.24</b>	<b>-</b>

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 01.04.2019	Additions / Adjustment	Disposal/ Adjustment	As at 31.03.2020	As at 01.04.2019	Additions / Adjustment	Disposal/ Adjustment	As at 31.03.2020	As at 31.03.2020
Right of use assets	-	2.52	-	2.52	-	1.68	-	1.68	0.84
<b>Total</b>	<b>-</b>	<b>2.52</b>	<b>-</b>	<b>2.52</b>	<b>-</b>	<b>1.68</b>	<b>-</b>	<b>1.68</b>	<b>0.84</b>

## HCL INFOSYSTEMS

### 3 (c) Capital work-in-progres

₹/Crores

Particulars	As at 01.04.2020	Addition	Capitalisation/ Adjustment	As at 31.03.2021
Capital work-in-progress	-	0.27	0.11	0.16

### 4 Intangible Assets

The changes in carrying value of intangible assets

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	As at 01.04.2020	Additions / Adjustment	Disposal/ Adjustment	As at 31.03.2021	As at 01.04.2020	Additions / Adjustment	Disposal/ Adjustment	As at 31.03.2021	As at 31.03.2021
Software	2.50	-	-	2.50	2.14	0.28	-	2.42	0.08
<b>Total</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>2.50</b>	<b>2.14</b>	<b>0.28</b>	<b>-</b>	<b>2.42</b>	<b>0.08</b>

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	As at 01.04.2019	Additions	Disposal/ Adjustment	As at 31.03.2020	As at 01.04.2019	Additions	Disposal/ Adjustment	As at 31.03.2020	As at 31.03.2020
Software	2.37	0.13	-	2.50	1.43	0.71	-	2.14	0.36
<b>Total</b>	<b>2.37</b>	<b>0.13</b>	<b>-</b>	<b>2.50</b>	<b>1.43</b>	<b>0.71</b>	<b>-</b>	<b>2.14</b>	<b>0.36</b>

	As at 31.03.2021		As at 31.03.2020	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores
<b>5 Non-current investments</b>				
<b><u>Unquoted</u></b>				
<b><u>Investments in equity instruments of subsidiaries</u></b>				
<b><u>(At cost)</u></b>				
Digilife Distribution and Marketing Services Limited	5,60,50,000	56.05	5,60,50,000	56.05
Pimpri Chinchwad eServices Limited	42,500	0.04	42,500	0.04
HCL Infotech Limited	2,20,300	668.46	2,20,300	668.46
HCL Learning Limited	75,274	166.46	75,274	166.46
		891.01		891.01
Less: Impairment in the value of investment *		890.97		890.97
<b>Total investments in equity instruments of subsidiaries</b>		0.04		0.04
* Impairment allowances for investment in subsidiaries				
-Digilife Distribution and Marketing Services Limited		56.05		56.05
-HCL Infotech Limited		668.46		668.46
-HCL Learning Limited		166.46		166.46
		890.97		890.97
<b>Aggregate book value of unquoted investments (net of impairment)</b>		0.04		0.04
<b>Aggregate amount of impairment in the value of investments</b>		890.97		890.97
<b>6 Other non-current financial assets</b>				
Security deposits		0.67		0.66
Balance with bank- margin money*		13.41		11.96
Business consideration receivable		22.28		22.23
*Balances held as margin money towards obtaining Bank Guarantees.				
		36.36		34.85

	As at 31.03.2021		As at 31.03.2020	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores
<b>7 Deferred tax assets (net)</b> Deferred tax assets (refer note 48)		-		-
		-		-
<b>8 Advance income tax asset net of provisions</b> Advance income tax [Provision for income tax of ₹ 46.65 crores (2020 - ₹ 46.65 crores)]		39.14		44.46
		39.14		44.46
<b>9 Other non-current assets</b> <b>Unsecured</b> Capital advances Deposits with tax authorities Prepaid expenses		0.01 165.44 0.01		0.01 196.94 0.01
		165.46		196.96
<b>10 Inventories</b> Stock-in-trade [Including in-transit ₹ 0.04 crores (2020 - ₹ 2.81 crores)]		0.53		24.24
		0.53		24.24
Write - downs of inventories to net realisable value recognised as an expense during the year amounts to Nil (2020 - ₹ 1.54 crores ). These were included in changes in value of inventories of stock-in-trade and finished goods' in standalone statement of profit and loss.				

	As at 31.03.2021		As at 31.03.2020	
		Amount ₹/Crores		Amount ₹/Crores
<b>11 Trade receivables</b> <b>Unsecured:</b> Considered good Credit impaired		14.64 21.20		158.38 37.98
		35.84		196.36
Less : Allowance for doubtful debts		21.20		37.98
		14.64		158.38
<b>12 Cash and cash equivalents</b> Balances with banks - Current account Cheques on hand Bank deposits with original maturity of three months or less Less: Money held in trust		18.52 - 0.31 0.31		37.56 - 0.31 -
		18.52		37.56
<b>13 Other bank balances</b> Deposits with remaining maturity up to 12 months* Balances with banks - On margin account^		1.07 4.60		17.10 5.12
		5.67		22.22

\* includes ₹ 1.07 crores (2020- ₹ 17.10 crores) lien marked with Banks.

^ includes ₹ 1.47 crores (2020- ₹ 1.38 crores) which is held in the name of Karvy Innotech Limited for and on behalf of the Company.

	As at 31.03.2021		As at 31.03.2020	
		Amount ₹/Crores		Amount ₹/Crores
<b>14 Loans</b>				
<b>Unsecured</b>				
<b>Considered good</b>				
Loans and advances to subsidiaries (refer note 46)		2.81		203.56
<b>Considered doubtful</b>				
Loans and advances to subsidiaries (refer note 46)	70.05		363.04	-
Less: Allowance for doubtful loans and advances to subsidiaries	70.05	-	363.04	
		2.81		203.56
<b>Note:</b>				
Unsecured loan given to subsidiaries is repayable on demand and carries interest rate 3.56%-4.00% pa.				
<b>15 Other current financial assets</b>				
<b>Considered good</b>				
Security deposits		0.18		0.32
Claims recoverable from vendor		2.30		29.03
Others* (refer note 46)		3.55		4.98
<b>Considered doubtful</b>				
Others (includes employee advances, insurance claim recoverable)	5.06		1.06	
Less: Allowance for doubtful advances	5.06	-	1.06	-
Other Financial Assets (refer note 53)		10.25		
		16.28		34.33
* includes ₹ 3.55 crores (2020 - ₹ 2.40 crores) recoverable from related parties and Nil crores (2020 - ₹ 1.47 crores) of business consideration receivable from Qess Corp Limited.				
<b>16 Other current assets</b>				
<b>Unsecured</b>				
<b>Considered good</b>				
Balances with customs, port trust, excise, sales tax and goods and service tax authorities		6.56		38.21
Advances to creditors		0.20		0.57
Prepaid expenses		3.58		5.05
Others recoverable		2.34		2.60
<b>Considered Doubtful</b>				
Deposits and other advances	2.12		5.78	
Less: Allowance for doubtful advances	2.12	-	5.78	-
Other current aassets (refer note 53)		8.67		
		21.36		46.43

	As at 31.03.2021 ₹/Crores	As at 31.03.2020 ₹/Crores
<b>17 Share capital</b>		
<b><u>Authorised</u></b>		
55,25,00,000 Equity Shares (2020 - 55,25,00,000) of ₹ 2/- each	<b>110.50</b>	110.50
5,00,000 Preference Shares (2020 - 5,00,000) of ₹ 100/- each	<b>5.00</b>	5.00
	<b>115.50</b>	115.50
<b><u>Issued, Subscribed and Fully Paid up</u></b>		
32,92,09,928 Equity Shares (2020 - 32,92,09,928) of ₹ 2/- each	<b>65.84</b>	65.84
	<b>65.84</b>	65.84

Notes:

- (i) Rights attached to equity shares:

The Company has only one class of equity share having a face value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by Shareholders.

(ii)	Shareholders holding more than 5% of the aggregate shares in the Company	Number of Shares	% of shares	Number of Shares	% of shares
	(a) HCL Corporation Private Limited	<b>16,44,21,399</b>	<b>49.94</b>	16,44,21,399	49.94
	(b) VAMA Sundari Investments (Delhi) Private Limited	<b>4,26,03,194</b>	<b>12.94</b>	4,26,03,194	12.94

- (iii) Shares reserved for issue under options:

Information related to Employee Stock Option Plan, including details of options issued, exercised, expired and forfeited during the financial year and options outstanding at the end of the reporting period, is set out in note 41.

	As at 31.03.2021 ₹/Crores	As at 31.03.2020 ₹/Crores
<b>18 Other Equity</b>		
<b>A. Reserve and surplus</b>		
<b>(a) Securities premium reserves</b>		
Opening balance	<b>1,194.38</b>	1,194.38
Closing Balance	<b>1,194.38</b>	1,194.38
<b>(b) General reserve</b>		
Opening balance	<b>215.83</b>	215.83
Closing balance	<b>215.83</b>	215.83
<b>(c) Retained earnings</b>		
Opening balance	<b>(1,515.87)</b>	(1,197.22)
Net Loss for the year	<b>(204.76)</b>	(318.44)
Remeasurement of post employment benefit obligation, net of tax	<b>(0.25)</b>	(0.21)
Closing balance	<b>(1,720.88)</b>	(1,515.87)
	<b>(310.68)</b>	(105.66)

	As at 31.03.2021 ₹/Crores	As at 31.03.2020 ₹/Crores
<b>19 (i) Non-current borrowings</b>		
<b>Unsecured:</b>		
<b>Term Loans</b>		
- From others	<b>59.03</b>	22.75
	<b>59.03</b>	22.75
<b>(ii) Lease obligation (refer note 42)</b>		
	-	1.03
	-	1.03

**Notes:**

- Unsecured Term loans from Others amounting to ₹ 122.35 Crores (2020 - ₹ 63.75 Crores), out of which ₹ 63.32 Crores (2020 - ₹ 41.00 Crores) is shown under current maturity of long term debt, is repayable in 12 equal quarterly instalments from the date of the disbursement which carries interest @ 10.75% to 11.24% p.a.

	As at 31.03.2021 ₹/Crores	As at 31.03.2020 ₹/Crores
<b>20 Non-current provisions</b>		
Provision for gratuity and other employee benefits (refer note 45) [includes ₹ 0.15 crores (2020 - 0.41) for leave encashment and ₹ 0.04 crores (2020 - ₹ 0.15 crores) other employee benefits]	<b>0.84</b>	2.27
	<b>0.84</b>	2.27
<b>21 Current borrowings</b>		
<b>Secured:</b>		
<b>Loans from banks</b>		
- Term loans	-	362.62
- Cash credits	-	11.29
	-	373.91
<b>Unsecured:</b>		
<b>Loans</b>		
- From others*	<b>99.89</b>	20.69
- From related parties (refer note 46)	<b>315.00</b>	26.00
	<b>414.89</b>	46.69
	<b>414.89</b>	420.60

**Notes:**

- Secured Term Loan from Banks amounting to ₹ Nil Crores (2020 - ₹ 50.00 Crores) is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Limited and it's subsidiaries (2) First pari-passu charge on all current assets of the HCL Infosystems Limited and it's subsidiaries (except lease rental receivables). (3) Negative lien on two identified properties. It carries interest @ 8.75% p.a.
- Short Term Loan of ₹ Nil Crores (2020 - ₹ 74.00 Crores ) is secured by way of subservient charge on stock and receivables of the Company and against support from HCL Corporation Private Limited and carries interest @ 9.35% p.a.
- Secured Loan ( Cash Credit and WCDL ) from Banks amounting to ₹ Nil Crores (2020 - ₹ 100.78 Crores) are secured by way of (1) First pari passu charge on 9 identified immovable, movable and intangible assets of the HCL Infosystems Limited and it's subsidiaries (2) First pari-passu charge on all current assets of the HCL Infosystems Limited and it's subsidiaries (except lease rental receivables). (3) Negative lien on two identified properties. (4) Lien on Fixed Deposit of ₹ 1.01 Crs.
- Unsecured Intercompany Loan from HCL Corporation Private Limited amounting to ₹ 315 Crs (2020 - ₹ 26 Crs) is repayable in 11 months from the date of avilment of each tranche, which is interest free.



5. Secured Term loans from Banks amounting to ₹ Nil Crores (2020 - ₹ 149.13 Crores) is secured by way of subservient charge on current assets of the Company and against Support from HCL Corporation Private Limited and lien on fixed deposit for ₹ 16.09 crores is repayable in 1 yearly installments from the date of the disbursement which carries interest @ 8.50% p.a.
6. Short Term Loan of ₹ 99.88 Crores (2020 - NIL Crores ) is supported by Corporate Gurantee of ₹ 100 Crs from HCL Corporation Private Limited and is repayable in three equal instalment started from 10th, 11th and 12th month from the date of disbursement and carries interest @ 10.25% p.a.

\* Includes ₹ Nil crores (2020- ₹ 20.69 crores) of extended supplier's credit.

Note: As at 31.03.2021, subsidiaries include HCL Infotech Limited, Digilife Distribution and Marketing Services Limited and HCL Learning Limited.

	As at 31.03.2021 ₹/Crores	As at 31.03.2020 ₹/Crores
<b>22 Trade payables (refer note 46)</b>		
<b>Trade payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises (refer note 38) and	<b>1.89</b>	6.71
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises [includes acceptance ₹ Nil crores (2020 - ₹ 25.19 crores)]	<b>38.50</b>	341.49
	<b>40.39</b>	348.20
<b>23 Other current financial liabilities</b>		
Current maturities of long-term debts {refer note 19(i)}	<b>63.32</b>	41.00
Interest accrued but not due on borrowings	<b>2.35</b>	2.67
Other payable to related parties (refer note 46)	-	14.11
Deposits	<b>1.34</b>	3.11
Unpaid dividends/ deposits*	-	0.47
Employee benefits payable	<b>6.37</b>	14.82
Capital creditors	<b>0.20</b>	0.20
Advances received against sale of HCL Infotech Limited (refer Note 49)	<b>2.00</b>	-
	<b>75.58</b>	<b>76.38</b>
* includes outstanding matured deposits of ₹ Nil crores (2020 - ₹ 0.47 crores) transferred to Investor Education and Protection Fund under Section 125 of the Companies Act, 2013, during the current year.		
<b>24 Other current liabilities</b>		
Deferred revenue	<b>2.62</b>	1.28
Advances received from customers	<b>3.61</b>	6.93
Others	<b>1.86</b>	3.03
Statutory dues payable	<b>1.14</b>	3.39
Advances received against Non-current assets held for sale	<b>4.25</b>	-
	<b>13.48</b>	14.63
<b>25 Current provisions</b>		
Provision for gratuity and other employee benefits (refer note 45)#	<b>3.46</b>	5.29
Provision for litigation {refer note 37 (c)}	<b>8.38</b>	6.50
	<b>11.84</b>	11.79
[# includes ₹ 0.24 Crores (2020- ₹ 0.50 crores) for provision for leave encashment and ₹ 2.07 Crores (2020 - ₹ 3.13 Crores) for other employee benefits]		

	Year ended 31.03.2021 ₹/Crores	Year ended 31.03.2020 ₹/Crores
<b>26 Revenue from operations</b>		
Sale of products	<b>217.08</b>	1,642.97
Sale of services	<b>0.28</b>	5.16
	<b>217.36</b>	1,648.13
<b>27 Other income</b>		
Interest income from financial asset at amortised cost		
- On fixed deposits (gross)	<b>2.25</b>	4.87
- On intercompany deposits	<b>0.04</b>	10.07
Net profit on sale of property, plant and equipment	<b>0.19</b>	0.09
Gain on foreign exchange fluctuation	<b>0.22</b>	1.14
Provisions/liabilities no longer required written back	<b>14.88</b>	1.95
Scrap sale	<b>0.14</b>	0.13
Miscellaneous income	<b>5.91</b>	11.40
	<b>23.63</b>	29.65
<b>28 Changes in inventories of stock-in-trade</b>		
Closing balance		
- Stock-in-trade	<b>0.53</b>	24.24
	<b>0.53</b>	24.24
Opening balance		
- Stock-in-trade	<b>24.24</b>	85.30
	<b>24.24</b>	<b>85.30</b>
<b>Changes in inventories of stock-in-trade</b>	<b>23.71</b>	61.06
<b>29 Other direct expenses</b>		
Purchase of services	<b>0.41</b>	6.33
Spares and stores consumed	<b>0.37</b>	0.56
	<b>0.78</b>	6.89
<b>30 Employee benefits expense</b>		
Salaries, wages, bonus and gratuity (refer note 45)	<b>27.32</b>	54.42
Contribution to provident and other funds (refer note 45)	<b>0.86</b>	1.65
Staff welfare expenses	<b>0.20</b>	0.47
	<b>28.38</b>	56.54
<b>31 Finance costs</b>		
Interest*	<b>46.88</b>	70.91
Other borrowing costs	<b>2.62</b>	13.36
	<b>49.50</b>	84.27
*includes ₹ 0.04 crores (2020 - ₹ 0.18) interest on lease obligations (refer note 42)		

	Year ended 31.03.2021 ₹/Crores	Year ended 31.03.2020 ₹/Crores
<b>32 Other expenses</b>		
Rent (refer note 42)	2.30	5.90
Rates and taxes	27.25	12.39
Printing and stationery	0.22	0.30
Communication	0.55	0.70
Travelling and conveyance	0.02	3.37
Packing, freight and forwarding	0.61	2.18
Legal, professional and consultancy charges (refer note 40)	16.16	18.35
Retainership expenses	5.47	5.79
Training and conference	0.01	0.38
Office electricity and water	1.72	2.93
Insurance	3.68	6.05
Advertisement, publicity and entertainment	0.42	0.21
Hire charges	0.02	0.20
Commission on sales	0.17	0.45
Bank charges	1.16	4.57
Allowance for doubtful debts	3.28	4.09
Property, plant and equipment written-off	0.40	0.12
Repairs		
- Plant and machinery	0.00	0.27
- Buildings	0.06	0.53
- Others	8.13	3.16
Miscellaneous	2.82	2.70
	<b>74.45</b>	<b>74.64</b>
Less: Operating cost recovered from subsidiaries	<b>7.46</b>	<b>7.83</b>
	<b>66.99</b>	<b>66.81</b>

# HCL INFOSYSTEMS

## Financial Instruments and Risk Management

### 33 Fair Value Measurements

The carrying value of financial instruments by categories are as under :

₹/Crores

Particulars	Notes	At cost	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
<b>Financial assets</b>						
<b>Non-current assets</b>						
(i) Investment in subsidiaries	5	0.04	-	-	0.04	0.04
		(0.04)	-	-	(0.04)	(0.04)
(ii) Others	6	-	-	36.36	36.36	36.36
		-	-	(34.85)	(34.85)	(34.85)
		0.04	-	36.36	36.40	36.40
		(0.04)	-	(34.85)	(34.89)	(34.89)
<b>Current assets</b>						
(i) Trade receivables	11	-	-	14.64	14.64	14.64
		-	-	(158.38)	(158.38)	(158.38)
(ii) Cash and cash equivalents	12	-	-	18.52	18.52	18.52
		-	-	(37.56)	(37.56)	(37.56)
(iii) Bank balances other than (ii) above	13	-	-	5.67	5.67	5.67
		-	-	(22.22)	(22.22)	(22.22)
(iv) Loans	14	-	-	2.81	2.81	2.81
		-	-	(203.56)	(203.56)	(203.56)
(v) Others	15	-	-	16.28	16.28	16.28
		-	-	(34.33)	(34.33)	(34.33)
		-	-	57.91	57.91	57.91
		(-)	(-)	(456.05)	(456.05)	(456.05)
<b>Financial liabilities</b>						
<b>Non-current liabilities</b>						
(i) Borrowings	19(i)	-	-	59.03	59.03	59.03
		-	-	(22.75)	(22.75)	(22.75)
(ii) Lease obligation	19(ii)	-	-	-	-	-
		-	-	(1.03)	(1.03)	(1.03)
		-	-	59.03	59.03	59.03
		(-)	(-)	(23.78)	(23.78)	(23.78)
<b>Current liabilities</b>						
(i) Borrowings	21	-	-	414.89	414.89	414.89
		-	-	(420.60)	(420.60)	(420.60)
(ii) Trade payables	22	-	-	40.39	40.39	40.39
		-	-	(348.20)	(348.20)	(348.20)
(iii) Other financial liabilities	23	-	-	75.58	75.58	75.58
		-	-	(76.38)	(76.38)	(76.38)
		-	-	530.86	530.86	530.86
		(-)	(-)	(845.18)	(845.18)	(845.18)

Note: Previous year figures are given in brackets.

### 34 Financial Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's financial risk management is an integral part of how to plan and execute its business strategies.

In order to minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure Arising from	Measurement	Management
Credit Risk	Investments, trade receivables, cash and cash equivalents, bank balances, loans and other financial assets	Ageing analysis, credit appraisal	Diversification of bank deposits, investments, credit limits and letters of credit
Liquidity risk	Borrowings, trade payable and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines, borrowing facilities and liquid investments
Market risk - foreign exchange	Future commercial transactions Recognized financial assets not denominated in Indian rupee (INR)	Hedging percentage sensitivity analysis	Forward foreign exchange contracts
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Replacement of high cost debt with low cost debt

The Company's risk management is carried out by the treasury and credit control department under policies approved by the senior management and audit committee.

