

# B S R & Associates LLP

Chartered Accountants

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## Independent Auditor's Report

To the Members of HCL Infotech Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HCL Infotech Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2023, and its 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 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 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 financial statements.

### Material Uncertainty Related to Going Concern

We draw attention to note 43 of the financial statements, which states that the Company has accumulated losses as at 31 March 2023 and its net worth is fully eroded as at that date. Further, the Company's current liabilities exceed its current assets as at 31 March 2023. These conditions, along with other matters set forth in note 43, 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 43 including necessary financial support from the holding company, 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.



B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

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Independent Auditor's Report (Continued)

HCL Infotech Limited

**Emphasis of Matter**

We draw attention to note 48 to the financial statements for the year ended 31 March 2023, which states that the Hon'ble Arbitral Tribunal has, on 19 June 2020, passed a liability award in the arbitration proceedings in respect of the Managed Service Provider ("MSP") contract against one of the major customers. As stated in the said note, the said liability award provides, inter alia, that the Company is entitled to receive the consideration for its services during the period covered by the consent terms, i.e., from May 2020 to August 2021, at the current market value which will be decided through arbitration in due course. Pending this determination through arbitration proceedings, no revenue has been recognized for the difference in the expected current market value and the existing contract price for the services provided to the customer from May 2020 to August 2021.

Our opinion is not modified in respect of this matter.

**Management's and Board of Directors' Responsibilities for the 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 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

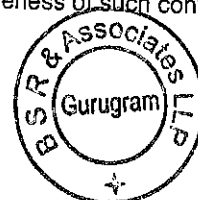
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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.



**Independent Auditor's Report (Continued)**

**HCL Infotech Limited**

- 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 the Management and Board of Directors use of the going concern basis of accounting in preparation of 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 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 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 financial statements, including the disclosures, and whether the 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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India 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 balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. The going concern matter described in the Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - 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 Auditor's 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:



**Independent Auditor's Report (Continued)**

**HCL Infotech Limited**

- a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Note 32 to the financial statements.
- b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts. The Company did not have any derivative contracts as on 31 March 2023. – Refer Note 20 to the financial statements
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 54 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 54 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.



**Independent Auditor's Report (Continued)**

**HCL Infotech Limited**

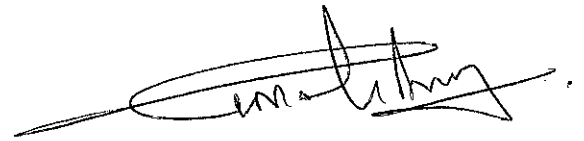
C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For B S R & Associates LLP**

*Chartered Accountants*

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



**Girish Arora**

*Partner*

Membership No.: 098652

ICAI UDIN:23098652BGYZLL1244

Place: New Delhi

Date: 22 May 2023

**Annexure A to the Independent Auditor's Report on the Financial Statements of HCL Infotech Limited for the year ended 31 March 2023**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company does not have any intangible assets. Accordingly, clause 3(i)(a)(B) of the order is not applicable.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner during the year. In accordance with this programme, all property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us no discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property. Accordingly, clause 3(i)(c) of the order is not applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified at reasonable intervals by the management during the year. In our opinion, the frequency of such verification is reasonable, and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stock and the book records that were more than 10% in aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company, except for the quarter ended 31 March 2023 which is not yet due for submission.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments in companies, firms, limited liability partnership or any other parties. The Company has provided guarantee and security to holding company during the year in respect of which the requisite information is as below. The Company has not granted any loans or advances in the nature of loans to any Companies during the year. The Company has not provided any guarantee or security, granted any loans or advances in the nature of loans, secured or unsecured, to limited liability partnership or any other parties during the year.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has stood guarantee, or provided security to the Company as below:



**Annexure A to the Independent Auditor's Report on the Financial Statements of HCL Infotech Limited for the year ended 31 March 2023 (Continued)**

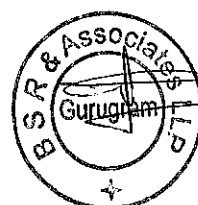
Particulars	Guarantees (Rs. in crores)	Security (Rs. in crores)	Loans (Rs. in crore)	Advances in nature of loans (Rs. in crore)
Aggregate amount during the year Holding Company	13.55	51.45	-	-
Balance outstanding as at balance sheet date Holding Company	13.55	51.45	-	-

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the terms and condition of guarantees provided and security given during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) The Company has not granted any loans or advances in the nature of loans, secured or unsecured, to companies, limited liability partnership or any other parties during the year. Accordingly, provisions of clauses 3(iii)(c) to 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

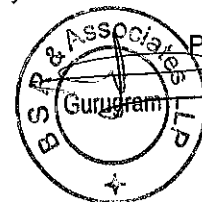
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:



**Annexure A to the Independent Auditor's Report on the Financial Statements of HCL Infotech Limited for the year ended 31 March 2023 (Continued)**

Name of the statute	Nature of the dues	Amount of demand (Rs. in crores)	Amount of deposit (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax, 1956	CST	0.21	0.22	2002-03 to 2009-10	Tribunal
Central Sales Tax, 1956	CST	0.88	0.35	2008-09 to 2016-17	Upto Commissioner (Appeals)
Entry Tax Act	Entry Tax	0.02	0.02	2014-15	Upto Commissioner (Appeals)
Goods & Service Tax, 2017	GST	0.02	0.01	2018-19	Upto Commissioner (Appeals)
Sales Tax/ Value added tax under various states	Sales tax	0.07	0.07	2003-04 and 2005-06	High Court
Sales Tax/ Value added tax under various states	Sales tax	0.02	0.02	2004-05 and 2009-10	Tribunal
Sales Tax/ Value added tax under various states	Sales tax	1.72	1.05	2005-06 to 2017-18	Upto Commissioner (Appeals)

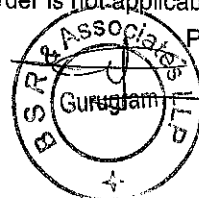
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.





**Annexure A to the Independent Auditor's Report on the Financial Statements of HCL Infotech Limited for the year ended 31 March 2023 (Continued)**

- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the 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, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.



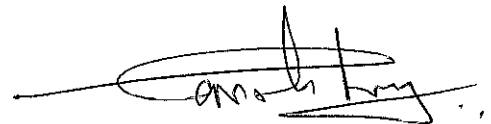
**Annexure A to the Independent Auditor's Report on the Financial Statements  
of HCL Infotech Limited for the year ended 31 March 2023 (Continued)**

- (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one CIC.
- (xvii) The Company has incurred cash losses of Rs. 22.31 crores in the current financial year and Rs. 23.79 crores in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) We draw attention to Note 43 to the financial statements, which indicates that the Company has incurred a net loss of Rs. 35.78 crores during the year ended 31 March 2023 and, as of that date, the Company's net worth is fully eroded and that the current liabilities exceed its current assets by Rs. 131.29 crores. On the basis of the above and according to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, the aforesaid events or conditions indicate that a material uncertainty exists as on the date of the audit report regarding whether the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. However, HCL Infosystems Limited, the Holding Company, has given a letter that it would continue to provide financial support to the Company in the foreseeable future to meet its obligations.
- (xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Associates LLP**

*Chartered Accountants*

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



**Girish Arora**

*Partner*

Membership No.: 098652

ICAI UDIN:23098652BGYZLL1244

Place: New Delhi

Date: 22 May 2023

**Annexure B to the Independent Auditor's Report on the financial statements of HCL Infotech Limited for the year ended 31 March 2023**

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

**(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 financial statements of HCL Infotech Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the 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 financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to 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 and Board of Directors' Responsibilities 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 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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 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 financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

**Annexure B to the Independent Auditor's Report on the financial statements of HCL Infotech Limited for the year ended 31 March 2023 (Continued)**

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 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.

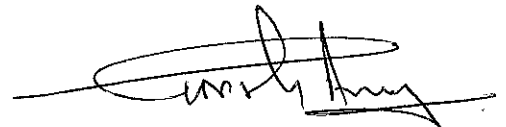
**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**

*Chartered Accountants*

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



**Girish Arora**

*Partner*

Place: New Delhi

Date: 22 May 2023

Membership No.: 098652

ICAI UDIN:23098652BGYZLL1244

**HCL Infotech Limited**  
Balance Sheet as at March 31, 2023

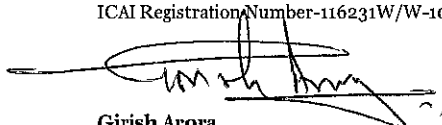
	<u>Notes</u>	<u>As at</u> <u>31.03.2023</u> <u>₹/Crores</u>		<u>As at</u> <u>31.03.2022</u> <u>₹/Crores</u>	
<b>I. ASSETS</b>					
<b>(1) Non-current assets</b>					
Property, plant and equipment	3 (a)	0.01		0.02	
Right of use assets	3 (b)	-		-	
Financial assets					
(i) Investments	4(a)	2.91		2.91	
(ii) Others financial assets	5	0.66		0.22	
Advance income tax (net)	6	33.55		14.58	
Other non-current assets	7	5.72	42.85	6.91	24.64
<b>(2) Current assets</b>					
Inventories	8	0.39		0.49	
Financial assets					
(i) Investments	4 (b)	19.02		18.04	
(ii) Trade receivables	9	24.28		47.99	
(iii) Cash and cash equivalents	10	2.45		4.62	
(iv) Other bank balances other than (iii) above	11	139.07		26.22	
(v) Others financial assets	12	2.94		4.13	
Other current assets	13	24.50	212.65	52.83	154.32
<b>Total Assets</b>		<b>255.50</b>		<b>178.96</b>	
<b>II. EQUITY AND LIABILITIES</b>					
<b>(1) Equity</b>					
Equity share capital	14	0.22		0.22	
Other equity	15	(89.42)	(89.20)	(53.60)	(53.38)
<b>(2) Liabilities</b>					
<b>Non-current liabilities</b>					
Non-current provisions	16	0.76	0.76	0.77	0.77
<b>Current liabilities</b>					
Financial liabilities					
(i) Trade payables	17				
(a) Total outstanding dues of micro enterprises and small enterprises		0.09		2.06	
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		33.57		44.80	
(ii) Other financial liabilities	18	7.03		4.69	
Other current liabilities	19	268.33		145.13	
Provisions	20	34.92	343.94	34.90	231.58
<b>Total Equity and Liabilities</b>		<b>255.50</b>		<b>178.96</b>	

**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

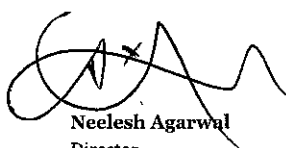
**For B S R & Associates LLP**  
Chartered Accountants  
ICAI Registration Number-116231W/W-100024



**Girish Arora**  
Partner  
Membership Number - 098652

New Delhi: May 22, 2023

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



**Neelesh Agarwal**  
Director  
DIN - 00149856

Noida: May 22, 2023



**Rita Gupta**  
Director  
DIN - 00899240



**Apoorva Jain**  
Company Secretary

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**HCL Infotech Limited**  
**Statement of Profit and Loss for the year ended March 31,2023**

		Year ended 31.03.2023	Year ended 31.03.2022
	Notes	₹/Crores	₹/Crores
<b>Income :</b>			
Revenue from operations	21	25.33	60.38
Other income	22	9.40	12.17
<b>Total Income</b>		<b>34.73</b>	<b>72.55</b>
<b>Expenses :</b>			
Purchases of stock-in-trade		0.30	0.96
Changes in inventories of stock-in-trade	23	0.10	1.79
Other direct expense	24	12.22	34.67
Employee benefits expense	25	13.84	19.99
Finance costs	26	0.41	1.20
Depreciation and amortization expense	3(a), 3(b)	0.01	0.12
Other expenses	27	43.63	41.62
<b>Total expenses</b>		<b>70.51</b>	<b>100.35</b>
Loss before tax		(35.78)	(27.80)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Loss for the year		(35.78)	(27.80)
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Loss on remeasurement of defined benefit plan		(0.04)	(0.16)
Less: Income tax relating to items that will not be reclassified to profit or loss		-	-
		<b>(0.04)</b>	<b>(0.16)</b>
<b>Total comprehensive loss for the year</b>		<b>(35.82)</b>	<b>(27.96)</b>
Loss per equity share :	36		
(1) Basic		(1,624.14)	(1,261.92)
(2) Diluted		(1,624.14)	(1,261.92)

**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

**Girish Arora**

Partner

Membership Number - 098652

New Delhi: May 22, 2023

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

**Neelesh Agarwal**

Director

DIN - 00149856

Noida: May 22, 2023

**Rita Gupta**

Director

DIN - 00899240

**Apoorva Jain**

Company Secretary

by

**HCL Infotech Limited**  
Statement of Changes in Equity for the year ended March 31, 2023

**a. Equity Share Capital**

₹/Crores

Balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
0.22	-	0.22

Balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
0.22	-	0.22

**b. Other Equity**

₹/Crores

Particulars	Reserves and surplus			Total
	Capital reserve*	Securities premium reserve	Retained earnings	
Balance as at 01.04.2021	1,020.30	249.83	(1,295.77)	(25.64)
Loss for the year	-	-	(27.80)	(27.80)
Other comprehensive Loss for the year	-	-	(0.16)	(0.16)
<b>Balance as at 31.03.2022</b>	<b>1,020.30</b>	<b>249.83</b>	<b>(1,323.74)</b>	<b>(53.60)</b>
Balance as at 01.04.2022	1,020.30	249.83	(1,323.74)	(53.60)
Loss for the year	-	-	(35.78)	(35.78)
Other comprehensive Loss for the year	-	-	(0.04)	(0.04)
<b>Balance as at 31.03.2023</b>	<b>1,020.30</b>	<b>249.83</b>	<b>(1,359.56)</b>	<b>(89.42)</b>

**Securities Premium :**

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

**Capital Reserve :**

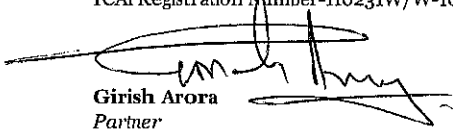
Capital Reserve includes ₹ 410.64 crores on account of scheme of arrangement in earlier years, and ₹ 609.66 crores recognised due to waiver of interest by holding company on inter corporate loans (ICD) and conversion of principal portion of ICD into OCD. (refer note 46)

**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

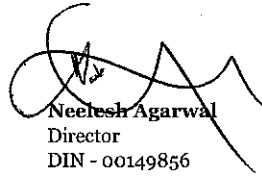
**For B S R & Associates LLP**  
Chartered Accountants  
ICAI Registration Number-116231W/W-100024