#### Financial Risk Management

##### Credit Risk

Credit risk arise from possibility that customer may default on its obligation resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivables.

Credit risk on cash and cash equivalent and bank balances is not significant as it majorly includes deposits with bank and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

The credit risk is managed by the Company through credit approvals, establishing the financial reliability of the customers taking into account the financial condition, analysis of historical bad debts and ageing of accounts receivables. Individual limits are set accordingly by the Company's credit control department.

The Company uses a provision matrix to compute the expected credit loss for trade receivables. The provision matrix takes into consideration historical credit loss experience and other relevant available external and internal credit risk factors.

Following table provides agewise breakup of receivables

	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
Not Due	7.88	47.64
0-90 days past due	3.57	72.52
91-180 days past due	0.22	14.72
181-365 days past due	3.12	22.33
1 - 2 years past due	0.71	12.09
More than 2 years past due	20.34	27.06
	35.84	196.36

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a trade receivable for write off when a debtor fails to make contractual payments greater than 3 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement profit and loss.

The summary of life time expected credit loss allowance made on customer balances during the year and balance at the year end is given below:

₹/Crores

	As at 31.03.2021	As at 31.03.2020
<b>Balance at the beginning</b>	<b>37.98</b>	35.93
Add: Provided during the year	<b>3.28</b>	4.09
Less: Amounts written off	<b>(20.06)</b>	(2.04)
<b>Balance at the end</b>	<b>21.20</b>	37.98
Weighted average loss rate (in percentage)	<b>59.15%</b>	19.34%

## Financial Risk Management

### Liquidity risk:

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

₹/Crores

Particulars	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
<b>Non-derivatives</b>						
<b>Borrowings</b>						
-From Banks	-	-	-	-	-	-
	(373.91)	(11.29)	(362.62)	(0.00)	-	-
-From Others	<b>537.25</b>	-	<b>478.21</b>	<b>59.03</b>	-	-
	(110.44)	-	(87.69)	(22.75)	-	-
Lease obligation	-	-	-	-	-	-
	(1.03)	-	-	(1.03)	-	-
Trade payables	<b>40.39</b>	-	<b>40.39</b>	-	-	-
	(348.20)	-	(348.20)	-	-	-
<b>Other financial liabilities</b>						
-Deposits	<b>1.34</b>	-	<b>1.34</b>	-	-	-
	(3.11)	-	(3.11)	-	-	-
-Interest accrued but not due on borrowings	<b>2.35</b>	-	<b>2.35</b>	-	-	-
	(2.67)	-	(2.67)	-	-	-
-Other Payable to related parties	-	-	-	-	-	-
	(14.11)	-	(14.11)	-	-	-
-Capital Creditors	<b>0.20</b>	-	<b>0.20</b>	-	-	-
	(0.20)	-	(0.20)	-	-	-
-Unpaid dividends/ deposits	-	-	-	-	-	-
	(0.47)	-	(0.47)	-	-	-
-Employee Benefits Payable	<b>6.37</b>	-	<b>6.37</b>	-	-	-
	(14.82)	-	(14.82)	-	-	-
<b>-Others</b>	<b>2.00</b>	-	<b>2.00</b>	-	-	-
	(0.00)	-	(0.00)	-	-	-
<b>Total non-derivative liabilities</b>	<b>589.90</b>	-	<b>530.85</b>	<b>59.03</b>	-	-
	(868.96)	(11.29)	(833.89)	(23.78)	(0.00)	(0.00)

Note: Previous year figures are given in brackets.

## Financial Risk Management

### Market Risk

#### (i) Interest rate risk

The Company's main interest rate risk arise from borrowings with variable interest rates, which exposes the Company to cash flow interest rate risk. As at 31.03.2021, the Company has Nil (2020- ₹ 11.29 crores) of borrowings with variable interest rates. In order to optimize the Company's position with regards to interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing of fixed rate and floating rate financial instruments in its total portfolio.

#### (a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
Variable rate borrowings	-	11.29
Fixed rate borrowings	537.25	473.06
<b>Total borrowings</b>	<b>537.25</b>	<b>484.35</b>

As at the end of the reporting period, the Company had the following variable rate borrowings:

	As at 31.03.2021			As at 31.03.2020		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans, Cash credits	-	-	-	10.03%	11.29	2.33%
Net exposure to cash flow interest rate risk	-	-	-	-	11.29	-

#### (b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

	₹/Crores			
	Impact on loss after tax		Impact on other components of equity	
	Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
Interest rates - increase by 10 basis points	-	(0.01)	-	(0.01)
Interest rates - decrease by 10 basis points	-	0.01	-	0.01

## Financial Risk Management

### Market Risk

#### (ii) Foreign currency risk

The Company's major operations are in India and are in INR and therefore, the Company is not exposed to significant foreign currency risk. The Company evaluates the exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies which are approved by the senior management and the Audit Committee, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.



**(a) Foreign currency risk exposure**

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows

	₹/Crores			
	USD	EUR	GBP	SGD
<b>Financial Assets</b>				
Trade receivables	8.60	-	-	-
	(7.75)	-	-	(2.67)
<b>Cash and cash equivalents</b>	-	-	-	0.02
	(0.00)	-	-	(0.06)
<b>Net exposure to foreign currency risk (assets)</b>	8.60	-	-	0.02
	(7.75)	-	-	(2.73)
<b>Financial Liabilities</b>				
Trade Payables	2.92	-	-	-
	(10.68)	(0.03)	(0.01)	-
<b>Derivative liabilities</b>				
Foreign exchange forward contracts	-	-	-	-
	(-7.53)	-	-	-
<b>Net exposure to foreign currency risk (liabilities)</b>	2.92	-	-	-
	(3.15)	(0.03)	(0.01)	-

Note: Previous year figures are given in brackets.

**(a) Sensitivity**

The following table demonstrate the sensitivity of net unhedged foreign currency exposures relating to financial instruments to reasonably possible changes in foreign currency exchange rates, with all other variables held constant.

		₹/Crores			
	Change in FC exchange rate by	Impact on profit or loss and equity (in ₹)			
		Increase in FC exchange rates		Decrease in FC exchange rates	
		Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
USD sensitivity	5%	0.28	0.23	(0.28)	(0.23)
EUR sensitivity	5%	-	(0.00)	-	0.00
GBP sensitivity	5%	-	(0.00)	-	0.00
SGD sensitivity	5%	0.00	0.14	(0.00)	(0.14)

**35 Capital Management**
**Risk Management**

The Company's objective when managing capital are to safeguard their ability to continue as going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure as at 31.03.2021 and 31.03.2020 are as follows:

	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
Total Debt	537.25	484.35
Equity	(244.83)	(39.82)
Capital and net debt	292.41	444.53
Gearing ratio	183.73%	108.96%

### 36 Exceptional items :

	₹/Crores	
Particulars	Year ended 31.03.2021	Year ended 31.03.2020
a. Loss on conversion of loan given to HCL Infotech Limited into Optionally Convertible Debentures (OCD)	(6.31)	-
b. Provision against loan given to HCL Infotech Limited, HCL Learning Limited and Digilife Distribution and Marketing Services Limited	(81.78)	(117.36)
c. Provision for loss in subsidiary	(2.79)	-
d. Profit on sale of properties	-	15.65
<b>Total</b>	<b>(90.88)</b>	<b>(101.71)</b>

- The company has recognised a loss of ₹ 6.31 Crores, upon conversion of net balance of unsecured loan, into Optionally Convertible Debentures. (refer note 52).
- The Company has made provision of ₹ 84.57 crores (FY 2020 - ₹ 117.36 crores) against loan given to HCL Infotech Limited, HCL Learning Limited and Digilife Distribution and Marketing Services Limited. The Company, considering that HCL Infotech Limited has negative net worth as on 31.03.2021, due to continuous loss incurred by the entity and based on future plan of this entity, may not be able to recover the loan given to HCL Infotech Limited upto the value of its negative net worth. Further, in case of HCL Learning and Digilife Distribution and Marketing Services Limited, the Company doesn't expect significant operation over the next period, accordingly management based on future cash flow projection has considered these loan as doubtful and created a provision to the extent it is not recoverable.
- The Company has made provision of ₹ 2.79 Crores, on account of accumulated losses and erosion of net worth of HCL Infotech Limited, as at the balance sheet date.
- The company has recognised a profit on the sale of properties of ₹ 15.65 crores in previous financial year.

### 37 a) Contingent liabilities :

Claims against the Company not acknowledged as debts:

	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
Sales tax*	120.01	288.82
Excise*	459.78	151.73
Income tax	30.69	30.79
Industrial disputes, civil suits and consumer disputes	2.35	1.49

\* Includes sum of ₹ 135.38 crores (2020 - ₹ 113.73 crores) deposited by the Company against the above.

The amounts shown in item (a) represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the out come of the different legal processes which have been initiated by the Company or the claimants as the case may be and therefore cannot be predicted accurately. It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

**b) Corporate guarantees :**

Corporate guarantee of ₹ 38.35 crores (2020- ₹ 157.44 crores) was given to banks and financial institutions for working capital facilities sanctioned to subsidiaries of which the total amount utilised as at 31.03.2021 is ₹ 0.98 crores (2020 - ₹ 3.19 crores).

**c) Other litigations**

- (i) The Company has been named in a supplementary charge sheet filed with the Court with respect to a contract awarded to the Company in 2009 by the UP state Government, amounting to ₹ 2.94 crores (2020 - ₹ 2.94 crores), for the supply of computer hardware and related services under the National Rural Health Mission and therefore summons have been issued by the Court. CBI special court has framed charges against the company and its employee. Currently the proceedings has been stayed by Supreme Court. The management is of the view that the company has not engaged in any wrong doing.
- (ii) As at 31.03.2021, the Company has certain sales tax and other indirect tax litigation matters against which provision amounts to ₹ 8.38 crores (2020 - ₹ 6.50 crores) is outstanding. Provision amounting to ₹ 2.72 crores (2020 - ₹ 3.57 crores) was created and ₹ 0.84 crores (2020 - ₹ 1.92 crores) was utilized during the year.

**38 Disclosure of Micro and Small Enterprises based on information available with the Company:**
**₹/Crores**

	As at 31.03.2021	As at 31.03.2020
a. (i) Principal amount remaining unpaid to any supplier as at the end of the year	<b>1.89</b>	6.71
(ii) Interest due on the above amount	<b>0.10</b>	0.12
b. (i) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (Act)	-	-
(ii) Amount of principal payments made to the suppliers beyond the appointed day during the year	<b>28.89</b>	53.91
c. Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Act	-	-
d. Amount of interest accrued and remaining unpaid at the end of the year	<b>0.54</b>	1.22
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

**39** As per provisions of Section 135 of the Companies Act, 2013, the Company has to provide at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR Committee has been formed for carrying out CSR activities as per Schedule VII of the Companies Act, 2013. The Company was not required to spend/contribute to CSR activity during the year as per Section 135 of the Companies Act, 2013 as average net profit for the last three financial year is negative.

**40 Remuneration to Auditors\*:**
**₹/Crores**

	Year ended 31.03.2021	Year ended 31.03.2020
a. Statutory audit	<b>0.50</b>	0.72
b. Limited Review	<b>0.24</b>	0.51
c. Tax audit fees /certifications	<b>0.08</b>	0.12
d. Out of pocket expenses	<b>0.02</b>	0.13
<b>Total</b>	<b>0.84</b>	1.48

\* excluding GST as applicable

**41 Employee Stock Option Plan (ESOP):**

The Company had previously granted options to eligible employees under the Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005, which were to be vested in a graded manner over a period of 42 and 60 months respectively from the date of grant and are to be exercised with in a maximum period of 5 years from the date of vesting.

The shareholders of the Company in the last year's Annual General Meeting held on 29th September 2020 had approved the amendment of Employee Stock Option Scheme 2000 (Scheme 2000) and Employee Stock Based Compensation Plan 2005 (Scheme 2005) by inserting the "Amendment and termination clause" in the schemes, thereby Board of Directors of the Company had terminated these schemes.

## 42 Leases:

### a) Cancelable Operating Leases

#### As Lessor:

The gross block, accumulated depreciation and depreciation expense in respect of the assets given on operating lease are as below:

₹/Crores

Particulars	As at	Gross Block	Accumulated Depreciation	Net Block	Depreciation Expense
Freehold Land	<b>31.03.2021</b>	<b>1.87</b>	-	<b>1.87</b>	-
	31.03.2020	(1.87)	-	(1.87)	-
Building	<b>31.03.2021</b>	<b>13.47</b>	<b>1.46</b>	<b>12.01</b>	<b>0.25</b>
	31.03.2020	(13.47)	(1.19)	(12.28)	(0.23)
Plant and Machinery	<b>31.03.2021</b>	<b>2.16</b>	<b>1.93</b>	<b>0.23</b>	<b>0.23</b>
	31.03.2020	(2.16)	(1.71)	(0.45)	(0.36)
Furniture and Fixtures and Office Equipments	<b>31.03.2021</b>	<b>5.22</b>	<b>3.31</b>	<b>1.92</b>	<b>0.48</b>
	31.03.2020	(5.22)	(2.82)	(2.40)	(0.53)
Computers	<b>31.03.2021</b>	<b>0.16</b>	<b>0.16</b>	<b>0.00</b>	-
	31.03.2020	(0.16)	(0.16)	(0.00)	(0.00)
<b>TOTAL</b>	<b>31.03.2021</b>	<b>22.88</b>	<b>6.85</b>	<b>16.03</b>	<b>0.96</b>
	31.03.2020	(22.88)	(5.88)	(17.00)	(1.12)

Note: Previous year figures are given in brackets.

### b) As a Lessee

The Company has taken godown premises under lease. These are generally not non-cancellable leases having unexpired period upto three years. The leases are renewable by mutual consent and on mutually agreeable terms. The Company has given refundable interest free security deposits under certain lease agreements. There is no contingent rent, sublease payments or restriction imposed in the lease agreement. In terms of criteria specified in Ind AS 116 Leases, for some of these leases (i.e. leases other than with short term period or low value assets), present value of all future lease payments has been recognised as right-of-use assets and corresponding lease liabilities with the charge for depreciation on right-of-use assets and interest on lease liabilities in the statement of profit and loss during the previous year (refer note 3 & 31 ).

And for other leases, yearly lease payments is expensed off on straight line basis over lease term as rent expenses (refer note 32).

Payments recognised as expense

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Depreciation expense - right-of-use assets (refer note 3)	<b>0.56</b>	1.68
Interest on lease liabilities (refer note 31)	<b>0.04</b>	0.18
Rent expense - short term leases (refer note 32)	<b>2.30</b>	5.90

Total cash outflow for leases during the year ended 31 March 2021 is ₹ 1.03 crores (2020 - ₹ 1.49 crores).

**43 Earnings per share (EPS)**

Basic earnings per share is calculated by dividing the net loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The loss considered in ascertaining the Company EPS represent loss for the year after tax. Diluted EPS is computed and disclosed using the weighted average number of equity and dilutive equivalent shares outstanding during the year except when results would be anti-dilutive.

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Loss after tax (₹/Crores)	<b>(204.76)</b>	(318.44)
Weighted average number of shares outstanding in computation of Basic EPS	<b>32,92,09,928</b>	32,92,09,928
Weighted average number of shares outstanding in computation of Diluted EPS	<b>32,92,09,928</b>	32,92,09,928
Basic and diluted (of ₹ 2/- each)	<b>(₹6.22)</b>	(₹9.67)

**44 Segment Reporting**

The Company publishes standalone financial statements along with the consolidated financial statements in the annual report. In accordance with Indian Accounting Standard 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

**45 Employee benefits**
**(a) Defined Contribution**

The Company has recognised the following amounts in the statement of profit and loss:

	₹/Crores	
	Year ended 31.03.2021	Year ended 31.03.2020
(i) Employers Contribution to Superannuation Fund*	<b>0.14</b>	0.20
(ii) Employers Contribution to National Pension Scheme*	<b>0.06</b>	0.10
(iii) Employers contribution to Employee State Insurance*	<b>0.00</b>	0.01
(iv) Employers contribution to Employee's Pension Scheme 1995*	<b>0.25</b>	0.52

\* Included in contribution to provident and other funds under Employee benefits expense (refer note 30).

**(b) Defined Benefit**

- (i) Gratuity
- (ii) Provident Fund

The Company contributes to the employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which is managed by the Company. The Company's Provident Fund Trust is exempted under Section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate. As per Ind AS – 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

The Trust includes employees of the Company as well as of its Indian wholly owned subsidiaries. In view of the same, it is a multi employer defined benefit plan.

The Trust has been investing the provident fund contributions of the employees of its Indian wholly owned subsidiaries in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the Ind AS-19, was carried out at composite level. As per actuarial certificate there is no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" is nil.

In accordance with Ind AS 19, an actuarial valuation was carried out in the respect of the aforesaid defined benefit plan based on the following assumptions:

	Gratuity		Provident Fund	
	Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
Discount rate (per annum)	4.59%	5.66%	-	-
Rate of increase in compensation levels	5.00%	5.00%	-	-
Rate of return on plan assets	-	-	-	-
Expected statutory interest rate	-	-	8.50%	8.50%
Expected short fall in interest earnings	-	-	0.05%	0.05%
Expected average remaining working lives of employees (years)	10.25	14.00	10.25	14.00

As of 31.03.2021, every 0.5 percentage point increase / decrease in discount rate will affect gratuity benefit obligation by approximately by ₹ 0.01 crores.

As of 31.03.2021, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect gratuity benefit obligation by approximately ₹ 0.01 crores.

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow-

- Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

	As at 31.03.2021		As at 31.03.2020	
	Gratuity	Provident Fund	Gratuity	Provident Fund
<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>				
<b>Present value of obligation at the beginning of the year</b>	3.37	133.22	3.86	148.80
Current service cost	0.09	1.06	0.27	1.55
Interest cost	0.19	10.95	0.29	10.86
Acquisition adjustment	-	-	-	-
<b>Total amount recognised in profit or loss</b>	0.28	12.01	0.56	12.41
Actuarial (gain)/loss from change in demographic assumptions	0.01	-	(0.04)	-
Actuarial (gain)/loss from change in financial assumptions	0.02	0.00	0.22	0.00
Experience (gain)/loss	(0.28)	0.09	0.03	2.77
<b>Total amount recognised in other comprehensive income</b>	(0.25)	0.09	0.21	2.77
Benefits paid	(1.97)	(19.84)	(1.26)	(36.98)
Settlements/transfer in	-	1.36	-	1.31
Contribution by plan participants	-	3.82	-	4.91
<b>Present value of obligation at the end of the year</b>	1.44	130.66	3.37	133.22

	As at 31.03.2021	As at 31.03.2020
	Provident Fund	Provident Fund
<b>Reconciliation of fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year	<b>152.56</b>	169.71
Expected return on plan assets	<b>12.79</b>	13.37
Contribution by employer	<b>1.06</b>	1.55
Settlements/transfer In	<b>1.36</b>	1.31
Contribution by employee	<b>3.82</b>	4.91
Benefit paid	<b>(19.84)</b>	(36.98)
Actuarial gain/(loss) on plan assets	-	-
Difference in opening	-	(1.31)
Fair value of plan assets at the end of the year	<b>151.75</b>	152.56

	As at 31.03.2021		As at 31.03.2020	
	Gratuity	Provident Fund	Gratuity	Provident Fund
<b>Cost recognised for the year :</b>				
Current service cost	<b>0.09</b>	-	0.27	-
Company contribution to provident fund @	-	<b>1.06</b>	-	1.55
Past service cost	-	-	-	-
Interest cost	<b>0.19</b>	-	0.29	-
Actuarial (gain)/loss	<b>(0.25)</b>	-	0.21	-
Interest guarantee liability	-	-	-	-
Shortfall in fund	-	-	-	-
Net cost recognised for the year*	<b>0.04</b>	<b>1.06</b>	0.77	1.55

\* Included in salaries, wages, bonus and gratuity for gratuity and contribution to provident and other funds for provident fund under employee benefits expense (refer note 30) and other comprehensive income.

@ The Company's contribution to provident fund for the year is ₹ 0.40 crores (2020 - ₹ 0.82 crores) and the remaining relates to other related companies as mentioned above.

The major categories of plan assets are as follows:

	As at 31.03.2021	As at 31.03.2020
	Unquoted in %	Unquoted in %
Central government securities	<b>41.62</b>	42.33
State government securities	<b>19.90</b>	19.12
Public sector bonds	<b>25.31</b>	27.56
Special deposit scheme	<b>10.65</b>	10.57
Equity	<b>0.55</b>	0.21
Bank balance	<b>1.97</b>	0.21
<b>Total</b>	<b>100.00</b>	100.00



Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets:

	Gratuity	
	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
Present value of the obligation as at the end of the year	1.44	3.37
Fair value of plan assets at the end of the year	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(1.44)	(3.37)
Experience adjustment in plan liabilities	(0.28)	0.03
Experience adjustment in plan assets	-	-

	Provident Fund	
	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
Present value of the obligation as at the end of the year	(130.66)	(133.22)
Fair value of plan assets at the end of the year	151.75	152.56
Assets/(Liabilities) recognised in the Balance Sheet	₹**	₹**

The Company expects to pay ₹ 0.80 crores in contributions to its defined benefits plan in next financial year.

\*\* As there is surplus, the same has not been recognised in Balance Sheet.