  
**Girish Arora**  
Partner

Membership Number - 098652


New Delhi: May 22, 2023

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

  
**Neelesh Agarwal**  
Director  
DIN - 00149856

Noida: May 22, 2023

  
**Rita Gupta**  
Director  
DIN - 00899240

  
**Apoorva Jain**  
Company Secretary

by

HCL Infotech Limited  
Cash Flow Statement for the year ended March 31, 2023

	Year ended 31.03.2023 ₹/Crores		Year ended 31.03.2022 ₹/Crores	
<b>1. Cash flow from operating activities:</b>				
Loss before tax		(35.78)		(27.80)
Adjustments for:				
Depreciation and amortisation expense	0.01		0.12	
Finance cost	0.41		1.20	
Interest income	(0.47)		(2.44)	
Interest income on Fixed deposits	(3.39)		(0.19)	
Interest on income tax refund	-		(2.49)	
Net profit on sale of property, plant and equipment	(0.01)		(0.08)	
Net gains on fair value changes on investments	(0.60)		(0.04)	
Gain on sale of investment carried at FVTPL	(1.91)		-	
Loss on foreign exchange fluctuation	0.64		0.13	
Provision for doubtful debts	1.80		3.61	
Provision for doubtful loans & advances and other current assets	0.22		6.89	
Net provisions for Input tax credit	10.87		-	
Provisions/liabilities no longer required written back	(3.02)	4.55	(6.71)	(0.03)
<b>Operating loss before working capital changes</b>		<b>(31.23)</b>		<b>(27.83)</b>
Adjustments for changes in working capital:				
Decrease in trade receivables	3.41		23.77	
Decrease in non-current assets	1.19		0.97	
Decrease in current assets	18.44		45.58	
Decrease in inventories	0.10		1.79	
Increase/(decrease) in current liabilities	114.98		(41.97)	
Decrease in non-current liabilities	(0.01)	138.11	(0.51)	29.63
<b>Cash generated from operations</b>		<b>106.88</b>		<b>1.81</b>
Tax refund received (net of tax deducted at source)		-		56.78
<b>Net cash generated from operating activities</b>	(A)	<b>106.88</b>		<b>58.59</b>
<b>2. Cash flow from investing activities:</b>				
Purchase of property plant and equipments	-		(0.01)	
Interest received	3.39		0.19	
Proceeds from sale of property plant and equipments	0.01		0.30	
Proceeds of current investments	136.52		-	
Purchase of current investments	(135.00)		(18.00)	
Investment in bank margin money	(113.29)	(108.37)	(26.27)	(43.79)
<b>Net cash used in from investing activities</b>	(B)	<b>(108.37)</b>		<b>(43.79)</b>
<b>3. Cash flow from financing activities:</b>				
Lease obligation paid	-		(0.28)	
Proceeds from loans and borrowings	-		51.13	
Repayment of loans and borrowings	-		(73.40)	
Interest paid	(0.68)	(0.68)	(0.41)	(22.96)
<b>Net cash used in financing activities</b>	(C)	<b>(0.68)</b>		<b>(22.96)</b>
<b>Net decrease in cash and cash equivalents</b>	(A+B+C)	<b>(2.17)</b>		<b>(8.16)</b>
Opening balance of cash and cash equivalents		4.62		12.78
Closing balance of cash and cash equivalents		2.45		4.62
<b>Cash and cash equivalents comprise of</b>		<b>2.45</b>		<b>4.62</b>
Cash in hand		-		-
Balances with banks on current accounts		2.45		4.62
Balances with banks on deposits accounts		-		-

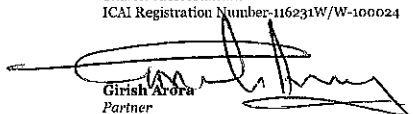
The above cash flow from operating activities has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7- Statement of cash flows.

Reconciliation between the opening and closing balances in the Balance Sheet for Liabilities arising from financing activities				
Particulars	As at April 1, 2022	Cash changes (net)	Non cash changes (net)	As at March 31, 2023
Loans and borrowings including interest accrued thereon	-	-	-	-
Particulars	As at April 1, 2021	Cash changes (net)	Non cash changes (net)	As at March 31, 2022
Loans and borrowings including interest accrued thereon	21.83	(22.27)	0.44	-

Note:  
Figures in brackets indicate cash outflow.

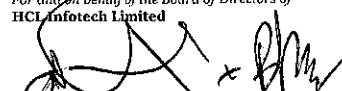
As per our report of even date attached

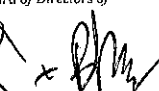
For B S R & Associates LLP  
Chartered Accountants  
ICAI Registration Number-116231W/W-100024

  
Girish Arora  
Partner  
Membership Number - 098652

New Delhi: May 22, 2023

For and on behalf of the Board of Directors of  
HCL Infotech Limited

  
Neelesh Agarwal  
Director  
DIN - 00149856

  
Rita Gupta  
Director  
DIN - 00899240

  
Apoorva Jain  
Company Secretary

Noida: May 22, 2023

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**HCL Infotech Limited**  
**Notes to the Financial Statements**

**1. Corporate information**

HCL Infotech Limited ('the Company') is domiciled and incorporated 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 providing AMCs and supporting System Integration projects.

The financial statements were approved by the Board of Directors and authorised for issue on 22.05.2023.

**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 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 financials assets and liabilities which have been measured at fair value except for the following items:

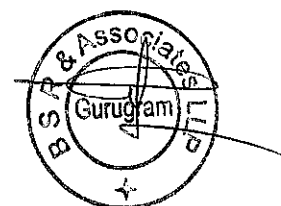
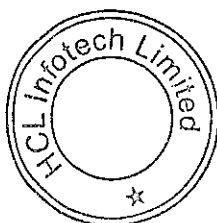
- a. Certain financial assets and liabilities (including derivative instruments) measured at fair value where Ind AS requires a different accounting treatment (refer accounting policy regarding financial instruments).
- b. Defined benefit assets / (liability) measured at fair value of plan assets (if any) less the present value of defined benefit obligation.
- c. Optionally Convertible Debentures measured at fair value

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**IndAS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose



**HCL Infotech Limited**  
**Notes to the Financial Statements**

financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**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

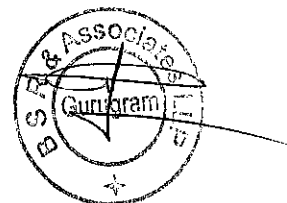
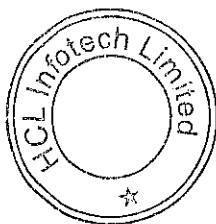
Management engages external adviser or internal technical team to assess the remaining useful lives and residual value of property, plant and equipment. Management believes that the assigned useful lives and residual value are reasonable.

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



**HCL Infotech Limited**  
**Notes to the Financial Statements**

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.

e) Allowance for uncollected accounts receivable, unbilled revenue, contract assets and advances

Trade receivables 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) 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.

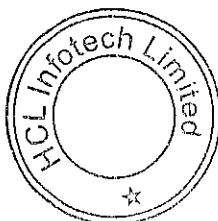
Estimation of fair value of Optionally Convertible Debentures issued by a wholly owned subsidiary is estimated basis the future collection of assigned assets.

g) Liquidated damages

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

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



**HCL Infotech Limited**  
**Notes to the Financial Statements**

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**

The Company classifies an asset as current asset when:

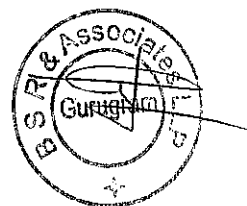
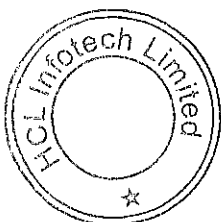
- It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.



**HCL Infotech Limited**  
**Notes to the Financial Statements**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months.

**2.6 Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment (including capital- work-in progress) are stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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.

Cost of any item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use.

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 the 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 |
|-----|--------------------|---------|

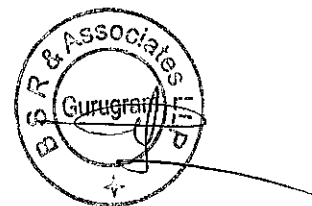
Assets residual values, depreciation method and useful lives are reviewed at each financial year end considering the physical condition of the assets or whenever there are indicators for review and adjusted residual life prospectively. An asset's carrying amount is written down immediately to its recoverable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

**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 costless any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in the 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



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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 (other than goodwill) are amortised at straight line basis as follows:

Intellectual property rights	7 years
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

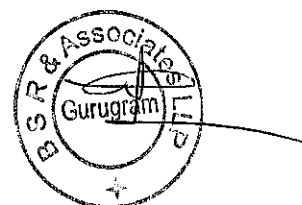
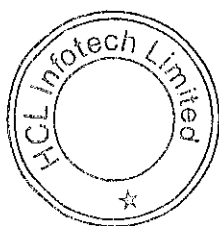
**As a Lessor**

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.

**Sale and leaseback**

Sale and lease back transaction is recognized if transfer of asset satisfies the requirements of IND AS 115 to be accounted for as a sale of the asset. The company shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the company. Accordingly, the company shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer.



## **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**

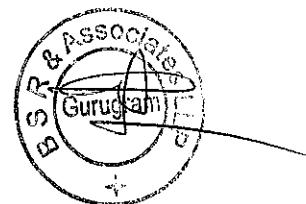
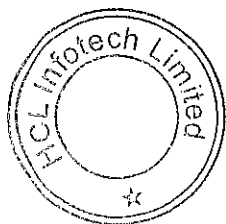
Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives 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.

##### **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.



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**Investment in subsidiary**

Investment in subsidiary is carried at cost in financial statement.