#### 46 Disclosure of related parties and related party transactions:

##### a) Company having substantial interest:

HCL Corporation Private Limited

##### b) List of parties where control exists/existed:

###### Subsidiaries:

HCL Infotech Limited

HCL Learning Limited

Digilife Distribution and Marketing Services Limited

Pimpri Chinchwad eServices Limited (holding 85% of shareholding)

HCL Insys Pte. Limited, Singapore (till 15.11.2019)

HCL Investments Pte. Limited, Singapore

Nurture Technologies FZE, (formerly known as HCL Infosystems MEA FZE), Dubai

##### c) Others (Enterprises over which, individual having indirect significant influence over the company, has significant influence) and with whom transactions have taken place during the year and/or where balances exist:

HCL Technologies Limited

HCL Comnet Limited

HCL Talent Care Private Limited

Koura & Co.

VAMA Sundari Investments (Delhi) Private Limited

Shiv Nadar Foundation

Naksha Enterprises Private Limited

##### d) Key Management Personnel:

Mr. Kapil Kapur -CFO (Mr. Kapil Kapur resigned from the position of CFO w.e.f. 31st May, 2021 and Mr. Alok Sahu was appointed as CFO w.e.f. 1st June, 2021)

Mr. Sushil Jain- Company Secretary (Mr. Sushil Jain was superannuated w.e.f. closing hours of 31st March, 2021 and Ms. Komal Bathla was appointed as Company Secretary w.e.f. 1st April, 2021)

Mr. Raj Sachdeva was appointed as the Manager of the Company w.e.f. 1st May 2021, subject to the approval of shareholders in the Annual General Meeting to be held in Financial Year 2021-22

Mr. Vinod Pulyani had been appointed as the Manager of the Company w.e.f. 29th September 2020 subject to the approval of the shareholders in the next Annual General Meeting. He subsequently resigned from the position of the manager of the Company w.e.f. 30th April 2021.

Mr. Rangarajan Raghavan (Managing Director, till 31.03.2020)

**Summary of Related Party disclosures**

A. Transactions	Company having substantial interest*##		Subsidiaries		Others		Key Management Personnel		Total	
									Mar-21	Mar-20
<b>Sales and Related Income</b>	-	0.03	<b>11.55</b>	15.89	<b>17.23</b>	191.89	-	-	<b>28.78</b>	207.81
- HCL Corporation Limited	-	0.03	-	-	-	-	-	-	-	-
- HCL Comnet Limited	-	-	-	-	-	7.91	-	-	-	-
- Digilife Distribution and Marketing Services Ltd.	-	-	11.55	15.89	-	-	-	-	-	-
- HCL Technologies Limited	-	-	-	-	<b>17.14</b>	182.20	-	-	-	-
- Shiv Nadar Foundation	-	-	-	-	-	0.62	-	-	-	-
- HCL Foundation	-	-	-	-	-	0.28	-	-	-	-
- SSN Trust	-	-	-	-	<b>0.02</b>	0.38	-	-	-	-
- KRN Education Private Limited	-	-	-	-	<b>0.04</b>	0.26	-	-	-	-
- HCL Avitas Private Limited	-	-	-	-	-	0.18	-	-	-	-
- HCL Training & Staffing Services Private Limited	-	-	-	-	-	0.07	-	-	-	-
- Vama Sundari Investments (Delhi) Private Limited	-	-	-	-	<b>0.03</b>	0.03	-	-	-	-
- HCL Corporation Private Limited	-	-	-	-	-	0.01	-	-	-	-
<b>Assets Sold</b>	-	-	<b>0.05</b>	-	-	-	-	-	<b>0.05</b>	-
- HCL Infotech Limited	-	-	<b>0.05</b>	-	-	-	-	-	-	-
<b>Purchase of Goods</b>	-	-	-	-	-	0.14	-	-	-	0.14
- HCL Software Products Ltd.	-	-	-	-	-	0.14	-	-	-	-
<b>Purchase of Fixed Assets</b>	-	-	<b>0.02</b>	0.01	-	-	-	-	<b>0.02</b>	0.01
- HCL Infotech Limited	-	-	<b>0.02</b>	-	-	-	-	-	-	-
- Digilife Distribution and Marketing Services Limited	-	-	-	0.01	-	-	-	-	-	-
<b>Impairment allowance provided on loan and advances</b>	-	-	<b>81.78</b>	117.36	-	-	-	-	<b>81.78</b>	117.36
- HCL Infotech Limited	-	-	<b>73.12</b>	80.48	-	-	-	-	-	-
- HCL Learning Limited	-	-	<b>7.16</b>	36.88	-	-	-	-	-	-
- Digilife Distribution and Marketing Services Limited	-	-	<b>1.50</b>	-	-	-	-	-	-	-
<b>Current borrowings taken (net)</b>	<b>289.00</b>	26.00	-	-	-	-	-	-	<b>289.00</b>	26.00
- HCL Corporation Pvt. Ltd.	<b>289.00</b>	26.00	-	-	-	-	-	-	289.00	26.00
<b>Loans and Advances Refunded/ Adjusted (Net)</b>	-	-	<b>699.55</b>	276.72	-	-	-	-	<b>699.55</b>	276.72
- HCL Infotech Limited %	-	-	<b>699.55</b>	-	-	-	-	-	-	-
- HCL Learning Limited	-	-	-	276.72	-	-	-	-	-	-
<b>Loans and Advances Given (Net)</b>	-	-	<b>5.39</b>	122.33	-	-	-	-	<b>5.39</b>	122.33
- HCL Infotech Limited	-	-	-	122.31	-	-	-	-	-	-
- HCL Learning Limited	-	-	<b>1.13</b>	-	-	-	-	-	-	-
- Pimpri Chinchwad eServices Ltd.	-	-	<b>0.00</b>	0.02	-	-	-	-	-	-

₹/Crores

A. Transactions	Company having substantial interest*#		Subsidiaries		Others		Key Management Personnel		Total	
	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20
- Digilife Distribution and Marketing Services Limited	-	-	4.26	-	-	-	-	-	-	-
<b>Interest Charged on Loans &amp; Advances Given</b>	-	-	0.04	10.07	-	-	-	-	0.04	10.07
- HCL Infotech Limited	-	-	-	-	-	-	-	-	-	-
- HCL Learning Limited	-	-	-	10.07	-	-	-	-	-	-
- Digilife Distribution and Marketing Services Limited	-	-	0.04	0.00	-	-	-	-	-	-
<b>Interest Payable on Loans &amp; Advance Taken</b>	2.07	1.80	-	-	-	-	-	-	2.07	1.80
- HCL Corporation Pvt. Ltd.	2.07	1.80	-	-	-	-	-	-	-	-
<b>Rent Received</b>	-	-	-	-	2.49	3.38	-	-	2.49	3.38
- HCL Technologies Limited	-	-	-	-	1.65	2.08	-	-	-	-
- HCL Comnet Limited	-	-	-	-	-	0.30	-	-	-	-
- HCL Training & Staffing Services Pvt. Ltd.	-	-	-	-	0.83	1.00	-	-	-	-
<b>Remuneration</b>	-	-	-	-	-	-	2.09	3.42	2.09	3.42
- Mr. Rangarajan Raghavan	-	-	-	-	-	-	-	1.48	-	-
- Mr.Sushil Jain	-	-	-	-	-	-	0.59	0.60	-	-
- Mr.Kapil Kapur	-	-	-	-	-	-	1.50	1.34	-	-
<b>Reimbursements towards expenditure</b>	-	-	-	-	-	-	-	-	-	-
a) Received	-	-	12.65	12.24	-	-	-	-	12.65	12.24
- HCL Infotech Limited	-	-	12.63	8.56	-	-	-	-	-	-
- HCL Learning Limited	-	-	0.00	0.44	-	-	-	-	-	-
- HCL Insys Pte Limited, Singapore**	-	-	-	2.46	-	-	-	-	-	-
- Digilife Distribution and Marketing Services Ltd.	-	-	0.02	0.71	-	-	-	-	-	-
- Nurture Technologies FZE, Dubai (formerly known as HCL Infosystems MEA FZE)	-	-	-	0.06	-	-	-	-	-	-
b) Paid	0.50	0.78	-	-	-	-	-	-	0.50	0.78
- HCL Corporation Pvt. Ltd.	0.50	0.78	-	-	-	-	-	-	-	-
<b>B. Amount due to / from related parties</b>	-	-	-	-	-	-	-	-	-	-
Investment in subsidiaries (Gross)	-	-	891.01	891.01	-	-	-	-	891.01	891.01
Impairment allowance on investment in subsidiaries	-	-	(890.97)	(890.97)	-	-	-	-	(890.97)	(890.97)
Trade Receivables	-	-	5.31	4.68	1.45	38.96	-	-	6.76	43.64
Current borrowings	315.00	26.00	-	-	-	-	-	-	315.00	26.00
Loans and Advances (Gross)	-	-	72.86	566.60	-	-	-	-	72.86	566.60
Impairment allowance on loan and advances	-	-	-70.05	-363.04	-	-	-	-	-70.05	-363.04
Trade Payables	-	0.22	2.24	137.35	0.37	0.49	-	-	2.61	138.06
Investment in Optionally Convertible Debentures (OCD) \$	-	-	18.92	-	-	-	-	-	18.92	-
Other Recoverable	0.07	0.07	3.61	2.33	-	-	-	-	3.68	2.40
Other Payables	-	-	-	14.11	-	-	-	-	-	14.11

Notes:

# Sales and related Income, sale of services, purchase of goods and purchase of services are net of transaction between HCL Infotech Limited and the Company on account of pending novation of contracts of system integration

business. Further, with respect to certain contracts, the Company is currently pursuing arbitrations to claim amounts due to the Company for services provided. Any amount receivable under such contracts upon issuance of any awards by the arbitral tribunals will be transferred to HCL Infotech Limited, its wholly owned subsidiary since HCL Infotech Limited has been incurring all costs with respect to the said contracts on behalf of the Company and the Company has been remitting amounts received from the respective customers to HCL Infotech Limited.

\* Prepared till 31st May, 2018 as the Company has signed Share Purchase Agreement and Debenture Subscription Agreement on 31st May, 2018.

\*\* Prepared till 15th Nov, 2019 as the Company has transferred its shares to other party on 15th Nov, 2019.

\*# Corporate guarantee utilised ₹ 100 crores (2020 - ₹ 224 crores), also refer note 57.

^Amount due to / from related parties are unsecured and are repayable/to be received in cash.

% Includes adjustment of ICD amounting to ₹ 400 crores against subscription of the 40,00,000 (forty lakhs) 0.1% Optionally Convertible Debentures (OCD) of a face value of ₹1000 each and interest waiver of ₹ 228.58 crores (Refer Note 50 & 52)

\$ OCD is accounted at Fair value of underlying book receivables of ₹ 18.92 crores and said book receivables is recognized in the company financials in lieu of OCD amount, as per the requirements of pass through arrangement under IND AS 109 Financial Instruments. (Refer Note 53)

₹/Crores

Compensation of key management personnel of the Company*	Year ended 31.03.2021	Year ended 31.03.2020
Short-term employee benefits	2.09	3.42
<b>Total compensation paid to key management personnel</b>	<b>2.09</b>	<b>3.42</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

\* Post employment benefit comprising gratuity, and compensated absences are not disclosed as these are determined for the Company as a whole.

#### 47 Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to SEBI Listing Regulations, 2015

**Disclosure of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year ended;**

₹/Crores

A.	Loans and advances in the nature of loans to subsidiaries and associates	As at 31.03.2021				As at 31.03.2020			
a.	Name	Pimpri Chinchwad eServices Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	Pimpri Chinchwad eServices Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited
b.	Balance outstanding at the year end	0.05	4.26	21.83	48.83	0.05	-	721.37	47.70
c.	Maximum amount outstanding	0.05	4.26	740.86	48.83	0.05	-	721.37	342.33

₹/Crores

B.	Loans and advances in the nature of loans where no interest or interest below Section 186 of Companies Act, 2013 is charged	As at 31.03.2021			As at 31.03.2020		
a.	Name	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited
b.	Balance outstanding at the year end	Nil	Nil	Nil	Nil	Nil	Nil
c.	Maximum amount outstanding during the year ended	Nil	Nil	Nil	Nil	Nil	Nil

Loans given to employees under various schemes of the Company have been considered to be out of purview of disclosure requirement.

		As at 31.03.2021	As at 31.03.2020
<b>C.</b>	<b>Loans and advances in the nature of loans to firms/companies in which directors are interested</b>	<b>Nil</b>	<b>Nil</b>
<b>D.</b>	<b>Investment by the loanees in the shares of the Company</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
	a. Name of the Loanee	<b>Nil</b>	<b>Nil</b>
	b. Balance outstanding at the year end	<b>Nil</b>	<b>Nil</b>
	c. Maximum amount outstanding during the year ended	<b>Nil</b>	<b>Nil</b>
	d. Investments made by the Loanee	<b>Nil</b>	<b>Nil</b>
	e. Maximum amount of investment during the year ended	<b>Nil</b>	<b>Nil</b>

**48 Taxation:**

- (a) Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Company conducts the business to the profit for the year. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relates to the same taxable entity and the same taxation authority.

- (b) Deferred Tax\*:

Major components of deferred tax arising on account of timing difference along with their movement as at 31.03.2021 are:

₹/Crores

	As at 31.03.2020	Movement during the year	As at 31.03.2021
<b>Assets</b>			
Unrealised gain on indexation of land	-	-	-
Provision for doubtful debts/advances/other current assets	-	-	-
Tax losses	-	-	-
Impact of expenditure charged to statement of profit and loss but allowable for tax purpose in future years	-	-	-
MAT credit	-	-	-
<b>Total (A)</b>	-	-	-
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	-	-	-
Duties, taxes and cess allowed for tax purpose on payment basis	-	-	-
<b>Total (B)</b>	-	-	-
<b>Net deferred tax assets (A)-(B)</b>	-	-	-

\* The Company has recognized deferred tax assets to the extent deferred tax liabilities available. Further, during the year deferred tax assets amounting Nil (2020- ₹ 63.55 crores) has been written off due to lack of reasonable certainty of taxable future profits against which deferred tax assets can be utilized..

**(c) Income tax expense:**

This note provides an analysis of the company's income tax expense, and how the tax expense is affected by non-assessable and non-deductible items.

	₹/Crores	
	Year ended 31.03.2021	Year ended 31.03.2020
<b>Income tax expense - current tax</b>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	-	-
<b>Deferred tax</b>		
Decrease in MAT credit	-	11.70
Decrease / (increase) in deferred tax assets	-	51.85
<b>Total deferred tax expense/(benefit)</b>	-	63.55
<b>Income tax expense</b>	-	63.55

	₹/Crores	
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>	Year ended 31.03.2021	Year ended 31.03.2020
Loss before income tax expense	(204.76)	(254.89)
<b>Tax at the Indian tax rate of 31.20% (2020 – 31.20%)</b>	<b>(63.88)</b>	<b>(79.53)</b>
<b>Disallowances for which deferred tax not created</b>		
Impairment of investment and inter corporate deposits	26.39	36.62
Other items	-	-
Decrease / (increase) in MAT credit	-	11.70
Decrease / (increase) in deferred tax assets	-	51.85
Tax losses for which no deferred tax was recognised	37.50	42.91
<b>Income tax expense</b>	-	63.55

	₹/Crores	
<b>Tax Losses</b>	As at 31.03.2021	As at 31.03.2020
Unused tax losses and depreciation for which no deferred tax assets has been recognised	445.56	336.03
Potential tax benefit @ 31.2% (2020- - 31.20%)	139.01	104.84

The unused tax losses and depreciation that are not likely to be utilised due to lack of reasonable certainty of future taxable income. The losses can be carried forward as per details below:

	₹/Crores	
<b>Expiry Date</b>	As at 31.03.2021	As at 31.03.2020
31.03.2021	-	5.30
31.03.2025	50.08	50.08
31.03.2026	78.04	78.04
31.03.2027	57.04	56.97
31.03.2028	122.87	122.87
31.03.2029	111.09	-
<b>No limit</b>	<b>26.44</b>	<b>22.77</b>
<b>Total</b>	<b>445.56</b>	<b>336.03</b>

- 49** 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 & its 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 ₹ 147 Crs. 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 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 Statements.
- 50** The Board of Directors of the Company in their meeting held on March 23, 2021, has approved to issue letter for waiver of interest on Unsecured Loan, of ₹ 228.58 Crores to the HCL Infotech Limited, a wholly owned subsidiary. Due to unprecedented business conditions in the market, HCL Infotech Limited, has been suffering losses since inception, therefore the Company has stopped recognizing interest income on said unsecured Loan since October 2015. Accordingly, the accounting effect of the above transaction has not been considered in these financial statements

**51 Property, plant and equipment held for sale**

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. Pursuant to the Board approval dated January 25, 2021, May 18, 2021 and May 27, 2021, the Company has intended to dispose the four properties located in Mohali, Sector-11 Noida, Sederapet and Hyderabad, having gross carrying amount of ₹ 19.86 crores, accumulated depreciation of ₹ 4.81 crores and net carrying amount of ₹ 15.05 crores, for a consideration of ₹ 79.86 crores.

Out of abovementioned four properties, the Company has sold three properties located in Mohali, Sector-11 Noida and Sederapet as on the date of approval of the financial statements for issue. For one property located at Hyderabad, the Company has identified the buyer and transfer the title of such property is expected in the near future.

- 52** 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 ₹ 400 crores, 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 ₹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 has recognised a loss on of ₹ 6.31 Crores, upon conversion of net balance of unsecured loan into OCD. (Refer note 36).

- 53** The Company and HCL Infotech Limited, has agreed that the OCDs as mentioned in note 52, 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 favourable 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 ₹ 18.92 Crores (including amount of ₹ 8.67 Crores 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.
- 54** Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties and obtaining legal opinion, the Company has credited its Statement of Profit and Loss with ₹14.88 Crores, for the year ended March 31,2021 (2020: ₹ 1.95 Crores), on account of write back of certain old payables and provisions.
- 55** The Board of Directors of the Company 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.





## HCL INFOSYSTEMS

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 statements.

- 56** The Board of Directors of the Company in its meeting held on August 06, 2019 approved to sell the entire shareholding held by HCL Learning Limited (a Subsidiary of HCL Infosystems Limited) in HCL Insys Pte Ltd Singapore (step subsidiary), after the transfer of the trading business and the subsidiary Nurture Technologies FZE to HCL Investments Pte Ltd (subsidiary of HCL Infotech Limited). The sale has been made to PCCW Solutions Ltd for a total consideration of ₹ 303.35 crores. The transaction was completed on November 15, 2019.
- 57** As at March 31, 2021, the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss of ₹ 204.76 Crores, during the current year (March 31, 2020: ₹ 318.44 Crores) and the Company's current liabilities exceeded its current assets by ₹ 461.32 Crores (March 31, 2020: ₹ 344.88 Crores) as at March 31, 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 58), sale of certain non-core properties 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 ₹ 1,500 Crores. 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 statements have been prepared on a going concern basis.
- 58** 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 year.
- 59** 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 Statements. 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 statements as and when these material changes to economic conditions arise.

### For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

### Sandeep Batra

Partner

Membership Number - 093320

For and on behalf of the Board of Directors of

### HCL Infosystems Limited

### Pawan Kumar Danwar

Director

DIN - 06847503

### Alok Sahu

Chief Financial Officer

Noida, June 25, 2021

### Raj Sachdeva

Manager

### Kaushik Dutta

Director

DIN - 03328890

### Komal Bathla

Company Secretary

New Delhi, June 25, 2021

# Independent Auditors' Report

## To the Members of HCL Infosystems Limited

### Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of HCL Infosystems Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, of its consolidated loss and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Material Uncertainty Related to Going Concern

We draw attention to note 46 of the consolidated financial statement, which states that the Group has accumulated losses and has incurred a net loss of ₹ 196.73 crore during the current year. Further its net worth is fully eroded and that the Group's current liabilities exceed its current assets as at 31 March 2021. These conditions, along with other matters set forth in note 47, 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 46, 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 statement on a going concern basis.

Our opinion is not modified in respect of this matter.

#### Emphasis of Matter

We draw attention to note 52 of the consolidated financial statement for the quarter and year ended 31 March 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 ₹ 2,440 lakhs for the remaining contract period during the year 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be key audit matter to be communicated in our report.