**Equity instruments**

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

**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 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**

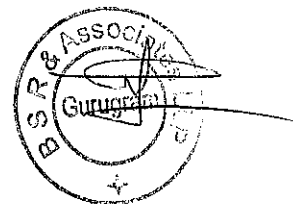
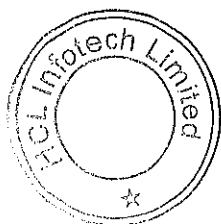
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such 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 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 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.

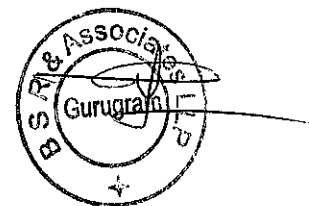
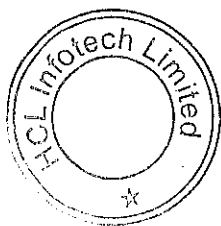
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations 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 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 asset 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.



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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**

Stock-in-trade is stated at the lower of cost and net realisable value.

Cost of stock-in-trade comprises cost of purchases. Costs 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.

**2.12 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 are subject to an insignificant risk of changes in value.

**2.13 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.

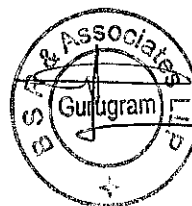
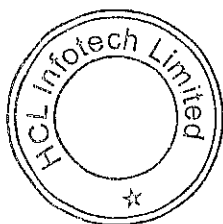
For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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.

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



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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 subsidiary

Investments in subsidiary 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 or loss.

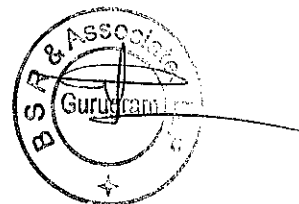
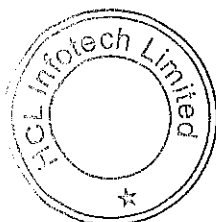
Other impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

**2.14 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 the statement of profit and loss as other gains/(losses).

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.



## **2.15 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.

## **2.16 Foreign currency translation**

### **(i) Functional and presentation currency**

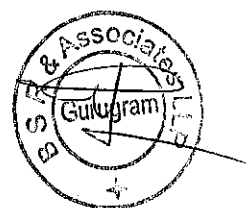
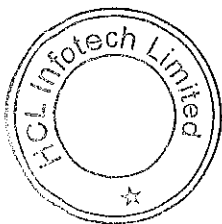
Items included in the financial statements of are measured using the currency of the primary economic environment in which the Company operates (₹ the functional currency). The Company's operations are primarily in India. The financial statements are presented in Indian rupee (INR), which is the Company's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



## **2.17 Revenue recognition**

Revenue from contracts with the customers

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

### **Sale of products**

#### **Timing of recognition**

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.

### **Revenue from services**

#### **Timing of recognition**

Service income includes income from maintenance and support services contracts, 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.

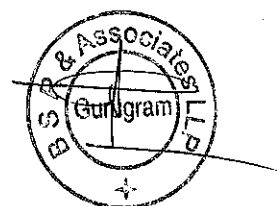
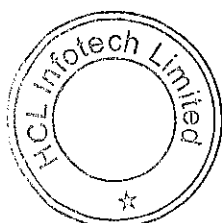
### **Revenue from multiple-element arrangement**

#### **Timing of revenue recognition**

The Company 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.



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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 profit or 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.

**2.18 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.

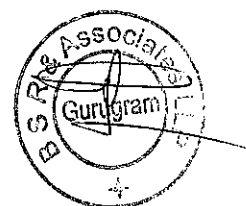
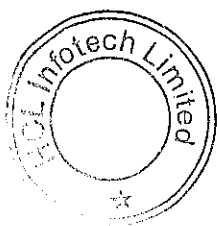
Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

**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, provident fund administered by the prescribed government authorities, are made in accordance with the Employees' State Insurance Act, 1948 and Employees' Provident Funds and Miscellaneous Provisions Act, 1952 respectively and are recognised as an



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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.

**2.19 Earnings per share**

(i) Basic earnings per share

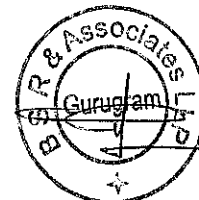
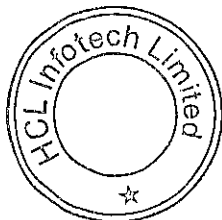
Basic earnings per share is computed by dividing:

- 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.



3 (a) Property, Plant & Equipment

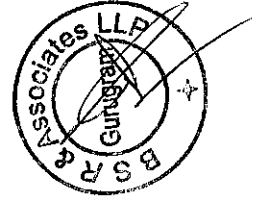
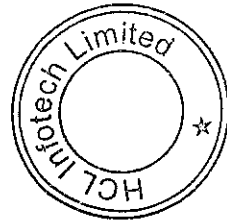
Particulars	Gross Block				Depreciation				Net Block
	As at 01.04.2022		As at 31.03.2023		As at 01.04.2022		As at 31.03.2023		
	Additions	Disposal	As at 31.03.2023	As at 01.04.2022	Additions	Disposal	As at 31.03.2023	As at 31.03.2023	
Furniture and Fixtures	-	-	0.01	0.01	-	-	0.01	0.01	-
Vehicles	0.01	-	0.01	0.01	-	-	0.01	0.01	-
Computers	0.18	0.01	0.17	0.16	0.01	0.01	0.16	0.16	0.01
<b>Total</b>	<b>0.20</b>	<b>0.01</b>	<b>0.19</b>	<b>0.18</b>	<b>0.01</b>	<b>0.01</b>	<b>0.19</b>	<b>0.19</b>	<b>0.01</b>

Particulars	Gross Block				Depreciation				Net Block
	As at 01.04.2021		As at 31.03.2022		As at 01.04.2021		As at 31.03.2022		
	Additions	Disposal	As at 31.03.2022	As at 01.04.2021	Additions	Disposal	As at 31.03.2022	As at 31.03.2022	
Plant and Machinery	0.01	0.01	0.00	0.01	-	0.01	0.00	0.00	-
Furniture and Fixtures	0.08	0.07	0.01	0.08	0.00	0.07	0.01	0.01	-
Office Equipments	0.21	0.21	-	0.20	-	0.20	-	-	-
Vehicles	0.01	-	0.01	0.01	-	-	-	0.01	-
Computers	1.98	1.80	0.18	1.93	0.01	1.78	0.16	0.16	0.02
<b>Total</b>	<b>2.29</b>	<b>2.09</b>	<b>0.20</b>	<b>2.23</b>	<b>0.01</b>	<b>2.06</b>	<b>0.18</b>	<b>0.18</b>	<b>0.02</b>

3 (b) Right of use assets

Particulars	Gross Block				Amortisation				Net Block
	As at 01.04.2022		As at 31.03.2023		As at 01.04.2022		As at 31.03.2023		
	Additions	Disposal	As at 31.03.2023	As at 01.04.2022	Additions	Disposal	As at 31.03.2023	As at 31.03.2023	
Right of use assets	0.61	-	0.61	0.61	-	-	0.61	-	
<b>Total</b>	<b>0.61</b>	<b>-</b>	<b>0.61</b>	<b>0.61</b>	<b>-</b>	<b>-</b>	<b>0.61</b>	<b>-</b>	

Particulars	Gross Block				Amortisation				Net Block
	As at 01.04.2021		As at 31.03.2022		As at 01.04.2021		As at 31.03.2022		
	Additions	Disposal	As at 31.03.2022	As at 01.04.2021	Additions	Disposal	As at 31.03.2022	As at 31.03.2022	
Right of use assets	0.78	0.17	0.61	0.50	0.11	-	0.61	-	
<b>Total</b>	<b>0.78</b>	<b>0.17</b>	<b>0.61</b>	<b>0.50</b>	<b>0.11</b>	<b>-</b>	<b>0.61</b>	<b>-</b>	





**4(a) Non-current investments**

**Unquoted**

**Investments in equity instruments of subsidiaries (at cost)**

HCL Investments Pte. Limited

Less: Impairment in the value of investment

**Total Investments in equity instruments of subsidiaries**

\* SGD = Singapore Dollar; USD = United States Dollar.