## Description of Key Audit Matter

<b>Revenue recognition on fixed price contracts</b> <b>See note 2.5 (h) to the consolidated financial statements</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group's revenue arrangements include contracts which require management to make significant estimates relating to the efforts and costs associated with completing the contract.</p> <p>Given the nature of such contracts, changes in these judgement/estimates could have a significant impact on the estimation of revenue and liability for onerous obligations, if any.</p> <p>This estimate has an inherent uncertainty and presumed fraud risk as it requires ascertaining progress of contracts, efforts and costs incurred till date and for remaining performance obligations.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, amongst others to obtain sufficient appropriate audit evidence on estimation of contracts costs and onerous obligations, if any:</p> <ul style="list-style-type: none"> <li>– Evaluating design, implementation and operating effectiveness of internal controls relating to estimation of efforts required to complete remaining performance obligations and related revenue recognition of fixed price contracts.</li> <li>– Involving our specialists to assess the design, implementation and operating effectiveness of key IT controls over the IT environment in which the business systems operate.</li> <li>– Testing that the efforts estimated for the remaining performance obligations is appropriately reviewed and approved by designated senior management.</li> <li>– Performing detailed analysis of contract efforts for past periods, efforts expected in the future and the underlying budgets to understand the estimation process and variances, if any and discussed with the designated management personnel, to ascertain reasonableness of contract costs.</li> <li>– Testing the project costs incurred on a statistical sample basis by verifying the underlying documents to ascertain that these costs have been recorded in the appropriate projects and period.</li> <li>– Testing the details of activities / milestones completed with the underlying approvals from customers and designated management.</li> </ul>
<b>Recoverability of trade receivables and contract assets See note 2.5 (e) to the consolidated financial statements</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Significant judgement is involved in determining the recoverable amount of trade receivables and contract assets as estimating the recoverable amount involves inherent uncertainty.</p>	<p>We have applied the following audit procedures in this area, amongst others to address this key audit matter:</p>
	<ul style="list-style-type: none"> <li>– Evaluating the design, implementation and operating effectiveness of internal controls of the Group pertaining to credit control, debt collection and provision for doubtful debts.</li> </ul>
	<ul style="list-style-type: none"> <li>– Testing the estimates used for provision of doubtful debts, based on the industry in which such customers operate and customer's financial condition. Also evaluating the collection trends of receivables based on our knowledge of the Company and the sectors of underlying customers, ageing of overdue balances, and subsequent cash collections.</li> </ul>

	<ul style="list-style-type: none"> <li>– Testing on a random sample basis, the items as per the receivables ageing report with the underlying documents such as sales invoices.</li> </ul>
	<ul style="list-style-type: none"> <li>– Testing the management's assessment of recoverability of the receivables from customers by evaluating documents and communications relating to projects with the respective customers</li> </ul>

### Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matters**

The financial statements of three subsidiary whose financial statements reflect total assets (before consolidation adjustments) of ₹ 49.34 crores as at 31 March 2021, total revenues (before consolidation adjustments) of ₹ 2.26 crores and net cash flows (before consolidation adjustments) amounting to ₹ 63 crore for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

- A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) The going concern matter described under the Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company; and
  - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 31 to the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts. Refer Note 21 to the consolidated financial statements in respect of such items as it relates to the Group. The group did not have any long-term derivative contracts as at 31 March 2021.
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies, incorporated in India during the year ended 31 March 2021.
  - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021
- C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.: 116231W/W-100024

**Sandeep Batra**

Partner

Membership No: 093320

UDIN: 21093320AAAABF1024

Place: New Delhi  
Date: 25 June 2021





# Annexure A to Independent Auditors' Report

**Annexure A to the Independent Auditors' report on the consolidated financial statements of HCL Infosystems Limited for the year ended 31 March 2021**

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph A (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of HCL Infosystems Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## **Management's Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

## **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

## **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: New Delhi  
Date: 25 June 2021

**For B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.: 116231W/W-100024

**Sandeep Batra**

Partner

Membership No: 093320

UDIN: 21093320AAAABF1024



# Consolidated Balance Sheet

as at March 31, 2021

		Notes	As at 31.03.2021 ₹/Crores		As at 31.03.2020 ₹/Crores	
<b>I. ASSETS</b>						
<b>(1) Non-current assets</b>						
Property, plant and equipment		<b>3(a)</b>	<b>35.18</b>		53.62	
Right of use Assets		<b>3(b)</b>	<b>0.28</b>		1.36	
Other intangible assets		<b>3(c)</b>	<b>0.08</b>		0.36	
Capital work-in-progress		<b>3(d)</b>	<b>0.16</b>		-	
Financial Assets						
-Other financial assets		<b>4</b>	<b>39.70</b>		37.39	
Advance income tax asset (net)		<b>6</b>	<b>86.41</b>		116.25	
Other non-current assets		<b>7</b>	<b>175.80</b>	<b>337.61</b>	207.40	416.38
<b>(2) Current assets</b>						
Inventories		<b>8</b>	<b>2.84</b>		27.91	
Financial assets						
(i) Trade receivables		<b>9</b>	<b>86.86</b>		193.94	
(ii) Cash and cash equivalents		<b>10</b>	<b>38.82</b>		55.26	
(iii) Bank balances other than (ii) above		<b>11</b>	<b>5.67</b>		23.10	
(iv) Other financial assets		<b>12</b>	<b>10.84</b>		60.73	
Other current assets		<b>13</b>	<b>151.53</b>		266.98	
Assets held for sale		<b>44</b>	<b>15.05</b>	<b>311.61</b>	2.65	630.57
<b>Total Assets</b>				<b>649.22</b>		1,046.95
<b>II. EQUITY AND LIABILITIES</b>						
<b>(1) Equity</b>						
<b>Equity attributable to the owners of HCL Infosystems Limited</b>						
Equity share capital		<b>14 (a)</b>	<b>65.84</b>		65.84	
Other equity		<b>14 (b)</b>	<b>(305.91)</b>	<b>(240.07)</b>	(107.98)	(42.14)
<b>(2) Liabilities</b>						
<b>Non-current liabilities</b>						
<b>Financial liabilities</b>						
(i) Borrowings		<b>15(i)</b>	<b>59.03</b>		22.75	
(ii) Lease obligation		<b>15(ii)</b>	<b>0.28</b>		1.61	
Provisions		<b>16</b>	<b>2.12</b>		4.46	
Deferred tax liabilities (net)		<b>37</b>	<b>-</b>	<b>61.43</b>	-	28.82
<b>Current liabilities</b>						
<b>Financial liabilities</b>						
(i) Borrowings		<b>17</b>	<b>414.90</b>		436.38	
(ii) Trade payables		<b>18</b>	<b>135.10</b>		347.29	
(iii) Other financial liabilities		<b>19</b>	<b>81.66</b>		73.91	
Other current liabilities		<b>20</b>	<b>142.77</b>		158.34	
Provisions		<b>21</b>	<b>53.43</b>		44.35	
Current tax liabilities (net)		<b>22</b>	<b>-</b>	<b>827.86</b>	-	1,060.27
<b>Total Equity and Liabilities</b>				<b>649.22</b>		1,046.95
<b>Significant Accounting Policies</b>		<b>2</b>				

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

**For B S R & Associates LLP**

Chartered Accountants

ICAI Registration Number-116231W/W-100024

**Sandeep Batra**

Partner

Membership Number - 093320

For and on behalf of the Board of Directors of

**HCL Infosystems Limited**
**Pawan Kumar Danwar**

Director

DIN - 06847503

**Alok Sahu**

Chief Financial Officer

**Raj Sachdeva**

Manager

**Kaushik Dutta**

Director

DIN - 03328890

**Komal Bathla**

Company Secretary

New Delhi, June 25, 2021

Noida, June 25, 2021

# Consolidated Statement of Profit and Loss for the year ended March 31, 2021

	Notes	Year ended 31.03.2021 ₹/Crores		Year ended 31.03.2020 ₹/Crores	
<b>Continuing Operations</b>					
<b>Income :</b>					
Revenue from operations	23		352.75		1,815.17
Other income	24		113.27		76.78
<b>Total Income</b>			<b>466.02</b>		1,891.95
<b>Expenses :</b>					
Purchases of stock-in-trade			181.24		1,559.06
Changes in inventories of stock-in-trade	25		25.07		67.60
Other direct expense	26		118.14		82.08
Employee benefits expense	27		80.49		110.48
Finance costs	28		52.35		90.43
Depreciation and amortization expense	3		4.27		8.80
Other expenses	29		199.21		213.84
<b>Total expenses</b>			<b>660.77</b>		2,132.29
<b>Loss before exceptional items and tax from continuing operations</b>			<b>(194.75)</b>		(240.34)
Exceptional items	30		-		12.75
<b>Loss from continuing operations before tax</b>			<b>(194.75)</b>		(227.59)
Income tax expense:					
- Current tax	37	1.98		0.08	
- Deferred tax	37	-	1.98	62.09	62.17
Loss for the year from continuing operations			<b>(196.73)</b>		(289.76)
<b>Discontinued operations</b>	<b>45</b>				
Profit/(loss) from discontinued operations			-		4.05
Profit/(loss) on disposal of discontinued operations			-		150.76
Tax expense of discontinued operations			-		1.38
<b>Net profit from discontinued operations</b>			<b>-</b>		153.43
Loss for the year			<b>(196.73)</b>		(136.33)
<b>Other Comprehensive Income</b>					
(i) Items that will not be subsequently reclassified to profit or loss					
- Gain/(loss) on remeasurement of defined benefit plan	40	(0.21)		(0.49)	
- Income tax relating to above item		-	(0.21)	-	(0.49)
(ii) Items that will be subsequently reclassified to profit or loss					
- Exchange differences on translation of foreign operation			(0.99)		4.61
Other comprehensive income for the year, net of tax			<b>(1.20)</b>		4.12
<b>Total comprehensive loss for the year</b>			<b>(197.93)</b>		<b>(132.21)</b>

# Consolidated Statement of Profit and Loss for the year ended March 31, 2021

	Notes	Year ended 31.03.2021 ₹/Crores		Year ended 31.03.2020 ₹/Crores	
Loss is attributable to:					
- Shareholders of HCL Infosystems Limited			(196.73)		(136.33)
Other comprehensive income is attributable to:					
- Shareholders of HCL Infosystems Limited			(1.20)		4.12
Total comprehensive loss is attributable to:					
- Shareholders of HCL Infosystems Limited			(197.93)		(132.21)
Earnings per equity share continuing operations (₹ Per share)	39				
(1) Basic			(5.98)		(8.80)
(2) Diluted			(5.98)		(8.80)
Earnings per equity share discontinued operations (₹ Per share)	39				
(1) Basic			-		4.66
(2) Diluted			-		4.66
Earnings per equity share continuing and discontinued operations (Rs. Per share)	39				
(1) Basic			(5.98)		(4.14)
(2) Diluted			(5.98)		(4.14)
Significant accounting policies	2				

The notes referred to above form an integral part of the financial statements.  
As per our report of even date attached

**For B S R & Associates LLP**

Chartered Accountants

ICAI Registration Number-116231W/W-100024

**Sandeep Batra**

Partner

Membership Number - 093320

New Delhi, June 25, 2021

For and on behalf of the Board of Directors of  
**HCL Infosystems Limited**

**Pawan Kumar Danwar**

Director

DIN - 06847503

**Alok Sahu**

Chief Financial Officer

Noida, June 25, 2021

**Raj Sachdeva**

Manager

**Kaushik Dutta**

Director

DIN - 03328890

**Komal Bathla**

Company Secretary

# Consolidated Cash Flow Statement for the year ended March 31, 2021

	Notes	Year ended 31.03.2021		Year ended 31.03.2020	
		₹/Crores		₹/Crores	
<b>1. Cash Flow from Operating Activities:</b>					
<b>Loss before tax from continuing and discontinued operations</b>			<b>(194.75)</b>		<b>(72.78)</b>
<b>Adjustments for:</b>					
Depreciation and amortisation expense		<b>4.27</b>		18.13	
Finance cost		<b>52.35</b>		90.62	
Interest income		<b>(34.50)</b>		(34.74)	
Net profit on sale of property, plant and equipment		<b>(0.27)</b>		(0.10)	
Profit on disposal of discontinued operations		-		(150.76)	
Profit on sale of properties		-		(15.65)	
Impairment of property, plant and equipments		-		2.90	
Property, plant and equipment written-off		<b>0.40</b>		0.12	
Gain on foreign exchange fluctuation		<b>0.17</b>		(1.48)	
Provision for doubtful debts		<b>88.95</b>		109.72	
Provision for doubtful loans and advances and other current assets		<b>0.98</b>		0.19	
Provisions/liabilities no longer required written back		<b>(73.14)</b>		(26.69)	
Provisions for other current assets		<b>22.57</b>	<b>61.77</b>	-	(7.74)
<b>Operating profit before changes in operating assets and liabilities</b>			<b>(132.98)</b>		<b>(80.53)</b>
<b>Changes in operating assets and liabilities:</b>					
- Decrease in trade receivables		<b>97.51</b>		189.05	
- Increase in non current assets		<b>31.69</b>		(12.78)	
- Decrease/ (increase) in current assets		<b>85.19</b>		187.72	
- Decrease in inventories		<b>25.07</b>		67.60	
- Increase/ (decrease) in non current liabilities		<b>(2.34)</b>		1.47	
- Decrease in current liabilities		<b>(154.97)</b>	<b>82.15</b>	(281.09)	151.97
<b>Cash generated from operations</b>			<b>(50.82)</b>		71.45
- Taxes (paid)/received (net of tax deducted at source)			<b>36.07</b>		(9.33)
<b>Net cash generated from operating activities (A)</b>			<b>(14.75)</b>		62.12
<b>2. Cash flow from investing activities:</b>					
Proceeds from the sale of investment in subsidiaries*		-		196.38	
Payment for property, plant and equipment (including intangible assets)		<b>(0.42)</b>		(1.19)	
Proceeds from sale of properties		<b>3.25</b>		29.91	
Receipt of business consideration on sale of investment in subsidiaries		<b>(0.05)</b>		48.59	
Redemption/Investments in bank deposits		<b>16.03</b>		128.89	
Movement in margin money account		<b>(0.95)</b>		(15.26)	
Movement in balances with banks on dividend account		-		0.12	
Interest received		<b>2.57</b>		5.63	
			<b>20.44</b>		393.07
<b>Net cash generated from investing activities (B)</b>			<b>20.44</b>		393.07

# Consolidated Cash Flow Statement for the year ended March 31, 2021

	Notes	Year ended 31.03.2021		Year ended 31.03.2020	
		₹/Crores		₹/Crores	
<b>3. Cash flow from financing activities:</b>					
Lease obligation paid		(1.33)		(1.77)	
Proceeds from loans and borrowings		1,781.79		1,800.26	
Repayment of loans and borrowings		(1,749.48)		(2,194.16)	
Interest paid		(52.68)		(94.22)	
Unclaimed dividend transferred to investor protection fund		(0.47)		(0.12)	
			(22.17)		(490.01)
<b>Net cash outflow from financing activities</b>	<b>(C)</b>		<b>(22.17)</b>		<b>(490.01)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>		<b>(16.49)</b>		<b>(34.82)</b>
Opening balance of cash and cash equivalents			55.26		90.42
Effect of foreign exchange on cash and cash equivalents			0.05		(0.04)
Effect of exchange differences on translation of foreign operations			(0.00)		(0.30)
Closing balance of cash and cash equivalents			38.82		55.26
<b>Cash and cash equivalents comprise of</b>					
Cash, cheques and drafts (on hand)			0.05		0.15
Balances with banks on current accounts			38.68		55.01
Balances with banks on deposits accounts			0.09		0.10

\* Amount represents proceeds from sale of investment in subsidiary for a total consideration of ₹ 303.35 crores. Net cash inflow of ₹ 196.38 crores is after adjusting ₹ 98.20 crores of cash and cash equivalent balances in the book of subsidiary and ₹ 8.77 crores expenditure incurred on the sale transaction during the previous financial year.

Notes:

- During the current and previous year, there were no non cash changes in financial liabilities arising from financing activities. Accordingly, reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities including both changes arising from cash flows and non-cash changes as required based on paragraph 44 of Ind AS 7 on 'Statement of Cash Flows' has not been given.
- The above cash flow from operating activities has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7- Statement of cash flows.

As per our report of even date attached

**For B S R & Associates LLP**  
Chartered Accountants  
ICAI Registration Number-116231W/W-100024

**Sandeep Batra**  
Partner  
Membership Number - 093320

For and on behalf of the Board of Directors of  
**HCL Infosystems Limited**

**Pawan Kumar Danwar**  
Director  
DIN - 06847503

**Alok Sahu**  
Chief Financial Officer

**Raj Sachdeva**  
Manager

**Kaushik Dutta**  
Director  
DIN - 03328890

**Komal Bathla**  
Company Secretary

**New Delhi, June 25, 2021**

**Noida, June 25, 2021**

# Consolidated Statement of Changes in Equity for the year ended March 31, 2021

## a. Equity Share Capital

		₹/Crores
	Number of Equity Shares	Equity Share Capital
Balance as at 01.04.2019	32,92,09,928	65.84
Balance as at 31.03.2020	32,92,09,928	65.84
Balance as at 01.04.2020	32,92,09,928	65.84
Balance as at 31.03.2021	32,92,09,928	65.84

## b. Other Equity

	Attributable to Shareholders of HCL Infosystems Limited					₹/Crores	
Particulars	Reserve and surplus					Total Equity	Total
	Securities Premium Reserve	General Reserve	Capital Reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation		
Balance as at 01.04.2019	1,194.37	215.76	0.04	(1,392.99)	21.13	38.31	38.31
Total loss for the year	-	-	-	(136.33)	-	(136.33)	(136.33)
Other comprehensive income for the year	-	-	-	(0.49)	4.61	4.12	4.12
Reclassification of FCTR on disposal	-	-	-	-	(14.08)	(14.08)	(14.08)
Balance as at 31.03.2020	1,194.37	215.76	0.04	(1,529.81)	11.66	(107.98)	(107.98)
Balance as at 01.04.2020	1,194.37	215.76	0.04	(1,529.81)	11.66	(107.98)	(107.98)
Opening adjustments	-	-	-	-	-	-	-
Total loss for the year	-	-	-	(196.73)	-	(196.73)	(196.73)
Other comprehensive income for the year	-	-	-	(0.21)	(0.99)	(1.20)	(1.20)
Balance as at 31.03.2021	1,194.37	215.76	0.04	(1,726.75)	10.67	(305.91)	(305.91)

### Securities Premium :

The aggregate difference between the par value of shares and the subscription amount is recognised as share premium

### General Reserve :

The general reserve has been accumulated by way of transfer/ allocation of profits over the years in compliance with applicable regulations.

### Retained Earnings:

Retained earnings represents the undistributed profits of the Company accumulated as on Balance Sheet date.

As per our report of even date attached

### For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

### Sandeep Batra

Partner

Membership Number - 093320

For and on behalf of the Board of Directors of  
HCL Infosystems Limited

### Pawan Kumar Danwar

Director

DIN - 06847503

### Alok Sahu

Chief Financial Officer

### Raj Sachdeva

Manager

### Kaushik Dutta

Director

DIN - 03328890

### Komal Bathla

Company Secretary

New Delhi, June 25, 2021

Noida, June 25, 2021

# Notes to the Consolidated Financial Statements

---

## 1. Corporate information

These consolidated financial statements comprise financial statements of HCL Infosystems Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the year ended 31.03.2021. The Company is domiciled and incorporated in India and publicly traded on the National Stock Exchange of India Limited (‘NSE’) and the BSE Limited (‘BSE’) in India. The registered office of the Company is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110019.

The Group’s business is primarily diversified into four segments viz. Distribution, Hardware Products and Solutions, Services and Learning, engaged into selling of computer hardware and mobile handsets to enterprise and consumers, system integration business, rendering wide portfolio of services including IT Infrastructure Services, Infrastructure Managed Services, Enterprise Application Services, Office Automation Services, Managed Print Services, Life Cycle Services and After-Sales Support Services and selling digitised educational content & learning solutions.

The consolidated financial statements have been approved by the Board of Directors and authorised for issue on 25.06.2021.

## 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation and measurement

#### (i) Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The statement of cash flows have been prepared under indirect method.

These consolidated financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Group.

#### (ii) Basis of measurement

The financial statements have been prepared on a going concern basis using historical cost convention and on accrual method of accounting, except for the certain financial assets and liabilities which have been measured at fair value as explained in the accounting policies below.

### 2.2 Basis of consolidation

The Company consolidates all entities which are controlled by it. The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity’s returns by using its power over relevant activities of the entity. Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

The results of subsidiaries acquired, or sold, during the year are consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

### 2.3 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

### 2.4 Use of estimates

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, disclosure of contingent liabilities and contingent assets at the date of these consolidated financial statements and the results of operations during the reporting period. The actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

# Notes to the Consolidated Financial Statements

## 2.5 Critical accounting estimates, assumptions and judgements

In the process of applying the Group's accounting policies, the management has made following estimates, assumptions and judgements, which have significant effect on the amounts recognised in these consolidated financial statement:

a) Property, plant and equipment

The management engages external adviser or internal technical team to assess the remaining useful lives and residual value of property, plant and equipment. The management believes that the assigned useful lives and residual value are reasonable.

b) Intangibles

Internal technical or user team assess the remaining useful lives of Intangible assets. The management believes that assigned useful lives are reasonable.

c) Income taxes

Management's judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews, at each balance sheet date, the carrying amount of deferred tax assets and amount of unrecognised deferred tax assets, in view of availability of future taxable income to realise such recognised and unrecognised assets. The Group has significant business losses which are available to be set-off against the future taxable income, at each reporting date, the management evaluates whether it is reasonably certain to recognise deferred tax assets on such business losses, considering the future outlook of business. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the consolidated financial statements.

d) Contingencies

Management's judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

e) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

f) Liquidated damages

Liquidated damages payable are estimated and recorded as per contractual terms; estimate may vary from actual as levied by customer.

g) Impairment assessment

Goodwill is tested for impairment at least annually and whenever events or changes in circumstances indicate that the recoverable amount of Cash Generating Unit ('CGU') or group of CGUs, to which goodwill is allocated, is less than the carrying value. Impairment test for goodwill is performed at the level of each CGU or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. The management applies its judgement to identify the CGUs, which are expected to derive synergies together, and allocates goodwill to such group of CGUs.

Other intangibles and property, plant and equipment (PPE) are tested for impairment, whenever events or changes in circumstances indicate that the recoverable amount of Cash Generating Unit ('CGU'), to which such intangibles or PPE are allocated, is less than the carrying value.