Aggregate amount of book value of unquoted investment

	As at 31.03.2023		As at 31.03.2022	
	Units	Amount ₹/Crores.	Units	Amount ₹/Crores.
	1 in SGD* and 1,775,000 in USD*	8.41	1 in SGD* and 1,775,000 in USD*	8.41
		<u>5.50</u>		<u>5.50</u>
		<u>2.91</u>		<u>2.91</u>
Aggregate amount of book value of unquoted investment		2.91		2.91

**4(b) Current investments**

**Unquoted (Others)**

**Investment in mutual funds at FVTPL**

**Growth options**

Axis Liquid Fund

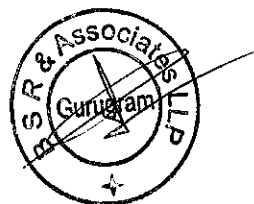
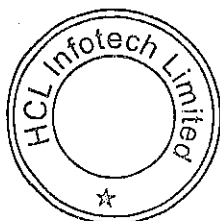
UTI Liquid Cash Plan

ICICI Prudential Ultra Short Term Fund

SBI Magnum Ultra Short Duration Fund

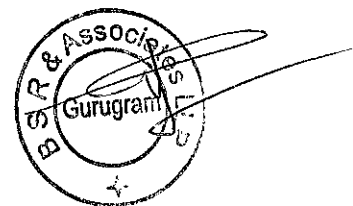
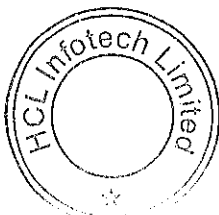
Aggregate amount of unquoted investment

	As at 31.03.2023		As at 31.03.2022	
	Units	Amount ₹/Crores.	Units	Amount ₹/Crores.
Axis Liquid Fund	-	-	76,749	18.04
UTI Liquid Cash Plan	3,227	1.18	-	-
ICICI Prudential Ultra Short Term Fund	13,57,214	3.20	-	-
SBI Magnum Ultra Short Duration Fund	28,729	14.64	-	-
		<u>19.02</u>		<u>18.04</u>
Aggregate amount of unquoted investment		19.02		18.04



**HCL Infotech Limited**  
Notes to the Financial Statements

	As at 31.03.2023 ₹/Crores	As at 31.03.2022 ₹/Crores
<b>5 Other non-current financial assets</b>		
<b>Considered good</b>		
Balance with bank- margin money account*	0.66	0.22
*Balances held as margin money towards obtaining Bank Guarantees.		
<b>TOTAL</b>	<u>0.66</u>	<u>0.22</u>
<b>6 Advance income tax asset (net of provisions)</b>		
Advance income tax	33.55	14.58
[Provision for the year ₹ Nil (2022 - ₹ Nil)]		
<b>TOTAL</b>	<u>33.55</u>	<u>14.58</u>
<b>7 Other non-current assets</b>		
<b>Unsecured</b>		
Capital advances	0.01	0.01
Deposits with tax authorities	5.71	6.90
<b>TOTAL</b>	<u>5.72</u>	<u>6.91</u>
<b>8 Inventories</b>		
Stock-in-trade*	0.39	0.49
<b>TOTAL</b>	<u>0.39</u>	<u>0.49</u>
*Write-downs of inventories to net realisable value recognised as an expense during the year amounts to ₹ 0.05 crores (2022- ₹ 0.05 crores). These were included in changes in value of inventories of stock in trade in statement of profit and loss. Project specific inventory of ₹ Nil (2022- ₹ 1.64 crores) has been adjusted against provisions for onerous contracts.		
<b>9 Trade receivables (refer note 29, 40, 46)</b>		
<b>Unsecured:</b>		
- Considered good	24.28	47.99
- Significant increase in credit risk	1.80	107.52
- Credit impaired	150.20	43.91
	<u>176.28</u>	<u>199.42</u>
Less: Allowance for doubtful debts	152.00	151.43
<b>TOTAL</b>	<u>24.28</u>	<u>47.99</u>
*refer note no 29 (ia) disclosure related to ageing of trade receivable		
<b>10 Cash and Cash Equivalents</b>		
Balances with banks		
- In current account*	2.45	4.62
<b>TOTAL</b>	<u>2.45</u>	<u>4.62</u>
* includes ₹ 1.64 crores (2022- ₹ 1.64 crores) restricted Bank Balance lying with UBGB Bank.		
<b>11 Other bank balances</b>		
Balances with banks		
- On margin account	0.98	0.90
Bank deposits with original maturity of more than three months less than 12 months*	138.09	25.32
<b>TOTAL</b>	<u>139.07</u>	<u>26.22</u>
* includes ₹ 51.45 crores (2022 - ₹ 0.02 crores) lien marked with Banks		
<b>12 Other current financial asset</b>		
<b>Considered good</b>		
Unbilled revenue	0.97	3.99
Interest accrued on bank deposits	1.97	0.14
<b>Considered doubtful</b>		
Security deposits, lease rental recoverable and other advances	13.64	13.61
Less: Allowance for doubtful security deposits, lease rental recoverable and other advances	(13.64)	(13.61)
<b>TOTAL</b>	<u>2.94</u>	<u>4.13</u>



**HCL Infotech Limited**  
Notes to the Financial Statements

	As at 31.03.2023 ₹/Crores	As at 31.03.2022 ₹/Crores
<b>13 Other current assets</b>		
<b>Unsecured</b>		
<b>Considered good</b>		
Balances with customs, port trust, excise and sales tax authorities	0.02	12.06
Contract assets (refer note 29, 46)	21.57	33.66
Prepaid expenses	2.90	7.11
Others	0.01	0.00
<b>Considered doubtful</b>		
Contract assets, deposits and other advances	186.63	185.98
Less: Allowance for doubtful loans and advances (includes ₹ 183.41 crores on contract assets (2022 - ₹ 182.44 crores))	<u>(186.63)</u>	<u>(185.98)</u>
Input tax credit	11.82	-
Less: Allowance for input tax credit	<u>(11.82)</u>	<u>-</u>
<b>TOTAL</b>	<u>24.50</u>	<u>52.83</u>

**14 Share Capital**

**Authorised**

6,00,000 Equity Shares (2022 - 6,00,000) of ₹ 10/- each

0.60

**TOTAL**

0.60

**Issued, Subscribed and Paid up**

2,20,300 Equity Shares (2022 - 2,20,300) of ₹ 10/- each

0.22

(Fully Paid up)

**TOTAL**

0.22

**Notes:**

(i) Rights attached to Equity Shares:

The Company has only one class of equity share having a face value of ₹ 10/- 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.

(ii) Shareholders holding more than 5% of the aggregate shares in the Company	As at 31.03.2023		As at 31.03.2022	
	No. of shares	% of shares	No. of shares	% of shares
HCL Infosystems Limited, the holding company	2,20,294	99.99%	2,20,294	99.99%

(iii) Promoters of the company	As at 31.03.2023		% change during the year	As at 31.03.2022	
	No. of shares	% of shares		No. of shares	% of shares
HCL Infosystems Limited, the holding company (Includes 6 shares held by nominee shareholders)	220300	100%	0%	220300	100%

**15 Other equity**

**A. Reserve and surplus**

**(a) Securities premium reserve**

Opening balance

249.83

Closing balance

249.83

**(b) Capital reserve Account**

Opening balance

1,020.30

Closing balance

1,020.30

**(c) Retained earnings**

Opening balance

(1,323.73)

Net loss for the year

(35.78)

Remeasurement of post employment benefit obligation, net of tax

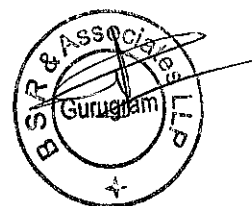
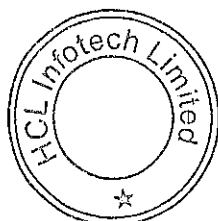
(0.04)

Closing balance

(1,359.55)

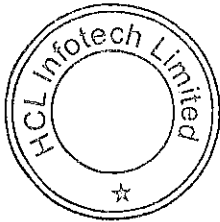
**TOTAL**

(89.42)



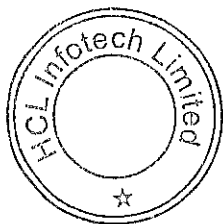
**HCL Infotech Limited**  
Notes to the Financial Statements

	As at 31.03.2023 ₹/Crores	As at 31.03.2022 ₹/Crores
<b>Financial Liabilities</b>		
<b>16 Non-current provisions</b>		
Provision for gratuity and other employee benefits	0.76	0.77
<b>TOTAL</b>	<b>0.76</b>	<b>0.77</b>
<b>17 Trade payables (refer note 40)</b>		
Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises; and (refer note 33)	0.09	2.06
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises [Includes acceptance ₹ 0.04 Crores (2022 - ₹ 0.36 Crores)]	33.57	44.80
*refer note no 30 (iii) disclosure related to ageing of trade payable		
<b>TOTAL</b>	<b>33.66</b>	<b>46.86</b>
<b>18 Other current financial liabilities</b>		
Payable to related parties (refer note 40)	3.53	-
Interest accrued on borrowings	0.09	0.36
Deposits	1.99	1.99
Employee benefits payable	1.41	2.33
Capital creditors	0.01	0.01
<b>TOTAL</b>	<b>7.03</b>	<b>4.69</b>
<b>19 Other Current Liabilities</b>		
Deferred revenue	103.76	99.99
Advances received from customers	36.50	37.10
Amount collected under litigation (refer Note 49)	120.21	-
Statutory dues payable	7.86	8.04
<b>TOTAL</b>	<b>268.33</b>	<b>145.13</b>
<b>20 Current Provisions</b>		
Provision for gratuity and other employee benefits	0.86	0.77
Provision for litigation (refer note 32(a) and 32 (b))	8.77	8.86
Provision for contract losses*	25.29	25.27
<b>TOTAL</b>	<b>34.92</b>	<b>34.90</b>
<b>*Provision for contract Losses</b>		
Balance as at the beginning of the year	25.27	35.40
Provision made during the year	8.39	9.66
Provision utilised during the year	8.37	19.79
Balance as at the end of the year	<b>25.29</b>	<b>25.27</b>



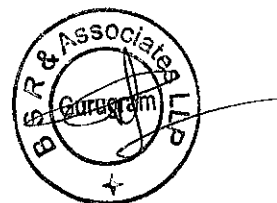
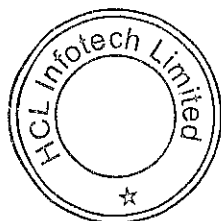
**HCL Infotech Limited**  
Notes to the Financial Statements

	Year ended 31.03.2023	Year ended 31.03.2022
	₹/Crores	₹/Crores
<b>21 Revenue from operations</b>		
Revenue from composite contracts (refer note 39)	16.02	41.70
Rendering of services	9.31	18.68
<b>TOTAL</b>	<b>25.33</b>	<b>60.38</b>
<b>22 Other income</b>		
Interest income from financial asset at amortised cost		
- On fixed deposits (gross)	3.39	0.19
- On discounted receivables	0.47	2.44
Scrap sale	-	0.22
Changes in fair value of investments	0.60	0.04
Gain on sale of Investment carried at FVTPL	1.91	-
Net profit on sale of property, plant and equipment	0.01	0.08
Provisions/liabilities no longer required written back	3.02	6.71
Interest income from Income tax authorities	-	2.49
<b>TOTAL</b>	<b>9.40</b>	<b>12.17</b>
<b>23 Changes in inventories</b>		
Closing balance		
- Stock-in-trade	0.39	0.49
	<b>0.39</b>	<b>0.49</b>
Opening balance		
- Stock-in-trade	0.49	2.28
	<b>0.49</b>	<b>2.28</b>
<b>Changes in Inventories</b>	<b>0.10</b>	<b>1.79</b>
<b>24 Other direct expense</b>		
Purchase of services	12.22	34.67
<b>TOTAL</b>	<b>12.22</b>	<b>34.67</b>
<b>25 Employee benefits expense</b>		
Salaries, wages, bonus and gratuity (refer note 38)	13.42	19.35
Contribution to provident and other funds (refer note 38)	0.34	0.60
Staff welfare expenses	0.08	0.04
<b>TOTAL</b>	<b>13.84</b>	<b>19.99</b>
<b>26 Finance costs</b>		
Interest on optionally convertible debentures and ICD (refer note 40)	0.40	0.86
Other borrowing costs	0.01	0.34
<b>TOTAL</b>	<b>0.41</b>	<b>1.20</b>



**HCL Infotech Limited**  
Notes to the Financial Statements

	Year ended 31.03.2023	Year ended 31.03.2022
	₹/Crores	₹/Crores
<b>27 Other expenses</b>		
Rent (refer note 35)	0.04	0.37
Rates and taxes	0.13	0.35
Travelling and conveyance	0.30	0.47
Legal, professional and consultancy charges (refer note 34)	18.83	17.89
Retainership expenses	3.68	4.10
Bank charges	1.97	1.73
Allowance for doubtful debts	1.80	3.61
Allowance for doubtful loans and advances and other current assets	0.22	6.89
Net provisions for Input tax credit	10.87	-
Net loss on foreign exchange fluctuation	0.64	0.13
Miscellaneous	0.39	0.47
	<u>38.87</u>	<u>36.02</u>
Common cost adjustment	4.76	5.60
<b>TOTAL</b>	<u>43.63</u>	<u>41.62</u>



**Financial Instruments and Risk Management**

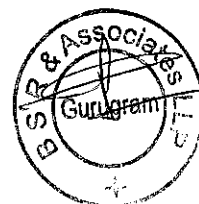
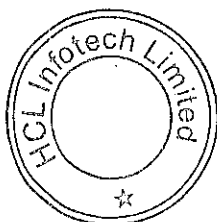
**28 Fair Value Measurements**

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

₹ /Crores					
<b>As at 31.03.2023</b>					
Particulars	Notes	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
<b>Financial Assets</b>					
<b>Non-current assets</b>					
(i) Investments	4(a)	-	2.91	2.91	2.91
(ii) Others financial assets	5	-	0.66	0.66	0.66
		-	3.57	3.57	3.57
<b>Current assets</b>					
(i) Investments	4 (b)	19.02	-	19.02	19.02
(ii) Trade receivables	9	-	24.28	24.28	24.28
(iii) Cash and cash equivalents	10	-	2.45	2.45	2.45
(iv) Other bank balances	11	-	139.07	139.07	139.07
(v) Others financial assets	12	-	2.94	2.94	2.94
		19.02	168.74	187.76	187.76
<b>Current liabilities</b>					
(i) Trade payables	17	-	33.66	33.66	33.66
(ii) Other financial liabilities	18	-	7.03	7.03	7.03
		-	40.69	40.69	40.69

₹ /Crores					
<b>As at 31.03.2022</b>					
Particulars	Notes	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
<b>Financial Assets</b>					
<b>Non-current assets</b>					
(i) Investments	4(a)	-	2.91	2.91	2.91
(iii) Others	5	-	0.22	0.22	0.22
		-	3.13	3.13	3.13
<b>Current assets</b>					
(i) Investments	4 (b)	18.04	-	18.04	18.04
(ii) Trade receivables	9	-	47.99	47.99	47.99
(iii) Cash and cash equivalents	10	-	4.62	4.62	4.62
(iv) Other bank balances	11	-	26.22	26.22	26.22
(v) Others financial assets	12	-	4.13	4.13	4.13
		18.04	82.96	100.99	100.99
<b>Current liabilities</b>					
(i) Trade payables	17	-	46.86	46.86	46.86
(ii) Other financial liabilities	18	-	4.69	4.69	4.69
		-	51.55	51.55	51.55

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**HCL Infotech Limited**

Notes to the Financial Statements

**29 Financial Risk Management**

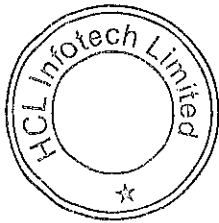
The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's financial risk management is an integral part of how to plan and execute its business strategies.

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.