The recoverable amount of a CGU is the greater of its fair value less costs to sell and value in use. The calculation of value in use involves use of significant estimates and assumptions which includes turnover and gross profit, growth rates and EBIT margin to calculate projected future cash flows, discount rate and long term growth rate.



# Notes to the Consolidated Financial Statements

---

## h) Revenue recognition

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. In case of multiple performance obligations the Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

## 2.6 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities, except for system integration business. The system integration business which comprises of long-term contracts and have an operating cycle exceeding one year. For classification of current assets and liabilities related to system integration business (forming part of Hardware Products and Solutions), the Group elected to use the duration of the individual contracts as its operating cycle.

## 2.7 Principles of consolidation and equity accounting

### i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless

# Notes to the Consolidated Financial Statements

the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, if any, in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

## ii. Associates

Associates are all entities over which the Group has significant influence but not control or joint control.

This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

## iii. Joint arrangements

Under Ind AS in joint arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

## iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in statement of profit and loss and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described below.

## v. Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of profit and loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit and loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

# Notes to the Consolidated Financial Statements

These consolidated financial statements comprise the financial statement of HCL Infosystems Limited (the Company) and its subsidiaries, as given in the following table:

Name of the Subsidiary/ JV	Country of Incorporation	Extent of Holding (%)	
		31.03.21	31.03.20
<b><u>Subsidiary</u></b>			
Digilife Distribution and Marketing Services Limited	India	<b>100</b>	100
Pimpri Chinchwad eServices Limited	India	<b>85</b>	85
HCL Infotech Limited	India	<b>100</b>	100
HCL Learning Limited	India	<b>100</b>	100
HCL Insys Pte Limited*	Singapore	-	100
<b><u>Step-down Subsidiary of HCL Infotech Limited</u></b>			
HCL Investment Pte. Limited.	Singapore	<b>100</b>	100
<b><u>Step-down Subsidiary of HCL Investment Pte Limited</u></b>			
Nurture Technologies FZE (formerly known as HCL Infosystems MEA FZE)	Dubai	<b>100</b>	100

## 2.8 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss on the date of disposal or retirement.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Group and cost of the item can be measured reliably. All other repair and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

Depreciation on property, plant and equipment is provided on straight-line basis over the useful lives of assets as determined on the basis of technical estimates which are similar to the useful lives as prescribed under Schedule II to the Companies Act, 2013 except for following assets:-

- (i) Hand Held Terminal                      5 years
- (ii) Depreciation on fixed assets of the foreign subsidiaries:
  - Building                                      20 Years
  - Computers                                    3-4 Years
  - Furniture and Fixtures                    4-6 Years
  - Office Equipment                          6 Years

Assets residual values, depreciation method and useful lives are reviewed at each financial year end considering the physical condition of the assets or whenever there are indicators for review and adjusted residual life prospectively. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leasehold land is amortised over a period of lease. Leasehold improvements are amortised on straight line basis over the period of three years or lease period whichever is lower.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit and loss within other income.

## 2.9 Intangible assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

# Notes to the Consolidated Financial Statements

At initial recognition, the separately acquired intangible assets are recognised at cost. The cost of intangible assets that are acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in statement of profit and loss on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the statement of profit and loss.

## *Goodwill*

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the statement of profit or loss on disposal.

## *Softwares*

Softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license.

## *Digitised educational content (Intellectual Property Rights)*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has ability and intention to complete the asset and use or sell it and cost can be measured reliably. The costs incurred, during the development stage but before completion, are deferred and classified as intangible assets under development. Upon completion, such costs are transferred to intangible assets and amortised over the estimated useful life of such asset.

Intangible assets (other than Goodwill) are amortised at straight line basis as follows:

Intellectual Property Rights	7 years
Software	1-5 years

## **2.10 Leases**

### **As a lessee**

As a lessee, the Group leases many assets including properties and office equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IND AS 116, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

### **As a lessor**

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Assets given under finance lease are recognised as receivables at an amount equal to the net investment in the lease. Inventories given on finance lease are recognised as deemed sale at fair value. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

### **Sale and leaseback**

Sale and lease back transaction is recognized as sale if transfer of asset satisfies the requirements of Ind AS 115 to be accounted. The Group shall measure the right-of-use asset arising from the sale and leaseback at the proportion

# Notes to the Consolidated Financial Statements

of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer.

## 2.11 Financial Instruments

### A. *Financial instruments – Initial recognition and measurement*

Financial assets and financial liabilities are recognised in the Group's consolidated financial statement when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are initially recognised at fair value plus directly attributable transaction costs in case of financial assets and liabilities not at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit and loss.

### B. *Financial assets*

#### 1. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

#### ***Debt instrument***

##### a. *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Group on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a risk management or investment strategy of the Group. Financial assets at fair value through profit or loss are carried in the consolidated balance sheet at fair value with changes in fair value recognised in other income in the statement of profit and loss.

##### b. *Financial assets measured at amortised cost*

Loans and receivables are non-derivative financial assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income.

##### c. *Fair value through other comprehensive income (FVOCI):*

Financial assets are measured at fair value through other comprehensive income (OCI) if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

#### ***Equity instruments***

##### 1. Subsequent measurement

The Group subsequently measures all equity investments at fair value. Dividends from such investments are recognised in statement of profit and loss as other income when the Group's right to receive payments is established.

##### 2. *Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

# Notes to the Consolidated Financial Statements

## C. Financial liabilities

### 1. Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

#### *Financial liabilities measured at amortised cost*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate method. The effective interest rate method's amortisation is included in finance costs in the statement of profit and loss.

### 2. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit and loss.

## D. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## E. Derivative financial instruments - current versus non-current classification

Derivative instruments will be held for a period beyond twelve months after the reporting date, are classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item. These are classified as current, when the remaining holding period is upto twelve months after the reporting date.

## F. Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## G. Fair value measurement

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## 2.12 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

# Notes to the Consolidated Financial Statements

---

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- Temporary difference related to investment in subsidiaries and associates and joint arrangement to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore in case of a history of recent losses, the Group recognised a deferred tax assets only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised. Deferred tax assets-unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the assets is realised or the liability is settled based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or no different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

## 2.13 Inventories

Raw materials, stock-in-trade and finished goods are stated at the lower of cost and net realisable value. Stores and Spares are valued at lower of cost and net realisable value/future economic benefit expected to arise when consumed during rendering of services.

Cost of raw materials, stores and spares and stock-in-trade comprises cost of purchases. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost is determined on the basis of weighted average. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Goods in-transit is valued inclusive of custom duty, where applicable.

## 2.14 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## 2.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which is subject to an insignificant risk of changes in value.



# Notes to the Consolidated Financial Statements

## 2.16 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when annual impairment testing for an asset is required. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test for goodwill is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, less the costs of disposal. Impairment losses, if any are recognised in statement of profit and loss as a component of depreciation and amortisation expense.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

## 2.17 Non-current Assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet.

If the criteria stated by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

## 2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid in accordance with the terms with the vendors. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## 2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.



# Notes to the Consolidated Financial Statements

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit and loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## 2.20 Provisions, contingent liabilities and contingent assets

### a) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the notes to the consolidated financial statements.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are disclosed where an inflow of economic benefits is probable.

## 2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors of the Company has authorised its Managing Director to assess the financial performance and position of the Group and makes decisions in normal course of business operations. For key strategic decisions, the Board of Directors take decisions after evaluating the possible options and recommendations given by the management. The Board of Directors together with Managing Director has been identified as being the chief operating decision maker. Refer note 39 for segment information presented.

## 2.22 Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group's operations are primarily in India, except operations in subsidiaries incorporated outside India. The consolidated financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

# Notes to the Consolidated Financial Statements

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

## (iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income items that will be subsequently reclassified to profit and loss account.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## 2.23 Revenue recognition

The Group derives revenues primarily from sale of products and services and long term composite contracts requiring sale and integration of IT products. Revenue is measured at the fair value of the consideration received or receivable.

### Sales of goods

#### Timing of recognition

The Group is engaged into the business of –

- Purchase/ sale and distribution of IT products, including computer hardware and mobile handsets.
- Developing the digitised educational content and selling such content licenses to digi school.

Revenue from the sale of products is recognised at the point in time when control is transferred to the customer

#### Measurement of revenue

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

### Rendering of services

#### Timing of recognition

Service income includes income from IT infrastructure managed services, break-fix services, office automation maintenance services and managed print services. Revenues relating to time and materials contracts are recognized as the related services are rendered. Revenue in case of fixed price contracts is recognised on percentage of completion basis of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations. Revenue related to fixed price maintenance and support services contracts where the Group is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

#### Measurement of revenue

Revenue is based on the price specified in the sales contract, net of the estimated volume discounts. For separately identified component from multiple element arrangement, pertaining to the sale of services, the revenues are measured based on fair value allocated to such component within the overall arrangement.

# Notes to the Consolidated Financial Statements

---

## **Revenue from long term composite contract**

The Group enters into long term fixed price composite contracts with its customers, which requires design and integration of IT hardware and software to build an integrated solution. The contract involves seamless sale of products and services, with objective to build a solution which meets specifications mentioned in the contract. The execution of these contracts require long period of time, usually more than 12 months.

### Timing of recognition

The accounting for these composite contracts, outcome of which can be reliably estimated, where no significant uncertainty exists regarding realisation of the consideration, the revenue is recognised in accordance with the percentage completion method, under which revenue is recognised on the basis of cost incurred as a proportion of total cost expected to be incurred. The costs incurred is considered as reasonable source to measure progress towards completion as there is direct relationship between the input and productivity. Provision for foreseeable losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenues, while billings in excess of costs and earnings are classified as deferred revenues.

### Measurement of revenue

The revenues are measured based on overall price for the solution as mentioned in the contract, applying percentage of completion method. For delivery of integrated solution is identified as separate component from multiple element arrangement, the revenues are measured based on fair value allocated to the solution/ deliverable within the overall arrangement. Such allocated fair value is recognised as revenues using percentage of completion method over the period of contract.

## **Revenue from multiple-element arrangement**

### Timing of revenue recognition

The Group enters into contracts consisting of any combination of supply of IT solutions & hardware and installation and other services. Within these multiple element arrangements, separate components are identified and accounted for based on the nature of those components, considering the economic substance of the entire arrangement. The revenue allocated to each component is recognized when the revenue recognition criteria for that component have been met.

### Measurement of revenue

Revenue is allocated to each separately identifiable component based on the fair value of each component. Where the relative fair value of all the components are not separately identifiable, fair value of one component is determined by taking into consideration factors such as the price of the component when sold separately and the component cost plus a reasonable margin. Fair values of the remaining components are determined based on the residual approach.

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in statement of profit and loss in the period in which the circumstances that give rise to the revision become known by management.

## **Interest income**

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discount estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

## **2.24 Employee benefits**

### **Defined benefit plans**

#### **Gratuity**

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

# Notes to the Consolidated Financial Statements

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit or loss as past service cost.

## **Provident fund**

In respect of certain employees, Provident Fund contributions are made to a multi-employer Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the statement of profit and loss in the year in which they arise.

## **Defined contribution plans**

Contributions to the employees' state insurance fund, administered by the prescribed government authorities, are made in accordance with the Employees' State Insurance Act, 1948 and are recognised as an expense on an accrual basis.

Company's contribution towards Superannuation Fund is accounted for on accrual basis.

The Company makes defined contributions to a Superannuation Trust established for the purpose. The Company has no further obligation beyond the monthly contributions.

## **Other benefits**

### **Compensated absences**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the statement of profit and loss in the year in which they arise.

### **Long term employee benefits**

Employee benefits, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

### **Employee options**

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## **2.25 Discontinued operations**

A discontinued operation is a component of Group's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Group and which represents a separate major line of business or geographical area of operations and

# Notes to the Consolidated Financial Statements

---

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit loss is re-presented as if the operation had been discontinued from the start of the comparative period.

## 2.26 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

## 2.27 Earnings per share

- (i) Basic earnings per share

Basic earnings per share is computed by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year

- (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2.28 Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Group's underlying performance.

# Notes to the Consolidated Financial Statements

## 3 (a) Property, Plant & Equipment

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount As at 31.03.2021 ₹/Crores		
	As at 01.04.2020	Additions / Adjustment#	Disposal / Adjustment#	Transferred to discontinued operations	Effect of foreign currency translation	As at 31.03.2021	As at 01.04.2020	Additions / Adjustment	Disposal / Adjustment#	Transferred to discontinued operations		Effect of foreign currency translation	As at 31.03.2021
Leasehold Land	12.30	-	4.31	-	-	7.99	0.76	0.16	0.38	-	-	0.53	7.46
Leasehold improvements	2.12	-	-	-	-	2.12	0.76	-	-	-	-	0.76	1.36
Freehold Land^	3.73	-	1.30	-	-	2.43	-	-	-	-	-	-	2.43
Buildings (refer note 44)^	32.83	-	11.25	-	-	21.59	3.67	1.07	2.04	-	-	2.71	18.88
Plant and Machinery	3.24	0.15	1.69	-	-	1.70	2.51	0.32	1.13	-	-	1.70	0.00
Furniture and Fixtures	8.45	0.02	1.63	-	-	6.84	4.21	0.58	1.25	-	-	3.54	3.30
Office Equipments	2.06	0.01	0.98	-	-	1.09	0.97	0.17	0.89	-	-	0.24	0.85
Vehicles	0.78	-	0.02	-	-	0.76	0.41	-	-	-	-	0.41	0.35
Computers	5.91	0.07	0.69	-	-	5.29	4.51	0.90	0.68	-	-	4.73	0.55
Total	71.42	0.25	21.85	-	-	49.81	17.80	3.20	6.36	-	-	14.63	35.18

### Notes:

^ Land and Building at Ambattur amounting to ₹ 3.08 crores (2020- ₹ 3.12 crores) are pending registration in the name of the Group.

\* Refer note 44, for disclosure related to "Assets held for sale".

## Property, Plant & Equipment

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount As at 31.03.2020	
	As at 01.04.2019	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	Effect of foreign currency translation	As at 31.03.2020	As at 01.04.2019	Additions / Adjustment	Disposal/ Adjustment	Transferred to discontinued operations		Effect of foreign currency translation
Leasehold Land	12.30	-	-	-	-	12.30	0.60	0.16	-	-	-	11.54
Leasehold improvements	15.27	0.19	13.34	-	-	2.12	6.17	3.37	8.78	-	-	1.36
Freehold Land^	3.73	-	-	-	-	3.73	-	-	-	-	-	3.73
Buildings	41.39	-	8.56	-	-	32.83	5.58	1.57	3.48	-	-	29.16
Plant and Machinery	14.38	-	11.14	-	-	3.24	12.67	0.97	11.13	-	-	0.73
Furniture and Fixtures	9.84	0.04	1.43	-	-	8.45	4.66	0.74	1.19	-	-	4.23
Office Equipments	5.04	0.19	3.17	-	-	2.06	2.22	0.63	1.88	-	-	1.09
Vehicles	1.51	-	0.73	-	-	0.78	0.86	0.26	0.71	-	-	0.37
Computers	22.26	0.47	16.96	-	0.14	5.91	12.65	3.77	12.02	-	0.11	1.41
<b>Total</b>	<b>125.72</b>	<b>0.89</b>	<b>55.34</b>	<b>-</b>	<b>0.14</b>	<b>71.42</b>	<b>45.41</b>	<b>11.47</b>	<b>39.20</b>	<b>-</b>	<b>0.11</b>	<b>53.62</b>

### Notes:

^ Land and Building at Ambattur amounting to ₹ 3.12 crores (2019- ₹ 3.16 crores) are pending registration in the name of the Group.

\* Building situated in Dubai having carrying value of ₹9.94 and accumulated depreciation ₹4.03 has been impaired by ₹3.26 and classified as held for sale

# Amounts include transfer of property plant and equipments pursuant to sale of HCL Insys Pte Ltd to PCCW Ltd (refer note 45)

# Notes to the Consolidated Financial Statements

## 3 (b) Right of use assets

Particulars	Gross carrying amount						Accumulated amortisation/impairment						Net carrying amount
	As at 01.04.2020	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	Effect of foreign currency translation	As at 31.03.2021	As at 01.04.2020	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	Effect of foreign currency translation	As at 31.03.2021	
Right of Use Assets	3.38	-	0.28	-	-	3.10	2.02	0.80	-	-	-	2.82	
<b>Total</b>	<b>3.38</b>	<b>-</b>	<b>0.28</b>	<b>-</b>	<b>-</b>	<b>3.10</b>	<b>2.02</b>	<b>0.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.82</b>	

Particulars	Gross carrying amount						Accumulated amortisation/impairment						Net carrying amount
	As at 01.04.2019	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	Effect of foreign currency translation	As at 31.03.2019	As at 01.04.2019	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	Effect of foreign currency translation	As at 31.03.2019	
Right of Use Assets	-	3.38	-	-	-	3.38	-	2.02	-	-	-	1.36	
<b>Total</b>	-	<b>3.38</b>	-	-	-	<b>3.38</b>	-	<b>2.02</b>	-	-	-	<b>1.36</b>	

## 3 (c) Other Intangible Assets

Particulars	Gross carrying amount					Accumulated amortisation/impairment					Net carrying amount		
	As at 01.04.2020	Additions / Adjustment	Disposal / Adjustment#	Transferred to discontinued operations	Effect of foreign currency translation	As at 31.03.2021	As at 01.04.2020	Additions / Adjustment	Disposal / Adjustment#	Transferred to discontinued operations	Effect of foreign currency translation	As at 31.03.2021	
<b>Intangible Assets:</b>													
Software	1.61	-	-	-	-	1.61	1.25	0.28	-	-	-	1.53	0.08
Intellectual Property Rights	0.23	-	-	-	-	0.23	0.24	-	-	-	-	0.24	-
Technical knowhow	1.46	-	-	-	-	1.46	1.46	-	-	-	-	1.46	-
<b>Total</b>	<b>3.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.30</b>	<b>2.95</b>	<b>0.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.23</b>	<b>0.08</b>

### Notes:

- Software comprise cost of acquiring licenses and SAP implementation charges.
- Intellectual Property Rights comprise of designing and implementing education content.

# Notes to the Consolidated Financial Statements

3. Technical know how comprise of development cost of new technology/products.

## Other Intangible Assets

Particulars	Gross carrying amount						Accumulated amortisation/impairment						Net carrying amount
	As at 01.04.2019	Additions / Adjustment	Disposal / Adjustment#	Transferred to discontinued operations	Effect of foreign currency translation	As at 31.03.2020	As at 01.04.2019	Additions / Adjustment	Disposal / Adjustment#	Transferred to discontinued operations	Effect of foreign currency translation	As at 31.03.2020	
Intangible Assets:													
Software	14.15	0.23	12.77	-	-	1.61	7.47	2.59	8.81	-	-	1.25	0.36
Intellectual Property Rights	0.23	-	-	-	-	0.23	0.24	-	-	-	-	0.24	-
Technical Knowhow	1.46	-	-	-	-	1.46	1.46	-	-	-	-	1.46	-
<b>Total</b>	<b>15.84</b>	<b>0.23</b>	<b>12.77</b>	<b>-</b>	<b>-</b>	<b>3.30</b>	<b>9.17</b>	<b>2.59</b>	<b>8.81</b>	<b>-</b>	<b>-</b>	<b>2.95</b>	<b>0.36</b>

Notes:

- Software comprise cost of acquiring licenses and SAP implementation charges.
  - Intellectual Property Rights comprise of designing and implementing education content.
  - Technical know how comprise of development cost of new technology/products.
- #Amounts include transfer of intangibles assets pursuant to sale of HCL Insys Pte Ltd to PCCW Ltd (refer note 45)

## 3 (d) Capital work-in-progress

Particulars	As at 01.04.2020	Addition	Capitalisation/ Adjustment	As at 31.03.2021
Capital work-in-progress	-	0.27	0.11	0.16

## Capital work-in-progress

Particulars	As at 01.04.2019	Addition	Capitalisation/ Adjustment	As at 31.03.2020
Capital work-in-progress	0.04	-	0.04	-



# Notes to the Consolidated Financial Statements

	As at 31.03.2021		As at 31.03.2020	
		Amount ₹/Crores		Amount ₹/Crores
<b>4 Other Non-Current Financial Assets</b>				
Balance with bank- margin money*		15.68		13.33
Security deposits		1.74		1.83
Business consideration receivable		22.28		22.23
*Balances held as margin money towards obtaining Bank Guarantees.				
<b>TOTAL</b>		<b>39.70</b>		<b>37.39</b>
<b>5 Deferred tax asset (net) (refer note 37)</b>				
Deferred tax asset		-		-
		-		-
<b>6 Advance income tax asset (net of provisions)</b>				
Advance income tax		86.41		116.25
[Provision for income tax of ₹ 48.33 crores (2020- ₹ 48.52 crores)]				
<b>TOTAL</b>		<b>86.41</b>		<b>116.25</b>
<b>7 Other non-current assets</b>				
<b>Unsecured, considered good</b>				
Capital advances		0.01		0.01
<b>Others</b>				
Balances with government authorities		175.16		206.76
Prepaid expenses		0.01		0.01
Others		0.62		0.62
<b>TOTAL</b>		<b>175.80</b>		<b>207.40</b>
<b>8 Inventories</b>				
Stock-in-trade		2.84		27.91
[Including in-transit ₹ 0.04 crores (2020- ₹ 2.84 crores)]				
<b>TOTAL</b>		<b>2.84</b>		<b>27.91</b>
Write-downs of inventories to net realisable value recognised as an expense during the year amounts to ₹ 0.21 crores ( 2020- ₹ 1.64 crores). These were included in changes in value of inventories of work-in-progress, stock in trade and finished goods in statement of profit and loss.				
<b>9 Trade receivables (refer note 32)</b>				
<b>Unsecured:</b>				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Considered good		86.86		193.94
Credit impaired		196.10		254.12
		<b>282.96</b>		<b>448.06</b>
Less: Allowance for doubtful debts		<b>196.10</b>		<b>254.12</b>
<b>TOTAL</b>		<b>86.86</b>		<b>193.94</b>