<b>Risk</b>	<b>Exposure Arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit Risk	Trade receivables Cash and cash equivalents 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 Liabilities	Rolling cash flow forecasts	Availability of committed credit lines, working capital facilities and liquid investments and financial support from promoter shareholder
Market risk - foreign exchange	Future commercial transactions Recognized financial assets not denominated in Indian rupee (INR)	Hedging percentage Sensitivity analysis	Forward foreign exchange contracts

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

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**Financial Risk Management**

**29 (i) 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 receivable, contract assets and unbilled revenue.

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 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 Company uses a provision matrix to compute the expected credit loss for trade receivable and contract assets 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 trade receivables and contract assets

	As at 31.03.2023	₹/Crores As at 31.03.2022
Not Due*	204.97	237.38
0-90 days past due	13.66	2.25
91-180 days past due	-	-
181-365 days past due	0.32	13.53
1 - 2 years past due	1.26	-
More than 2 years past due	161.04	162.36
	<u>381.25</u>	<u>415.52</u>

\*Includes contract assets amounting to ₹ 204.97 crores (2022 - ₹ 216.10 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 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 of profit and loss.

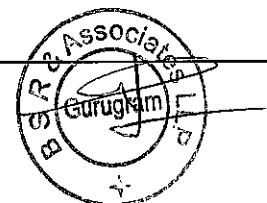
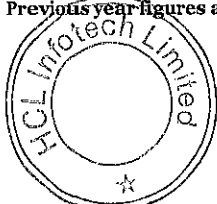
The summary of life time expected credit loss allowance made on customer balances during the year and balance at the year end is given below:

	As at 31.03.2023	₹/Crores As at 31.03.2022
<b>Balance at the beginning</b>	333.87	330.27
Provided during the year	1.81	3.60
Reversal during the year	(0.27)	-
Amounts written off	-	-
<b>Balance at the end</b>	<u>335.41</u>	<u>333.87</u>
Weighted average loss rate (in percentage)	87.98%	80.35%

**29 (ia) Ageing Schedule in respect of trade receivables for the year ended March 31, 2023 and March 31, 2022**

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(a) Undisputed trade receivables - considered good	-	13.66	0.32	-	-	-	13.98
	(21.58)	(2.25)	(13.66)	-	-	-	(37.49)
(b) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	1.26	-	0.54	1.80
	-	-	-	-	-	(38.66)	(38.66)
(c) Undisputed trade receivables -credit impaired	-	-	-	-	-	81.34	81.34
	-	-	-	-	-	(43.91)	(43.91)
(d) Disputed trade receivables - considered good	-	-	-	-	-	10.30	10.30
	-	-	-	-	-	(10.50)	(10.50)
(e) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	(68.86)	(68.86)
	-	-	-	-	-	68.86	68.86
(f) Disputed trade receivables -credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Total</b>	-	13.66	0.32	1.26	-	161.04	176.28
	(21.58)	(2.25)	(13.66)	-	-	(161.93)	(199.42)
Less: Allowance for doubtful debts							152.00
							(151.43)
<b>Total</b>							24.28
							(47.99)
Unbilled Revenue including Contract Assets (refer note 12 and 13)							22.54
							(37.65)
<b>Total</b>							46.82
							(85.64)

Note: Previous year figures are given in brackets.



**Financial Risk Management**

**30(ii) 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 as at 31.03.2023.

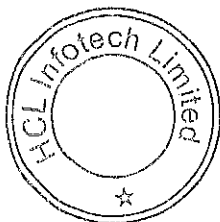
₹/Crores					
Year ended 31.03.2023	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years
<b>Non-derivatives</b>					
Trade payables	33.66	-	33.66	-	-
<b>Other financial liabilities</b>					
-Deposits	1.99	-	1.99	-	-
-Interest accrued but not due	0.09	-	0.09	-	-
-Capital Creditors	0.01	-	0.01	-	-
-Other payable to related parties	3.53	-	3.53	-	-
-Employee benefits payable	1.41	-	1.41	-	-
<b>Total non-derivative liabilities</b>	<b>40.69</b>	<b>-</b>	<b>40.69</b>	<b>-</b>	<b>-</b>

₹/Crores					
Year ended 31.03.2022	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years
<b>Non-derivatives</b>					
Trade payables	46.86	-	46.86	-	-
<b>Other financial liabilities</b>					
-Deposits	1.99	-	1.99	-	-
-Interest accrued but not due	0.36	-	0.36	-	-
-Capital Creditors	0.01	-	0.01	-	-
-Other payable to related parties	-	-	-	-	-
-Employee benefits payable	2.33	-	2.33	-	-
<b>Total non-derivative liabilities</b>	<b>51.55</b>	<b>-</b>	<b>51.55</b>	<b>-</b>	<b>-</b>

**30(iia) Ageing Schedule in respect of trade payable for the year ended March 31, 2023 and March 31, 2022**

₹/Crores						
Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) MSME	0.05 (0.03)	0.02 (1.18)	0.02 (0.37)	0.00 (0.14)	0.00 (0.34)	0.09 (2.06)
(b) Others	0.08 (0.48)	2.04 (7.24)	4.17	0.15	13.02 (15.60)	19.46 (23.32)
(c) Disputed dues - MSME	-	-	-	-	-	-
(d) Disputed dues - Others	-	-	-	-	6.42 (5.92)	6.42 (5.92)
<b>Total</b>	<b>0.13 (0.51)</b>	<b>2.06 (8.42)</b>	<b>4.19 (0.37)</b>	<b>0.15 (0.14)</b>	<b>19.44 (21.87)</b>	<b>25.97 (31.31)</b>
Unbilled Dues						7.69 (15.55)
<b>Total</b>						<b>33.66 (46.86)</b>

Note: Previous year figures are given in brackets.



**HCL Infotech Limited**  
Notes to the Financial Statements

**Financial Risk Management**  
**30 (iii) Market risk:**

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's does not have any exposure to the risk of changes in market interest rates as there is no such borrowings.

**(ii) Foreign currency risk**

The Company's major operations are in India and are in INR and therefore, 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	
	As at 31.03.2023	
	USD	
<b>Financial Assets</b>		
Trade receivables		4.57
<b>Net exposure to foreign currency risk (assets)</b>		<b>4.57</b>
<b>Financial Liabilities</b>		
Trade Payables		(6.48)
<b>Net exposure to foreign currency risk (liabilities)</b>		<b>(6.48)</b>

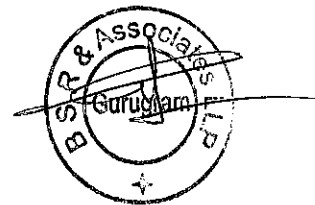
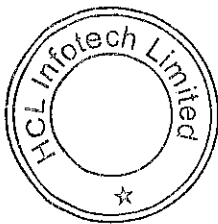
	₹/Crores	
	As at 31.03.2022	
	USD	
<b>Financial Assets</b>		
Trade receivables		4.21
<b>Net exposure to foreign currency risk (assets)</b>		<b>4.21</b>
<b>Financial Liabilities</b>		
Trade Payables		(5.92)
<b>Net exposure to foreign currency risk (liabilities)</b>		<b>(5.92)</b>

**(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 ₹ Crores)			
		Increase in FC exchange rates		Decrease in FC exchange	
		Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
USD	5%	(0.10)	(0.09)	0.10	0.09

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**31 Capital Management**

**(a) 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 of 31.03.2023 and 31.03.2022 are as follows:

	₹/Crores	
	As at 31.03.2023	As at 31.03.2022
Total Debt	-	-
Equity	(89.20)	(53.38)
Capital and net debt	(89.20)	(53.38)
Capital gearing ratio	0.00%	0.00%

At as 31 March 2023, the Company had a net assets deficiency of ₹ 89.20 Crore (2022 - ₹ 53.38 Crore), which includes loan repayable of ₹ Nil (2022 - ₹ Nil) due to HCL Infosystems Limited (holding Company). The holding Company has an intention to provide continued financial support to the Company (refer note 43).

**32 (a) Contingent Liabilities :**

Claims against the Company not acknowledged as debts:

	₹/Crores	
	Year ended 31.03.2023	Year ended 31.03.2022
Sales Tax (refer note 32 (a) (ii))	-	-
Civil matters (note 32 (c))	0.60	0.60

Sum of ₹ 2.49 Crores (2022 - ₹ 2.29 Crores) is deposited by the Company against the above.

(i) 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 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.