# Notes to the Consolidated Financial Statements

	As at 31.03.2021		As at 31.03.2020	
		Amount ₹/Crores		Amount ₹/Crores
<b>10 Cash and cash equivalents</b>				
Balances with banks				
- current account		38.68		55.01
Cash on hand		0.05		0.06
Cheques on hand		-		0.09
Bank deposits with original maturity of three months or less	0.40		0.41	
Less: Money held in Trust	0.31	0.09	0.31	0.10
<b>TOTAL</b>		<b>38.82</b>		<b>55.26</b>
<b>11 Other bank balances</b>				
Deposits with remaining maturity up to 12 months*		1.07		17.10
Balance with banks				
- On margin account^		4.60		6.00
<b>TOTAL</b>		<b>5.67</b>		<b>23.10</b>
* includes ₹ 1.07 crores (2020 - ₹ 17.10 crores) lien marked with Banks				
^ includes ₹ 1.47 crores (2020- ₹ 1.38 crores) which is held in the name of Karvy Innotech Limited for and on behalf of the Company.				
<b>12 Other financial assets</b>				
Lease rental recoverable (refer note 38)	2.80		2.80	
Less: Allowance for doubtful lease rental recoverable	2.80	-	2.80	-
Security deposits		3.00		3.30
Unbilled revenue		5.07		25.25
Claims recoverable from vendor		2.31		29.03
Others (includes employee advances, insurance claim recoverable)		0.46		3.15
Considered doubtful				
Others (includes employee advances, insurance claim recoverable)	15.28		11.11	
Less: Allowance for doubtful loans and advances	15.28	-	11.11	-
<b>TOTAL</b>		<b>10.84</b>		<b>60.73</b>
<b>13 Other current assets</b>				
<b>Unsecured, considered good</b>				
Balances with customs, port trust, excise, sales tax and goods and service tax authorities		19.43		55.53
Advances to creditors		2.00		4.76
Contract assets (refer note 41)		73.48		182.07
Prepaid expenses		23.61		22.01
Others		33.01		2.61
<b>Considered doubtful</b>				
Other current assets	185.42		69.98	
Less: Allowance for doubtful other current assets (includes ₹ 182.43 crores on contract assets (2020 - ₹ 63.10 crores)	185.42	-	69.98	-
<b>TOTAL</b>		<b>151.53</b>		<b>266.98</b>

# Notes to the Consolidated Financial Statements

	As at 31.03.2021		As at 31.03.2020	
		Amount ₹/Crores		Amount ₹/Crores
<b>14 Equity share capital and other equity</b>				
<b>(a) Authorised</b>				
55,25,00,000 Equity Shares (2020 - 55,25,00,000) of ₹ 2/- each		<b>110.50</b>		110.50
5,00,000 Preference Shares (2020 - 5,00,000) of ₹ 100/- each		<b>5.00</b>		5.00
<b>TOTAL</b>		<b>115.50</b>		115.50
<b>Equity Share capital</b>				
Issued, Subscribed and Paid up				
32,92,09,928 Equity Shares, fully paid (2020 - 32,92,09,928) of ₹ 2/- each		<b>65.84</b>		65.84
<b>TOTAL</b>		<b>65.84</b>		65.84

**Notes:**
**(i) Rights attached to Equity Shares:**

The Company has only one class of equity share having a face value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by Shareholders.

<b>(ii)</b>	<b>Shareholders holding more than 5% of the aggregate shares in the Company</b>	<b>Number of Shares</b>	<b>% of shares</b>	<b>Number of Shares</b>	<b>% of shares</b>
(a)	HCL Corporation Private Limited	16,44,21,399	49.94	16,44,21,399	49.94
(b)	VAMA Sundari Investments (Delhi) Private Limited	4,26,03,194	12.94	4,26,03,194	12.94

**(iii) Shares reserved for issue under options:**

Information related to Employee Stock Option Plan, including details of options issued, exercised, expired and forfeited during the previous financial year and options outstanding at the end of the reporting period, is set out in note 43.

# Notes to the Consolidated Financial Statements

## (b) Other equity

	As at 31.03.2021 ₹/Crores	As at 31.03.2020 ₹/Crores
<b>Reserve and surplus</b>		
<b>Securities premium reserve</b>		
Opening balance	1,194.37	1,194.37
Closing balance	1,194.37	1,194.37
<b>General reserve</b>		
Opening balance	215.76	215.76
Closing balance	215.76	215.76
<b>Capital reserve</b>		
Opening balance	0.04	0.04
Closing balance	0.04	0.04
<b>Retained earning</b>		
Opening balance	(1,529.81)	(1,392.99)
Remeasurement of post-employment benefit obligation, net of tax	(0.21)	(0.49)
Net loss for the year	(196.73)	(136.33)
Closing balance	(1,726.75)	(1,529.81)
<b>Foreign currency translation of foreign operations</b>		
Opening balance	11.66	21.13
Exchange difference on translation of foreign operations	(0.99)	4.61
Reclassification on disposal of foreign operations	-	(14.08)
Closing balance	10.67	11.66
<b>Total Other Equity attributable to the shareholders of HCL Infosystems Limited</b>	<b>(305.91)</b>	<b>(107.98)</b>

	As at 31.03.2021 ₹/Crores	As at 31.03.2020 ₹/Crores
<b>Financial Liabilities</b>		
<b>15(i) Non-current borrowings</b>		
<b>Unsecured:</b>		
Term loans		
- From others	59.03	22.75
<b>TOTAL</b>	<b>59.03</b>	<b>22.75</b>
<b>15(ii) Lease obligation (refer note 38)</b>		
Lease obligation	0.28	1.61
<b>TOTAL</b>	<b>0.28</b>	<b>1.61</b>

### Notes:

- Unsecured term loans from others amounting to Nil (2020 - ₹ 0.70 crores), out of which Nil crores (2020 - ₹ 0.70 crores) was shown under current maturity of long term loan, was repayable in 9 half yearly installments (carries interest @ 2.97%) from the date of the loan disbursement.
- Unsecured term loans from others amounting to ₹ 122.35 crores (2020 - ₹ 67.83 crores), out of which ₹ 63.32 crores (2020 - ₹ 45.08 crores) is shown under current maturity of long term debt, is repayable in 12 equal quarterly installments from the date of the disbursement which carries interest @ 10.75% to 11.24% p.a.

# Notes to the Consolidated Financial Statements

**Note:**

- As per Ind AS provisions, the term loan balances are adjusted with the transaction/processing fees paid on the facility.
- Subsidiaries include HCL Infotech Limited, HCL Learning Limited and Digital Distribution and Marketing Services Ltd.

	As at 31.03.2021 ₹/Crores	As at 31.03.2020 ₹/Crores
<b>16 Non-current provisions (refer note 40)</b>		
Provision for gratuity and other employee benefits	2.12	4.46
<b>TOTAL</b>	<b>2.12</b>	<b>4.46</b>
<b>17 Current borrowings</b>		
<b>Secured:</b>		
<b>Loans from Banks</b>		
- Term loans	-	362.62
- Cash credits	0.01	27.07
	<b>0.01</b>	<b>389.69</b>
<b>Unsecured:</b>		
<b>Loans</b>		
Term loan from others*	99.89	20.69
From related parties	315.00	26.00
	<b>414.89</b>	<b>46.69</b>
<b>TOTAL</b>	<b>414.90</b>	<b>436.38</b>

**Note:**

- Secured Term Loan from Banks amounting to ₹ Nil Crores (2020 - ₹ 50.00 Crores) is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Limited and its subsidiaries (2) First pari-passu charge on all current assets of the HCL Infosystems Limited and its subsidiaries (except lease rental receivables). (3) Negative lien on two identified properties. It carries interest @ 8.75% p.a.
- Short Term Loan of ₹ Nil Crores (2020 - ₹ 74.00 Crores ) is secured by way of subservient charge on stock and receivables of the Company and against support from HCL Corporation Private Limited and carries interest @ 9.35% p.a.
- Secured Loan ( Cash Credit and WCDL ) from Banks amounting to ₹ Nil Crores (2020 - ₹ 116.56 Crores) are secured by way of (1) First pari passu charge on movable,intangible and current assets of the HCL Infosystems Limited and its subsidiaries (except lease rental receivables). (2) Negative lien on two identified properties. (3) Lien on Fixed Deposit of ₹ 1.07 Crs.
- Unsecured Intercompany Loan from HCL Corporation Private Limited amounting to ₹ 315 Crs (2020 - ₹ 26 Crs) is repayable in 11 months from the date of avilment of each tranche, which is interest free.
- Secured Term loans from Banks amounting to ₹ Nil Crores (2020 - ₹ 149.13 Crores) is secured by way of subservient charge on current assets of the Company and against Support from HCL Corporation Private Limited and lien on fixed deposit for ₹ 16.09 crores is repayable in 1 yearly installments from the date of the disbursement which carries interest @ 8.50% p.a.
- Short Term Loan of ₹ 99.88 Crores (2020 - NIL Crores ) is supported by Corporate Gurantee of ₹ 100 Crs from HCL Corporation Private Limited and is repayable in three equal instalment started from 10th, 11th and 12th month from the date of disbursement and carries interest @ 10.25% p.a.

\* Includes ₹ Nil crores (2020- ₹ 20.69 crores) of extended supplier's credit.

# Notes to the Consolidated Financial Statements

**Note:**

- i. As per Ind AS provisions, the term loan balances are adjusted with the transaction/processing fees paid on the facility.
- ii. Subsidiaries include HCL Infotech Limited, HCL Learning Limited and Digilife Distribution and Marketing Services Limited.

	As at 31.03.2021 ₹/Crores	As at 31.03.2020 ₹/Crores
<b>18 Trade payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises and	<b>3.14</b>	7.48
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises [Including acceptance ₹ 13.33 crores (2020 - ₹ 26.69 crores)]	<b>131.96</b>	339.81
<b>TOTAL</b>	<b>135.10</b>	347.29
<b>19 Other financial liabilities</b>		
Current maturities of long-term debts (refer note 15)	<b>63.32</b>	45.78
Interest accrued but not due on borrowings	<b>2.35</b>	2.68
Unpaid dividends/ deposits*	-	0.47
Employee benefits payable	<b>10.24</b>	18.81
Capital creditors	<b>0.21</b>	0.22
Deposits	<b>3.54</b>	5.95
Advances received against sale of HCL Infotech Limited (refer Note 49)	<b>2.00</b>	-
<b>TOTAL</b>	<b>81.66</b>	73.91
* includes outstanding matured deposits of ₹ Nil crores (2020 - ₹ 0.47 crores) transferred to Investor Education and Protection Fund under Section 125 of the Companies Act, 2013, during the current year.		
<b>20 Other current liabilities</b>		
Deferred revenue	<b>85.79</b>	92.66
Advances received from customers	<b>40.56</b>	48.96
Others	<b>1.86</b>	3.03
Statutory dues payable	<b>10.31</b>	13.69
Advances received against Non-current assets held for sale	<b>4.25</b>	-
<b>TOTAL</b>	<b>142.77</b>	158.34
<b>21 Current provisions</b>		
Provision for gratuity and other employee benefits (refer note 40)	<b>6.11</b>	7.53
Provision for contract losses	<b>35.38</b>	25.04
Provision for litigations {refer note 31 (b)}	<b>11.94</b>	11.78
<b>TOTAL</b>	<b>53.43</b>	44.35
<b>22 Current tax liabilities (net)</b>		
Current income tax liabilities [Advance income tax of Nil (2020- Nil)]	-	-
<b>TOTAL</b>	-	-

# Notes to the Consolidated Financial Statements

	Year ended 31.03.2021 ₹/Crores	Year ended 31.03.2020 ₹/Crores
<b>23 Revenue from operations</b>		
Sale of products	217.15	1,661.08
Sale of services	2.73	9.20
Revenue from composite contracts (refer note 41)	132.87	144.89
<b>TOTAL</b>	<b>352.75</b>	<b>1,815.17</b>
<b>24 Other income</b>		
Interest Income from financial asset at amortised cost		
- On lease rental	-	0.08
- On fixed deposits	2.38	5.45
- On others	0.19	-
- On trade receivables	23.72	29.11
Net profit on sale of property, plant and equipment	0.25	0.10
Gain on foreign exchange fluctuation	0.51	1.52
Provisions/liabilities no longer required written back	73.14	26.64
Miscellaneous income	12.81	13.51
Scrap sale	0.27	0.37
<b>TOTAL</b>	<b>113.27</b>	<b>76.78</b>
<b>25 Changes in inventories of stock-in-trade</b>		
Closing balance		
- Stock-in-trade	2.97	28.04
	<b>2.96</b>	<b>28.04</b>
Opening balance		
- Stock-in-trade	28.04	95.64
	<b>28.04</b>	<b>95.64</b>
<b>Changes in inventories of stock-in-trade</b>	<b>25.08</b>	<b>67.60</b>
<b>26 Other direct expenses</b>		
Purchase of services	117.77	81.52
Spares and stores consumed	0.37	0.56
<b>TOTAL</b>	<b>118.14</b>	<b>82.08</b>
<b>27 Employee benefits expense</b>		
Salaries, wages, bonus and gratuity (refer note 40)	77.42	105.87
Contribution to provident and other funds (refer note 40)	2.79	3.89
Staff welfare expenses	0.28	0.72
<b>TOTAL</b>	<b>80.49</b>	<b>110.48</b>
<b>28 Finance costs</b>		
Interest on borrowings*	49.08	76.76
Other borrowing costs	3.27	13.67
<b>TOTAL</b>	<b>52.35</b>	<b>90.43</b>
*includes ₹ 0.09 crores (2020 - ₹ 0.25 crores) interest on lease obligations (refer note 38)		

## Notes to the Consolidated Financial Statements

	Year ended 31.03.2021 ₹/Crores	Year ended 31.03.2020 ₹/Crores
<b>29 Other expenses</b>		
Rent (refer note 38)	3.05	7.85
Rates and taxes	31.93	14.26
Printing and stationery	0.23	0.34
Communication	0.93	1.31
Travelling and conveyance	0.40	4.59
Packing, freight and forwarding	0.62	2.43
Legal, professional and consultancy charges (refer note 42)	36.26	33.91
Retainership expenses	11.66	10.74
Training and conference	0.05	0.46
Office electricity and water	1.79	3.07
Insurance	3.87	6.57
Advertisement, publicity and entertainment	0.44	0.22
Hire charges	0.94	1.37
Commission on sales	0.20	0.87
Bank charges	3.21	8.55
Allowance for doubtful debts*	88.95	109.72
Allowance for doubtful loans and advances and other current assets	0.98	0.19
Property, plant and equipment written-off	0.40	0.25
Repairs		
- Plant and Machinery	-	0.27
- Buildings	0.07	0.54
- Others	8.33	3.43
Net loss on foreign exchange fluctuation	0.73	1.28
Miscellaneous	4.16	1.62
<b>TOTAL</b>	<b>199.21</b>	<b>213.84</b>
* Allowance for doubtful debts includes unbilled revenue written off amounting Nil (2020 - Nil ) and provision for doubtful contract assets created ₹ 79.36 Crores (2020 - ₹ 63.10 crores)		

### 30 Exceptional items:

	₹/Crores	
Particulars	Year ended 31.03.2021	Year ended 31.03.2020
a. Profit on sale of properties	-	15.65
b. Impairment of property, plant and equipment	-	(2.90)
<b>Total</b>	<b>-</b>	<b>12.75</b>

- a) The group had recognised a profit on the sale of properties of ₹ 15.65 crores in the previous financial year .
- b) The group had provided impairment allowance of ₹ 2.90 crores on property and the property has been classified as "Assets held for Sale" in accordance with IND AS 105 in the previous financial year.



# Notes to the Consolidated Financial Statements

## 31 Contingent Liabilities :

- (a) Claims against the Company not acknowledged as debts:

	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
Sales tax*	131.05	298.96
Excise, Service Tax and Customs*	459.78	151.74
Income tax	34.17	36.74
Industrial disputes, civil suits and consumer disputes	4.09	2.67

\* Includes sum of ₹ 139.98 crores (2020 - ₹ 117.62 crores) deposited by the Group.

The amounts shown above represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the out come of the different legal processes which have been initiated by the Group or the claimants as the case may be and therefore cannot be predicted accurately. It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

- b) Other Litigations :

- (i) The parent company has been named in a supplementary charge sheet filed with the Court with respect to a contract awarded to the Company in 2009 by the UP state Government, amounting to ₹ 2.94 crores (2020 - ₹ 2.94 crores), for the supply of computer hardware and related services under the National Rural Health Mission and therefore summons have been issued by the Court. CBI special court has framed charges against the parent company and its employee. Currently the proceedings has been stayed by Supreme Court. The management is of the view that the company has not engaged in any wrong doing.
- (ii) Arbitration was invoked by HCL for unilateral extension made by UIDAI beyond original contract which ended on 6 Aug 19. UIDAI made counter claims as below:
  - towards deductions for manpower short supply ₹ 15 Crores HCL has submitted alternative claim for additional resources deployed ₹ 37 Crores on similar legal argument.
  - on account of SLA-LD and Manpower deductions ₹ 22 Crores Arbitral Tribunal award holds that UIDAI was not entitled to make any deductions.
- (iii) The Group has certain sales tax, other indirect tax and civil matters against which provision of ₹ 11.94 crores (2020- ₹ 11.78 crores) have been made. Provision of ₹ 3.23 crores (2020- ₹ 3.85 crores) has been made during the year and ₹ 3.07 crores (2020- ₹ 1.99) utilised during the year.

## 32 Disclosure of related parties and related party transactions:

- a) **Company having substantial interest:**

HCL Corporation Private Limited

- b) **Others (Enterprises over which, individual having indirect significant influence over the Group, has significant influence) and with whom transactions have taken place during the year and/or where balances exist:**

HCL Technologies Limited

HCL Comnet Limited

HCL Training & Staffing Services Private Limited

HCL Talent Care Private Limited

Shiv Nadar Foundation

VAMA Sundari Investments (Delhi) Private Limited

# Notes to the Consolidated Financial Statements

## c) Key Management Personnel:

Mr. Rangarajan Raghavan (Managing Director, till 31.03.2020)

Mr. Kapil Kapur -CFO (Mr. Kapil Kapur resigned from the position of CFO w.e.f. 31st May, 2021 and Mr. Alok Sahu was appointed as CFO w.e.f. 1st June, 2021)

Mr. Sushil Jain- Company Secretary (Mr. Sushil Jain was superannuated w.e.f. closing hours of 31st March, 2021 and Ms. Komal Bathla was appointed as Company Secretary w.e.f. 1st April, 2021)

Mr. Raj Sachdeva was appointed as the Manager of the Company w.e.f. 1st May 2021, subject to the approval of shareholders in the Annual General Meeting to be held in Financial Year 2021-22

Mr. Vinod Pulyani had been appointed as the Manager of the Company w.e.f. 29th September 2020 subject to the approval of the shareholders in the next Annual General Meeting. He subsequently resigned from the position of the manager of the Company w.e.f. 30th April 2021.

## d) Summary of consolidated related party disclosures:

Note: All transactions with related parties have been entered into in the normal course of business.

₹/Crores

A. Transactions	Company having substantial interest*		Others		Key Management Personnel		Total	
	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20
<b>Sales and related income</b>	-	0.03	<b>17.23</b>	191.89	-	-	<b>17.23</b>	191.92
- HCL Corporation Limited	-	0.03	-	-	-	-	-	-
- HCL Technologies Limited	-	-	<b>17.14</b>	182.20	-	-	-	-
- HCL Comnet Limited	-	-	-	7.91	-	-	-	-
-Vama Sundari Investments (Delhi) Private Limited	-	-	<b>0.03</b>	-	-	-	-	-
- Shiv Nadar Foundation	-	-	-	0.62	-	-	-	-
- HCL Foundation	-	-	-	0.28	-	-	-	0.28
-SSN Trust	-	-	<b>0.02</b>	0.38	-	-	<b>0.02</b>	0.38
-KRN Education Private Limited	-	-	<b>0.04</b>	0.26	-	-	<b>0.04</b>	0.26
-HCL Avitas Private Limited	-	-	-	0.18	-	-	-	0.18
-HCL Traning & Staffing Services Private Limited	-	-	-	0.07	-	-	-	0.07
-HCL Corporation Private Limited	-	-	-	0.01	-	-	-	0.01
<b>Purchase of services</b>	-	-	-	6.40	-	-	-	6.40
- HCL Technologies Limited	-	-	-	6.40	-	-	-	-
<b>Current borrowings taken (net)</b>	<b>289.00</b>	26.00	-	-	-	-	<b>289.00</b>	26.00
- HCL Corporation Limited	<b>289.00</b>	26.00	-	-	-	-	-	-
<b>Interest on loans and advance taken (net)</b>	<b>2.07</b>	1.80	-	-	-	-	<b>2.07</b>	1.80
- HCL Corporation Limited	<b>2.07</b>	1.80	-	-	-	-	-	-
<b>Purchase of goods</b>	-	-	<b>0.14</b>	0.14	-	-	<b>0.14</b>	0.14
- HCL Software Products Ltd.	-	-	-	0.14	-	-	-	-
<b>Rent received</b>	-	-	<b>2.49</b>	3.38	-	-	<b>2.49</b>	3.38
- HCL Technologies Limited	-	-	<b>1.65</b>	2.08	-	-	-	-
- HCL Training & Staffing Services Pvt. Ltd.	-	-	<b>0.83</b>	1.00	-	-	-	-
- HCL Comnet Limited	-	-	-	0.30	-	-	-	-

# Notes to the Consolidated Financial Statements

₹/Crores

A. Transactions	Company having substantial interest*		Others		Key Management Personnel		Total	
	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20
<b>Remuneration</b>	-	-	-	-	<b>2.09</b>	3.42	<b>2.09</b>	3.42
- Mr. Rangarajan Raghavan	-	-	-	-	-	1.48	-	-
- Mr.Kapil Kapur	-	-	-	-	<b>1.50</b>	1.34	-	-
- Mr.Sushil Jain	-	-	-	-	<b>0.59</b>	0.60	-	-
<b>Reimbursements towards expenditure made*</b>	<b>0.50</b>	0.78	-	-	-	-	<b>0.50</b>	0.78
- HCL Corporation Limited	<b>0.50</b>	0.78	-	-	-	-	-	-
<b>B. Amount due to/from related parties at year end^</b>								
Trade receivables	-	0.98	<b>2.44</b>	40.00	-	-	<b>2.45</b>	40.97
Other Recoverable	<b>0.07</b>	0.07	-	-	-	-	<b>0.07</b>	0.07
Loans and advances	<b>315.00</b>	26.00	-	-	-	-	<b>315.00</b>	26.00
Trade payables	<b>0.03</b>	0.25	<b>3.97</b>	4.76	-	-	<b>4.00</b>	5.01
Other payables	-	-	-	-	-	-	-	-

\*Corporate guarantee utilised ₹ 100 crores (2020 - ₹ 224 crores), also refer note 46

^Amount due to / from related parties are unsecured and are receivable / payable in cash

₹/Crores

e)	<b>Compensation of key management personnel of the Company *</b>	<b>Year ended 31.03.2021</b>	<b>Year ended 31.03.2020</b>
	Short-term employee benefits	<b>2.09</b>	3.42
	<b>Total compensation paid to key management personnel</b>	<b>2.09</b>	3.42

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

\*Post employment benefit comprising gratuity, and compensated absences are not disclosed as these are determined for the Group as a whole.

## 33 Financial Instruments

The carrying value of financial instruments by categories are as under as at 31.03.2021:

₹/Crores

Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
<b>Financial assets</b>						
<b>Non-current assets</b>						
(i) Others Financial Assets	4	-	-	<b>39.70</b>	<b>39.70</b>	<b>39.70</b>
		-	-	(37.39)	(37.39)	(37.39)
		-	-	<b>39.70</b>	<b>39.70</b>	<b>39.70</b>
		-	-	(37.39)	(37.39)	(37.39)

# Notes to the Consolidated Financial Statements

₹/Crores

Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
<b>Current assets</b>						
(i) Trade receivables	9	-	-	<b>86.86</b>	<b>86.86</b>	<b>86.86</b>
		-	-	(193.94)	(193.94)	(193.94)
(ii) Cash and cash equivalents	10	-	-	<b>38.82</b>	<b>38.82</b>	<b>38.82</b>
				(55.26)	(55.26)	(55.26)
(iii) Bank balances other than (ii) above	11	-	-	<b>5.67</b>	<b>5.67</b>	<b>5.67</b>
				(23.10)	(23.10)	(23.10)
(iv) Others	12	-	-	<b>10.84</b>	<b>10.84</b>	<b>10.84</b>
				(60.73)	(60.73)	(60.73)
		-	-	<b>142.19</b>	<b>142.19</b>	<b>142.19</b>
		-	-	(333.03)	(333.03)	(333.03)
<b>Financial Liabilities</b>						
Non-current liabilities						
(i) Borrowings	15(i)	-	-	<b>59.03</b>	<b>59.03</b>	<b>59.03</b>
		-	-	(22.75)	(22.75)	(22.75)
(ii) Lease obligation	15(ii)	-	-	<b>0.28</b>	<b>0.28</b>	<b>0.28</b>
		-	-	(1.61)	(1.61)	(1.61)
		-	-	<b>59.31</b>	<b>59.31</b>	<b>59.31</b>
		-	-	(24.36)	(24.36)	(24.36)
<b>Current liabilities</b>						
(i) Borrowings	17	-	-	<b>414.90</b>	<b>414.90</b>	<b>414.90</b>
		-	-	(436.38)	(436.38)	(436.38)
(ii) Trade payables	18	-	-	<b>135.10</b>	<b>135.10</b>	<b>135.10</b>
		-	-	(347.29)	(347.29)	(347.29)
(iii) Other financial liabilities	19	-	-	<b>81.66</b>	<b>81.66</b>	<b>81.66</b>
		-	-	(73.91)	(73.91)	(73.91)
		-	-	<b>631.66</b>	<b>631.66</b>	<b>631.66</b>
		-	-	(857.58)	(857.58)	(857.58)

Note: Previous year figures are given in brackets.

## 34 Financial Risk Management

The Group activities expose it to market risk, liquidity risk and credit risk. The Group financial risk management is an integral part of how to plan and execute its business strategies.

In order to minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

# Notes to the Consolidated Financial Statements

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Investments Trade receivables Cash and cash equivalents Bank balances Loans Other financial assets	Aging analysis and credit appraisal	Diversification of bank deposits, investments, credit limits and letters of credit
Liquidity risk	Borrowings, trade payable and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines, borrowing facilities and liquid investments
Market risk - foreign exchange	Future commercial transactions Recognized financial assets not denominated in Functional currency	Position of net foreign exchange risk, based on relative assets and liabilities	Forward foreign exchange contracts
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Replacement of high cost debt with low cost debt

The Group's risk management is carried out by the treasury and credit control department under policies approved by the senior management and Board of directors.

## Credit Risk

Credit risk arise from possibility that customer may default on its obligation to make timely payments, resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivable, lease rent recoverable and unbilled revenues.

Credit risk on cash and cash equivalent and bank balances is not significant as it majorly includes deposits with bank and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Investment primarily includes investment in mutual funds.

The credit risk is managed by the Group through credit approvals, establishing the financial reliability of the customers taking into account the financial condition, analysis of historical bad debts and ageing of accounts receivables. Individual limits are set accordingly by the Group credit control department.

The Group uses a provision matrix to compute the expected credit loss for trade receivable and lease rent recoverable, the provision matrix takes into consideration historical credit loss experience and other relevant available external and internal credit risk factors.

Agewise breakup of trade receivables and contract assets are given below:

	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
Debtors billed but not due	273.91	292.81
0-90 days past due	45.74	80.69
91-180 days past due	6.21	14.62
180-365 days past due	4.11	39.59
1-2 years past due	5.06	15.65
More than 2 years past due	203.84	249.87
	<b>538.87</b>	<b>693.23</b>

\*Includes contract assets amounting to ₹ 247.25 crores (2020 - ₹ 245.17 crores)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a trade receivable for write off when a debtor fails to make contractual payments greater than 3 years past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.

# Notes to the Consolidated Financial Statements

The summary of life time expected credit loss allowance made on customer balances during the year and balance at the year end is given below:

	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
<b>Balance at the beginning</b>	<b>317.22</b>	217.63
Provided during the year	<b>88.95</b>	109.72
Reversal during the year	<b>(15.05)</b>	(8.10)
Amounts written off	<b>(12.59)</b>	(2.03)
Balance at the end	<b>378.53</b>	317.22
Weighted average loss rate (Percentage)	<b>70.25%</b>	45.76%

## Liquidity risk:

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at 31.03.2021.

	₹/Crores				
Particulars	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years
<b>Non-derivatives</b>					
<b>Borrowings</b>					
-From banks	-	-	-	-	-
	(362.62)	-	(362.62)	-	-
-From others	<b>537.24</b>	-	<b>478.21</b>	<b>59.03</b>	-
	(115.22)	-	(92.47)	(22.75)	-
-Cash credit	<b>0.01</b>	<b>0.01</b>	-	-	-
	(27.07)	(27.07)	-	-	-
Lease obligation	<b>0.28</b>	-	-	<b>0.28</b>	-
	(1.61)	-	-	(1.61)	-
<b>Trade payables</b>	<b>135.10</b>	-	<b>135.10</b>	-	-
	(347.29)	-	(347.29)	-	-
<b>Other financial liabilities</b>					
-Deposits	<b>3.54</b>	-	<b>3.54</b>	-	-
	(5.95)	-	(5.95)	-	-
-Interest accrued but not due	<b>2.35</b>	-	<b>2.35</b>	-	-
	(2.68)	-	(-2.68)	-	-
-Capital creditors	<b>0.21</b>	-	<b>0.21</b>	-	-
	(0.22)	-	(0.22)	-	-
-Employee benefit payable	<b>10.24</b>	-	<b>10.24</b>	-	-
	(18.81)	-	(18.81)	-	-
-Unpaid dividends/deposits	-	-	-	-	-
	(0.47)	(0.47)	-	-	-
-Others	<b>2.00</b>	-	<b>2.00</b>	-	-
	(0.00)	(0.00)	-	-	-
<b>Total non-derivative liabilities</b>	<b>690.97</b>	<b>0.01</b>	<b>631.66</b>	<b>59.31</b>	-
	(881.94)	(27.54)	(830.04)	(24.36)	-

Note: Previous year figures are given in brackets.

# Notes to the Consolidated Financial Statements

## Market risk

### (i) Interest rate risk

The Group's main interest rate risk primarily arises from borrowings with variable interest rates, which exposed the Group to Cash flow interest rate risk. As at 31.03.2021 the Group has ₹ 0.01 crores (31.03.2020- ₹ 27.07 crores) of borrowings with variable interest rates. In order to optimize the Group's position with regards to interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing of fixed rate and floating rate financial instruments in its total portfolio.

#### (a) Interest rate risk exposure

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
Variable rate borrowings	0.01	27.07
Fixed rate borrowings	537.24	477.84
<b>Total borrowings</b>	<b>537.25</b>	<b>504.91</b>

As at the end of the reporting period, the Group had the following variable rate borrowings:

	As at 31.03.2021			As at 31.03.2020		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans, Cash credits	10.32	0.01	0.00%	10.40%	27.07	5.36%
Net exposure to cash flow interest rate risk		0.01			27.07	

#### (b) Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

	₹/Crores			
	Impact on loss after tax		Impact on other components of equity	
	Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
Interest rates-increase by 10 basis points	(0.00)	(0.02)	(0.00)	(0.02)
Interest rates-decrease by 10 basis points	0.00	0.02	0.00	0.02

### (ii) Foreign currency risk

The Group's operations are primarily in India and in INR and therefore, is not exposed to significant foreign currency risk. The Group evaluates the exchange rate exposure arising from foreign currency transactions and follows established risk management policies which are approved by the senior management and the Finance Committee, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

# Notes to the Consolidated Financial Statements

## Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

	₹/Crores			
	USD	EUR	GBP	SEK
<b>Financial Assets</b>				
Trade receivables	16.44 (14.51)	-	-	-
<b>Net exposure to foreign currency risk (assets)</b>	16.44 (14.51)	-	-	-
<b>Financial Liabilities</b>				
Trade Payables	8.79 (23.88)	- (0.03)	- (0.01)	- (0.01)
<b>Derivative liabilities</b>				
Foreign exchange forward contracts	- (7.53)	-	-	-
<b>Net exposure to foreign currency risk (liabilities)</b>	8.79 (16.35)	- (0.03)	- (0.01)	- (0.01)

Note: Previous year figures are given in brackets.

## (b) Sensitivity

The following table demonstrate the sensitivity of net unhedged foreign currency exposures relating to financial instruments to reasonably possible changes in foreign currency exchange rates, with all other variables held constant.

	Change in FC exchange rate by	Impact on profit or loss and equity (in ₹)			
		Increase in FC exchange rates		Decrease in FC exchange rates	
		Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
USD	5%	0.38	(0.09)	(0.38)	0.09
EUR	5%	-	(0.00)	-	0.00
GBP	5%	-	(0.00)	-	0.00
SEK	5%	-	(0.00)	-	0.00

## 35 Capital Management

### Risk management

The Group's objective when managing capital are to safeguard their ability to continue as going concern and to maintain an optimal capital structure to reduce the cost of capital.

The Capital structure as of 31.03.2021 and 31.03.2020 were as follows:

	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
Total Debt	537.25	504.91
Equity	(240.07)	(42.14)
Capital and net debt	297.18	462.77
Gearing ratio	180.78%	109.11%



# Notes to the Consolidated Financial Statements

## 36 Segment Reporting

The Company's chief operating decision maker, considering the products' portfolio and geographies of operations, has identified following as primary business segments :

- (i) Hardware Products & Solution business comprise of sale of IT products and solutions to enterprise and government customers.
- (ii) The Services business provides IT infrastructure managed services, multi vendor technical support, application management, business services activities and support services.
- (iii) Learning business includes rendering training services, sale of educational digital content and related Hardware offerings for private schools, colleges and other education institutes and vocational training.
- (iv) The distribution segment consist of distribution of (a) Consumer Products including telecommunication, digital lifestyle products and consumer electronic & home appliances (b) Enterprise products including IT products, Enterprise software and Office Automation products.

### Consolidated segment wise performance for the year ended 31.03.2021

						₹/Crores
Primary segments	Hardware products and solutions	Services	Distribution	Learning	Inter-segment elimination	Total
<b>(i) Revenue</b>						
External revenue	<b>135.37</b>		<b>217.38</b>			<b>352.75</b>
	(154.31)	(264.15)	(1655.95)	(5.37)		(2079.78)
Inter-segment revenue	-	-	-	-	-	-
	<b>(0.49)</b>			-	<b>(0.49)</b>	
Total gross revenue	<b>135.37</b>		<b>217.38</b>		-	<b>(352.75)</b>
	(153.82)	(264.15)	(1655.95)	(5.37)	(0.49)	(2079.78)
<b>(ii) Results</b>	<b>(82.18)</b>	-	<b>(34.39)</b>	<b>1.18</b>		<b>(115.39)</b>
	(-79.52)	(0.11)	(-60.23)	(6.70)		(-132.94)
Other un-allocable expenditure net off un-allocable (income)						<b>44.75</b>
						(-150.78)
Operating profit						<b>(160.14)</b>
						(17.84)
Add: Other income (excluding operational income)						<b>17.74</b>
						-
Less: Finance charges						<b>52.35</b>
						(90.62)
<b>Profit/(loss) before exceptional and extraordinary items and tax</b>						<b>(194.75)</b>
						(-72.78)
<b>Profit/(loss) before tax</b>						<b>(194.75)</b>
						(-72.78)
Less: Tax expense						<b>(1.98)</b>
						(-63.55)
<b>Profit after tax</b>						<b>(196.73)</b>
						(-136.34)

# Notes to the Consolidated Financial Statements

						₹/Crores
Primary segments	Hardware products and solutions	Services	Distribution	Learning	Inter-segment elimination	Total
<b>(iii) Segment assets as at</b>						
-March 31, 2021	281.61		140.96	1.92		424.49
-March 31, 2020	(364.62)		(379.28)	(2.35)		(746.25)
<b>Unallocated corporate assets</b>						
-March 31, 2021						224.73
-March 31, 2020						(300.70)
<b>Total assets as at</b>						
-March 31, 2021						649.22
-March 31, 2020						(1046.95)
<b>(iv) Segment liabilities as at</b>						
-March 31, 2021	264.86		42.04	1.30		308.20
-March 31, 2020	(306.19)		(209.30)	(4.49)		(519.98)
<b>Unallocated corporate liabilities as at</b>						
-March 31, 2021						581.09
-March 31, 2020						(569.13)
<b>Total liabilities as at</b>						
-March 31, 2021						889.29
-March 31, 2020						(1089.11)
<b>(v) Capital expenditure (allocable)</b>	0.03					0.03
		(0.60)	(0.31)			(0.91)
Capital expenditure (unallocable)						0.21
						(0.21)
<b>(vi) Depreciation</b>	0.85		0.24			1.09
	(2.00)	(9.24)	(0.40)	(0.02)		(11.65)
Depreciation (unallocable)						3.18
						(7.12)
<b>(vii) Other non cash expenses (allocable)</b>	86.03		4.24	0.15		(90.42)
	(106.61)		(4.20)	(0.12)		(110.93)

Note: Previous year figures are given in brackets.

Segment disclosure presented above pertains to continuing and discontinued operations.

There are no transactions with a single external customer that amount to 10 percent or more of the group's revenue.

The Company is domiciled in India. The amounts of its revenue from external customers attributed the entity's country of domicile and to all foreign countries is shown in the table below:

			₹/Crores
Revenue from external customers (continuing operations)		Year ended 31.03.2021	Year ended 31.03.2020
India		352.75	1,808.26
Other countries		-	6.91
<b>Total</b>		<b>352.75</b>	<b>1,815.17</b>

# Notes to the Consolidated Financial Statements

The total of non-current assets other than financial instruments, investments accounted for using equity method and deferred tax assets, broken down by location of the assets, is shown below:

₹/Crores		
Non current assets	As at 31.03.2021	As at 31.03.2020
India	297.29	378.37
Other countries	0.62	0.62
<b>Total non - current assets</b>	<b>297.91</b>	<b>378.99</b>

## 37 Taxation:

- (a) Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Group conducts the business to the profit for the period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relates to the same taxable entity and the same taxation authority.

- (b) Deferred Tax:

Major components of Deferred tax arising on account of timing difference along with their movement as at 31.03.2021 are as follows:

₹/Crores			
	As at 31.03.2020	Movement during the year	As at 31.03.2021
<b>Deferred Tax Assets</b>			
Unrealised gain on Indexation of land	-	-	-
Provision for Doubtful Debts/Advances/Other Current Assets	-	-	-
Tax Losses	-	-	-
Impact of expenditure charged to statement of profit and loss but allowable for tax purpose in future years	-	-	-
Minimum Alternate Tax (MAT)	0.29	-	0.29
<b>Total (A)</b>	<b>0.29</b>		<b>0.29</b>
<b>Deferred Tax Liabilities</b>			
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	-	-	-
Duties, Taxes & Cess allowed for tax purpose on payment basis.	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Deferred Tax Assets (A-B)</b>	<b>0.29</b>	<b>-</b>	<b>0.29</b>

\* The Company has recognized deferred tax assets to the extent deferred tax liabilities available. Further, during the year deferred tax assets amounting to Nil (2020- ₹ 65.02 crores) has been written off due to lack of reasonable certainty of future taxable profits against which deferred tax assets can be utilized.

### Deferred tax pertains to different tax jurisdictions

₹/Crores				
	As at 31.03.2020	Movement during the year	Disposal#	As at 31.03.2021
<b>Deferred tax liabilities (net)</b>				
<b>a) Deferred tax liability due to</b>				
Undistributed earnings of the overseas subsidiaries	-	-	-	-
Difference between WDV of fixed assets as per books and under tax law	0.00	-	-	-
<b>Net deferred tax liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

## (c) Income tax expense (Continuing operations)

This note provides an analysis of the Group's income tax expense, and how the tax expense is affected by non-assessable and non-deductible items.

	₹/Crores	
	Year ended 31.03.2021	Year ended 31.03.2020
<b>Income tax expense</b>		
Current tax on profits for the year	-	0.08
Adjustments for current tax of prior periods	1.98	-
<b>Total current tax expense</b>	1.98	0.08
<b>Deferred tax</b>		
Decrease (increase) in MAT Credit	-	13.16
Decrease/(increase) in deferred tax assets		51.85
(Decrease)/increase in deferred tax liabilities		(2.92)
<b>Total deferred tax expense/(benefit)</b>	-	62.09
<b>Income tax expense</b>	1.98	62.17

## ii) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	₹/Crores	
	31.03.2020	31.03.2019
Profit before income tax expense after other comprehensive income	(319.30)	(223.47)
<b>Tax at the Indian tax rate of 31.20% (2019 – 31.20%)</b>	(90.10)	(69.72)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	-	24.95
Provision for inter corporate deposits expense	26.39	-
Adjustments for current tax of prior periods	1.98	-
Tax losses for which deferred tax assets was not recognised	63.65	106.95
<b>Income tax expense</b>	1.98	62.17

	₹/Crores	
	Year ended 31.03.2021	Year ended 31.03.2020
Unused tax losses for which no deferred tax assets has been recognised	1123.35	947.52
Potential tax benefit @ 31.20% (2019 – 31.20%)	350.48	295.63

The unused tax losses and depreciation that are not likely to be utilised due to lack of reasonable certainty of future taxable income. The losses can be carried forward as per details below:

	₹/Crores	
	As at 31.03.2021	As at 31.03.2020
31.03.2021	-	5.30
31.03.2022	119.06	117.42
31.03.2023	126.39	126.39
31.03.2024	129.47	129.47
31.03.2025	61.63	61.63
31.03.2026	109.66	109.66
31.03.2027	149.87	154.99
31.03.2028	122.87	122.87
	170.91	-
No limit	133.50	119.79
<b>Total</b>	1,123.35	947.52

# Notes to the Consolidated Financial Statements

## 38 Leases:

### a) Finance Leases:

#### As Lessor:

- (i) The Group has given on finance lease certain assets/inventories which comprise of computers, radio terminals and office equipments, etc. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in the lease agreements.
- (ii) The gross investment in the assets given on finance leases as at 31.03.2021 and its present value as at that date are as follows:

	₹/Crores		
	Total minimum lease receivable	Interest included in minimum lease receivable	Present value of minimum lease receivable
<b>Not later than one year</b>			
31.03.2021	<b>3.93</b>	<b>1.13</b>	<b>2.80</b>
31.03.2020	(3.93)	(1.13)	(2.80)
<b>Later than one year and not later than five years</b>			
31.03.2021	-	-	-
31.03.2020	-	-	-
<b>Total</b>			
31.03.2021	<b>3.93</b>	<b>1.13</b>	<b>2.80</b>
31.03.2020	(3.93)	(1.13)	(2.80)

Note: Previous year figures are given in brackets.

### b) Cancelable Operating Leases

#### As Lessor:

	₹/Crores				
Particulars	As at	Gross Block	Accumulated Depreciation	Net Block	Depreciation Expense
<b>Freehold land</b>	<b>31.03.2021</b>	<b>1.87</b>	-	<b>1.87</b>	-
	31.03.2020	(1.87)	-	(1.87)	-
<b>Building</b>	<b>31.03.2021</b>	<b>13.47</b>	<b>1.46</b>	<b>12.01</b>	<b>0.25</b>
	31.03.2020	(13.47)	(1.19)	(12.28)	(0.23)
<b>Plant and machinery*</b>	<b>31.03.2021</b>	<b>2.16</b>	<b>1.93</b>	<b>0.23</b>	<b>0.23</b>
	31.03.2020	(2.16)	(1.71)	(0.45)	(0.85)
<b>Furniture and fixtures and office equipments</b>	<b>31.03.2021</b>	<b>5.22</b>	<b>3.31</b>	<b>1.92</b>	<b>0.48</b>
	31.03.2020	(5.22)	(2.82)	(2.40)	(0.53)
<b>Computers</b>	<b>31.03.2021</b>	<b>0.16</b>	<b>0.16</b>	-	-
	31.03.2020	(0.16)	(0.16)	(0.00)	(0.00)
<b>TOTAL</b>	<b>31.03.2021</b>	<b>22.88</b>	<b>6.85</b>	<b>16.03</b>	<b>0.96</b>
	31.03.2020	(22.88)	(5.88)	(17.00)	(1.61)

Note: Previous year figures are given in brackets.

# Notes to the Consolidated Financial Statements

## c) As a Lessee

The Group has taken godown premises under lease. These are generally not non-cancellable leases having unexpired period upto three years. The leases are renewable by mutual consent and on mutually agreeable terms. The Company has given refundable interest free security deposits under certain lease agreements. There is no contingent rent, sublease payments or restriction imposed in the lease agreement. In terms of criteria specified in Ind AS 116 Leases, for some of these leases (i.e. leases other than with short term period or low value assets), present value of all future lease payments had been recognised as Right-of-use assets and lease liabilities with the charge for depreciation on Right-of-use assets and interest on lease liabilities in the statement of profit and loss during the current year (refer note 3(b) & 28 ) and for other leases, yearly lease payments continued to be expensed off on straight line basis over lease term as rent expenses (refer note 29).

### Payments recognised as expense

	₹/Crores	
	Year ended 31.03.2021	Year ended 31.03.2020
Depreciation expense - Right-of-use assets (refer note 3(b))	0.79	2.04
Interest on lease liabilities (refer note 28)	0.09	0.25
Rent expense - short term leases (refer note 29)	3.05	7.85

Total cash outflow for leases during the year ended 31 March 2021 is ₹ 1.33 crores (31 March 2020: ₹ 1.77 crores).

## 39 Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The profit/ (loss) considered in ascertaining the Group's EPS represent loss for the year after tax. Diluted EPS is computed and disclosed using the weighted average number of equity and dilutive equivalent shares outstanding during the year except when results would be anti-dilutive.

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Loss after tax from continuing operations attributable to equity shareholders of the Company (₹/Crores)	(196.73)	(289.76)
Profit after tax from discontinued operations (₹/Crores)	-	153.43
Loss after tax from continuing and discontinued operations (₹/Crores)	(196.73)	(136.33)
<b>Weighted average number of shares considered as outstanding in computation of Basic EPS</b>	<b>32,92,09,928</b>	32,92,09,928
<b>Weighted average number of shares outstanding in computation of Diluted EPS</b>	<b>32,92,09,928</b>	32,92,09,928
<b>Basic EPS (of ₹ 2/- each) (₹ Per share)</b>		
From continuing operations	(5.98)	(8.80)
From discontinued operations	-	4.66
From continuing and discontinued operations	(5.98)	(4.14)
<b>Diluted EPS per share (of ₹ 2/- each) (₹ Per share)</b>		
From continuing operations	(5.98)	(8.80)
From discontinued operations	-	4.66
From continuing and discontinued operations	(5.98)	(4.14)

# Notes to the Consolidated Financial Statements

## 40 The Group has calculated the various benefits provided to employees as under:

### (a) Defined Contribution

During the year, the Group has recognised the following amounts in the statement of profit and loss:

	₹/Crores	
	Year ended 31.03.2021	Year ended 31.03.2020
Employers contribution to superannuation fund*	0.19	0.25
Employers contribution to national pension scheme*	0.09	0.15
Employers contribution to employee state insurance*	0.16	0.23
Employers contribution to employee's pension scheme 1995*	1.31	1.67

\* Included in Contribution to Provident and Other Funds under Employee benefits expense (refer note 27).

### (b) Defined Benefit

#### (i) Gratuity

#### (ii) Provident Fund#

The Company contributes to the employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which is managed by the Company. The Company's Provident Fund Trust is exempted under Section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate. As per Ind AS – 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

The Trust includes employees of the Company as well as of its Indian wholly owned subsidiaries. In view of the same, it is a multi employer defined benefit plan.

The Trust has been investing the Provident fund contributions of the employees of all the Indian wholly owned subsidiaries in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the Ind AS-19, was carried out at composite level. As per actuarial certificate there is no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" is nil.

In accordance with IND AS 19, an actuarial valuation was carried out in the respect of the aforesaid defined benefit plan based on the following assumptions:

Particulars	Gratuity		Provident Fund	
	Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
Discount rate (per annum)	4.59%	5.66%	-	-
Rate of increase in compensation levels	5.00%	5.00%	-	-
Rate of return on plan assets	-	-	-	-
Expected statutory interest rate	-	-	8.50%	8.50%
Expected short fall in interest earnings	-	-	0.05%	0.05%
Expected average remaining working lives of employees (years)	10.25	14.00	10.25	14.00

## Notes to the Consolidated Financial Statements

As of 31.03.2021, every 0.5 percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately by ₹0.02 crores.

As of 31.03.2021, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect our gratuity benefit obligation by approximately ₹ 0.02 crores.

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

### Description of risk exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

- A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- B) Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- C) Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

₹/Crores

	2021		2020	
	Gratuity	Provident Fund	Gratuity	Provident Fund
<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>				
Present value of obligation at the beginning of the year	13.00	133.22	13.31	148.80
Current service cost	0.29	1.06	0.58	1.55
Past service cost	-			
Interest cost	0.31	10.95	0.43	10.86
<b>Total amount recognised in profit or loss</b>	<b>0.60</b>	<b>12.01</b>	1.01	12.41
Actuarial (gain)/loss from change in demographic assumptions	(0.18)	-	(0.04)	
Actuarial (gain)/loss from change in financial assumptions	0.13	0.00	0.39	-
Experience (Gain)/loss	(0.24)	0.09	0.13	2.77
<b>Total amount recognised in other comprehensive income</b>	<b>(0.29)</b>	<b>0.09</b>	0.48	2.77
Benefits (paid)	(2.70)	(19.84)	(1.80)	(36.98)
Settlements/transfer In	-	1.36	-	1.31
Contribution by plan participants	-	3.82	-	4.91
<b>Present value of obligation at the end of the year</b>	<b>10.61</b>	<b>130.66</b>	13.00	133.22



# Notes to the Consolidated Financial Statements

	2021	2020
	Provident Fund	Provident Fund
<b>Reconciliation of opening and closing fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year	152.56	169.71
Expected Return on Plan Assets	12.79	13.37
Employer Contribution	1.06	1.55
Settlements/Transfer In	1.36	1.31
Employee Contribution	3.82	4.91
Benefit Paid	(19.84)	(36.98)
Difference in Opening	-	(1.31)
Actuarial gain/(loss) on Plan Assets	-	-
Fair value of plan assets at the end of the year	151.76	152.56

₹/Crores

	2021		2020	
Cost recognised for the year:	Gratuity	Provident Fund	Gratuity	Provident Fund
Current service cost	0.29	-	0.58	-
Company contribution to Provident Fund	-	1.06	-	1.55
Past service cost	-	-	-	-
Interest cost	0.31	-	0.43	-
Actuarial (gain)/loss	(0.29)	-	0.48	-
Interest guarantee liability	-	-	-	-
Shortfall in fund	-	-	-	-
Net cost recognised for the year*	0.30	1.06	1.49	1.55

\* Included in salaries, wages, bonus and gratuity for gratuity and contribution to provident and other funds for provident fund under employee benefits expense (refer note 27).

# The Group contribution to the provident fund for the year is ₹ 1.04 crores (2020 - ₹ 1.59 crores) and the remaining relates to other related companies as mentioned above.

**The major categories of plan assets are as follows:**

	As at 31.03.2021	As at 31.03.2020
	Unquoted in %	Unquoted in %
Central Government Securities	41.62	42.33
State Government Securities	19.90	19.12
Public Sector Bonds	25.31	27.56
Special Deposit Scheme	10.65	10.57
Equity	0.55	0.21
Bank Balance	1.97	0.21
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

# Notes to the Consolidated Financial Statements

## Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets:

₹/Crores

	Gratuity	
	31.03.2021	31.03.2020
Present value of the obligation as at the end of the year	10.61	13.00
Fair value of plan assets at the end of the year	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(10.61)	(13.00)
Experience adjustment in plan liabilities	-	-
Experience adjustment in plan assets	-	-

₹/Crores

	Provident fund	
	31.03.2021	31.03.2020
Present value of the obligation as at the end of the year	(130.66)	(133.22)
Fair value of plan assets at the end of the year	151.76	152.56
Assets/(Liabilities) recognised in the Balance Sheet	₹**	₹**
Expected Contribution to the provident fund in the next year	0.43	1.40

\*\* As there is surplus, same has not been recognised in Balance Sheet.

## 41 Contracts-in-progress

₹/Crores

	As at 31.03.2021	As at 31.03.2020
Revenue from composite contracts recognised for the year	132.87	144.89
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the year ended	5,365.36	5,243.75
The amount of advances received	31.49	35.45
Gross amount due from customers for contracts-in-progress	5.06	25.25
Gross amount due to customers for contracts-in-progress	83.16	91.32

## 42 Remuneration to Auditor\*:

₹/Crores

	Year ended 31.03.2021	Year ended 31.03.2020
Statutory audit	0.83	1.15
Limited Review	0.24	0.51
Other audit services/certifications	0.23	0.24
Out-of-pocket expenses	0.03	0.19
<b>Total</b>	<b>1.33</b>	<b>2.09</b>

\* Excluding GST as applicable.

# Notes to the Consolidated Financial Statements

## 43 Employee Stock Option Plan (ESOP):

The Company had previously granted options to eligible employees under the Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005, which were to be vested in a graded manner over a period of 42 and 60 months respectively from the date of grant and are to be exercised with in a maximum period of 5 years from the date of vesting.

The shareholders of the Company in the last year's Annual General Meeting held on 29th September 2020 had approved the amendment of Employee Stock Option Scheme 2000 (Scheme 2000) and Employee Stock Based Compensation Plan 2005 (Scheme 2005) by inserting the "Amendment and termination clause" in the schemes, thereby Board of Directors of the Company had terminated these schemes.

## 44 Property, plant and equipment held for sale

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. Pursuant to the Board approval dated January 25, 2021, May 18, 2021 and May 27, 2021, the Group has intended to dispose the four properties located in Mohali, Sector-11 Noida, Sederapet and Hyderabad, having gross carrying amount of ₹ 19.86 crores, accumulated depreciation of ₹ 4.81 crores and net carrying amount of ₹ 15.05 crores, for a consideration of ₹ 79.86 crores. Out of abovementioned four properties, the Group has sold three properties located in Mohali, Sector-11 Noida and Sederapet as on the date of approval of the financial statements for issue. For one property located at Hyderabad, the Group has identified the buyer and transfer the title of such property is expected in the near future.

## 45 Discontinued Operations

The Board of Directors of HCL Infosystems Limited in its meeting held on August 06, 2019 had approved to sell the entire shareholding held by HCL Learning Limited (a Subsidiary of HCL Infosystems Limited) in HCL Insys Pte Ltd, Singapore (step subsidiary) after the transfer of the trading business and the subsidiary Nurture Technologies FZE to HCL Investments Pte Ltd (subsidiary of HCL Infotech Limited). The sale has been made to PCCW Solutions Ltd for a total consideration of ₹ 303.35 crores. The transaction was completed on November 15, 2019 and a profit of ₹ 150.76 crores was recognised on such transaction. Accordingly, the business operations associated with these transactions had been considered as discontinued operations in the previous financial year. The relevant information for all the period presented, attributable to these discontinued operations are as below.

The statement of profit and loss of the discontinued operations for the year is presented below:

Particulars	Year ended 31.03.2021 ₹/Crores	Year ended 31.03.2020 ₹/Crores
Revenue from Operations	-	264.12
Other Income	-	2.83
<b>Total Income</b>	-	266.95
Purchases of stock-in-trade	-	0.00
Other direct expense	-	140.19
Employee benefit expense	-	104.04
Finance costs	-	0.19
Depreciation and amortisation expense	-	9.33
Other expenses	-	9.15
<b>Total expenses</b>	-	262.90
<b>Profit before exceptional items and tax</b>	-	4.05
Exceptional items	-	-
<b>Profit before tax</b>	-	4.05
Income tax expense		
Current tax	-	2.06
Deferred tax	-	(0.68)
<b>Profit for the year</b>	-	2.67

# Notes to the Consolidated Financial Statements

Net cash flow attributable to the operating, investing and financing activities of discontinued operations is presented below:

	₹/Crores	
	Year ended 31.03.2021	Year ended 31.03.2020
Operating activities		44.90
Investing activities		(1.98)
Financing activities		(2.22)

- 46** As at March 31, 2021, the Group has accumulated losses and its net worth has been fully eroded, the Group has incurred a net loss of ₹ 196.73 Crores during the current year (March 31, 2020: ₹ 136.33 Crores) and the Group's current liabilities exceeded its current assets by ₹ 516.25 Crores (March 31, 2020 - ₹ 429.70 Crores) as at March 31, 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 47), sale of certain non-core properties 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 ₹ 1,500 Crores. 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 statements have been prepared on a going concern basis.
- 47** 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 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 year.
- 48** 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 Statements.
- 49** 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 & its 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 ₹ 147 Crs. 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 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 Statements.
- 50** 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 in Statement of Profit and Loss with ₹ 71.18 Crores, for the year ended March 31, 2021 (2020: ₹ 24.85 Crores), on account of write back of certain old payables and provisions.
- 51** The Group is facing delays in receipts from the customers, primarily in the power sector, due to which the Group has charged ₹ 90.14 Crores, in the Statement of Profit and Loss, for the year ended March 31, 2021 (2020: ₹ 110.54 Crores) on account of provision for certain receivable balances.

# Notes to the Consolidated Financial Statements

**52** 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 agreed to perform 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 current financial year. This has resulted into recognition of additional loss of Rs 2,440 lakh during the current financial year, for the remaining contract period.

**53** Management of the Group 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 Statements. 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 statements as and when these material changes to economic conditions arise.

**54** Additional information to consolidated accounts as at 31.03.2021 (Pursuant to Schedule III of the Companies Act 2013):

₹/Crores

Name of the Entity	Net Assets i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net (profit) / loss	Amount	As a % of consolidated net (profit) / loss	Amount	As a % of consolidated net (profit) / loss	Amount
<b>Parent company</b>								
HCL Infosystems Limited	101.98	(244.83)	104.08	(204.76)	20.83	(0.25)	103.58	(205.01)
<b>Subsidiaries: Indian</b>								
Digilife Distribution and Marketing Services limited	0.44	(1.06)	0.31	(0.60)	0.00	0.00	0.30	(0.60)
HCL Learning Limited	19.51	(46.83)	0.32	(0.62)	0.00	0.00	0.31	(0.62)
HCL Infotech Limited	10.59	(25.42)	56.91	(111.96)	(3.33)	0.04	56.54	(111.92)
Pimpri Chinchwad eServices Limited	0.02	(0.06)	0.00	(0.00)	0.00	0.00	0.00	(0.00)
<b>Subsidiaries: Foreign</b>								
HCL Infosystems MEA FZE, Dubai	11.53	(27.69)	1.26	(2.49)	78.33	(0.94)	1.73	(3.43)
HCL Investment Pte Limited, Singapore	(30.60)	73.46	0.43	(0.85)	4.17	(0.05)	0.45	(0.90)
Intra-Group Eliminations	(13.48)	32.36	(63.31)	124.55	0.00	0.00	(62.93)	124.55
<b>Total</b>	<b>100.00</b>	<b>(240.07)</b>	<b>100.00</b>	<b>(196.73)</b>	<b>100.00</b>	<b>(1.20)</b>	<b>100.01</b>	<b>(197.93)</b>

# Notes to the Consolidated Financial Statements

Additional information to consolidated accounts as at 31.03.2020 (Pursuant to Schedule III of the Companies Act 2013):

₹/Crores

Name of the Entity	Net Assets i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net (profit) / loss	Amount	As a % of consolidated net (profit) / loss	Amount	As a % of consolidated net (profit) / loss	Amount
<b>Parent company</b>								
HCL Infosystems Limited	94.49	(39.82)	109.90	(318.45)	(5.10)	(0.21)	111.56	(318.66)
<b>Subsidiaries: Indian</b>								
Digilife Distribution and Marketing Services limited	1.09	(0.46)	0.27	(0.79)	0.00	0.00	0.28	(0.79)
HCL Learning Limited	109.66	(46.21)	(3.83)	11.11	0.24	0.01	(3.89)	11.12
HCL Infotech Limited	1,241.48	(523.16)	40.60	(117.63)	(7.04)	(0.29)	41.28	(117.92)
Pimpri Chinchwad eServices Limited	0.09	(0.04)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Subsidiaries: Foreign</b>								
HCL Touch Inc., USA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HCL Infosystems MEA FZE, Dubai	65.45	(27.58)	1.71	(4.95)	(100.97)	(4.16)	3.19	(9.11)
HCL Insys Pte Limited, Singapore	0.00	0.00	(0.29)	0.84	0.00	0.00	(0.29)	0.84
HCL Investment Pte Limited, Singapore	(184.34)	77.68	0.75	(2.17)	222.33	9.16	(2.45)	6.99
Intra-Group Eliminations	(1,227.93)	517.45	(49.10)	142.28	(9.47)	(0.39)	(49.67)	141.89
<b>Total</b>	<b>100.00</b>	<b>(42.14)</b>	<b>100.00</b>	<b>(289.76)</b>	<b>100.00</b>	<b>4.12</b>	<b>100.00</b>	<b>(285.64)</b>

## For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

## Sandeep Batra

Partner

Membership Number - 093320

New Delhi, June 25, 2021

For and on behalf of the Board of Directors of

## HCL Infosystems Limited

## Pawan Kumar Danwar

Director

DIN - 06847503

## Alok Sahu

Chief Financial Officer

Noida, June 25, 2021

## Raj Sachdeva

Manager

## Kaushik Dutta

Director

DIN - 03328890

## Komal Bathla

Company Secretary

**Statement pursuant to first proviso to sub section (3) of Section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed FORM AOC-1 relating to Subsidiaries / Joint Venture**

S. No.	Name of the Subsidiary Company/ Joint Venture	Reporting Currency	Exchange Rate	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	(₹ Crores) except % of shareholding			Country
													Proposed Dividend	% of Share holding		
1	Digilife Distribution and Marketing Services limited	INR	1.00	56.05	(57.11)	4.67	5.73	-	14.33	(0.51)	0.09	(0.60)	-	100		India
2	HCL Learning Limited	INR	1.00	0.08	(46.91)	3.29	50.12		2.39	(0.62)	-	(0.62)		100		India
3	HCL Infotech Limited	INR	1.00	0.22	(25.64)	277.59	303.00	-	218.40	(111.96)	-	(111.96)	-	100		India
4	Pimpri Chinchwad eServices Limited	INR	1.00	0.05	(0.11)	0.01	0.07	-	-	(0.00)	-	(0.00)	-	85		India
5	Nature Technologies FZE (formerly known as HCL Infosystems MEA FZE), Dubai	AED	19.39	87.55	(115.24)	2.26	29.94	-	2.09	(0.60)	1.88	(2.49)	-	100		Dubai
6	HCL Investment Pte Limited, Singapore	SGD	53.62	8.41	(2.96)	6.51	1.06	0.00	0.19	(4.86)	-	(4.86)	-	100		Singapore





**HCL INFOSYSTEMS LTD.**

A-11, Sector-3, Noida, U.P., India

Tel: + 91 0120 2520977

[www.hclinfosystems.in](http://www.hclinfosystems.in)