(ii) The Company has certain sales tax and other related litigation against which provision amounts to ₹ 8.17 Crores (2022 - ₹ 8.86 Crores) is outstanding. Provision amounting to ₹ 0.05 crores (2022 - ₹ 0.02 Crores) crores was created and ₹ 0.07 Crores (2022 - ₹ Nil) was utilized during the year. The provision includes liability certain CST/VAT/Other IDT related, which is currently outstanding in name of parent company, as the demand pertains to pre demerger period.

**(b) Corporate Guarantee :**

Corporate guarantee of ₹ 65 Crores (2022 - ₹ Nil) was given to Axis Bank for working capital facilities sanctioned to HCL Infosystems Ltd, out of which the total amount utilised as at 31.03.2023 is ₹ 51.45 Crores (2022 - ₹ Nil).

**(c) Other Litigations :**

The Company has certain civil litigation amounting to ₹ 0.60 crores (2022 - ₹ 0.60 crores) against which provision of ₹ 0.60 crores is outstanding.

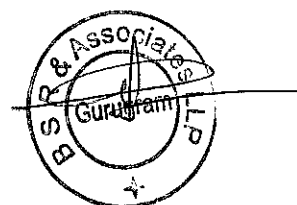
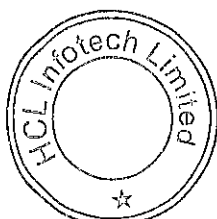
**33 Disclosure of Micro and Small Enterprises based on information available with the Company:**

	₹/Crores	
	As at 31.03.2023	As at 31.03.2022
a. (i) Principal amount remaining unpaid to any supplier as at the end of the year.	0.09	2.06
(ii) Interest due on the above amount.	0.01	0.18
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.	2.84	21.29
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.	0.06	0.22
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.	-	-

**34 Remuneration to Auditor\*:**

	₹/Crores	
	Year ended 31.03.2023	Year ended 31.03.2022
a. Auditor	0.06	0.15
b. For taxation matters	0.01	0.02
c. For company law matters	-	-
d. For other services	0.01	0.01
e. For reimbursement of expenses	0.01	0.01
<b>Total</b>	<b>0.09</b>	<b>0.19</b>

\* excluding GST as applicable



**35 Leases:**  
**Cancelable Operating Leases**  
**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, the company does not have any lease other than with short term period. (refer note 3).

Rent expenses in respect of short term leases amounting ₹ 0.04 crores (2022 - ₹ 0.37 crores) is expensed off on straight line basis over lease term as rent expenses (refer note 27).

**36 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'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.

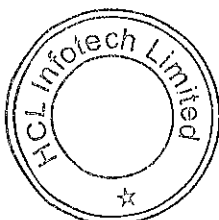
Particulars	Year ended	Year ended
	31.03.2023	31.03.2022
Loss after tax (₹/Crores)	(35.78)	(27.80)
Weighted average number of shares considered as outstanding in computation of Basic/Diluted EPS *	2,20,300	2,20,300
Basic and Diluted EPS (of ₹ 10/- each, ₹ per share)	(1624.14)	(1261.92)

As explained in note 45 of the financial statements, the optional convertible debentures (OCDs) issued to the Holding Company meet the pass-through arrangement criteria, as per the requirements of Ind AS 109 Financial Instruments and accordingly have been derecognized from the financial statements of the Company. Further, the Holding Company has the option to convert these OCDs into equity shares only in case the Company fails to meet its obligations under the OCD agreement. Accordingly, these OCDs have not been considered to be dilutive in nature.

**37 Segment Reporting**

The Company's chief operating decision maker, from a product and geographic perspective has identified that the Company's business falls within a single business segment, i.e. Hardware Products & Solution business comprise of sale of IT products & solutions to enterprise and government customers. Accordingly, pursuant to Indian Accounting Standard 108 on 'Segment Reporting', notified under section 133 of the Companies Act, 2013 as at March 31, 2023, segment information is not required to be disclosed.

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38 The Company has calculated the various benefits provided to employees as under:

(a) **Defined Contribution**

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

	₹/Crores	
	Year ended 31.03.2023	Year ended 31.03.2022
Employers Contribution to Superannuation Fund*	0.00	0.02
Employers Contribution to National Pension Scheme*	0.01	0.02
Employers contribution to Employee State Insurance*	0.00	0.02
Employers contribution to Employee's Pension Scheme 1995*	0.17	0.29
Employers contribution to Provident Fund* (effective from August 1, 2022)	0.21	0.00

\* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 25).

(b) **Defined Benefit**

- (i) Gratuity  
(ii) Provident Fund \*\*

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	
	Year ended 31.03.2023	Year ended 31.03.2022
Discount rate (per annum)	7.28%	5.03%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives of employees (years)	18.15	17.79

As of 31.03.2023, every 0.5 percentage point increase / decrease in discount rate will affect gratuity benefit obligation by approximately by ₹ 0.01 Crores.

As of 31.03.2023, 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-

- 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.

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

	₹/Crores	
	31.03.2023	31.03.2022
Present value of obligation at the beginning of the year	1.04	1.59
Current service cost	0.09	0.11
Interest cost	0.05	0.07
<b>Total amount recognised in profit or loss</b>	<b>0.14</b>	<b>0.18</b>
Actuarial (gain)/loss from change in demographic assumptions	(0.10)	(0.22)
Actuarial (gain)/loss from change in financial assumptions	(0.11)	0.29
Experience (gain)/loss	0.25	0.08
<b>Total amount recognised in other comprehensive income</b>	<b>0.04</b>	<b>0.16</b>
Benefits (paid)	(0.37)	(0.89)
Present value of obligation at the end of the year	0.85	1.04

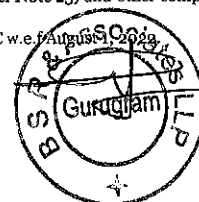
**Cost recognised for the year :**

	₹/Crores	
	31.03.2023	31.03.2022
Current service cost	0.09	0.11
Interest cost	0.05	0.07
Actuarial (gain)/loss	0.04	0.16
Net cost recognised for the year*	0.18	0.34

\* Included in Salaries, Wages, Bonus and Gratuity for Gratuity under Employee benefits expense (Refer Note 25) and other comprehensive income.



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

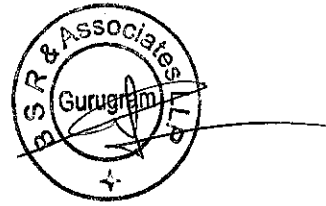
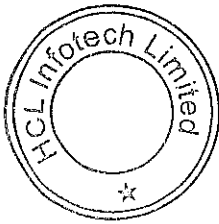
	₹/Crores	
	Gratuity	
	31.03.2023	31.03.2022
Present value of the obligation as at the end of the year	0.85	1.04
Liabilities recognised in the Balance Sheet	(0.85)	(1.04)
Experience adjustment in plan liabilities	(0.25)	(0.08)

\*\* In respect of certain eligible employees, the Company is a participant in a provident fund plan which is administered through a multi employer trust. The participants have an obligation to make good any deficiency in the interest to be paid by the Trust to its members and the income earned by it. Accordingly the plan is as a defined benefit plan. The trust has obtained an actuarial valuation of the Provident fund liability as at the Balance Sheet date and as per valuation report, there is no shortfall as on 31.03.2023. The valuation report contained details for the disclosure requirement of the IND AS - 19, "Employee Benefits" for the trust as a whole, however breakup into respective entities is not available and accordingly the disclosures for provident fund liability as required by IND AS - 19, "Employee Benefits" has not been made in these financial statements. The Company's contribution to provident fund for the year is ₹ 0.15 Crores (2022 - ₹ 0.24 Crores) which has been included under Contribution to Provident and Other Funds (refer note 25).

During the year, trust has been migrated to Reginal Provident Fund Commission (RPFC) with effect from 1st August 2022 and there was no shortfall in the fund balance on the date of transfer to RPFC.

39	Contracts-in-progress	₹/Crores	
		As at 31.03.2023	As at 31.03.2022
	Revenue from Long term Composite Contracts recognised for the year	16.02	41.70
	Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the year ended	397.80	2,224.28
	The amount of advances received	31.07	31.67
	Gross amount due from customers for contracts-in-progress	0.97	3.99
	Gross amount due to customers for contracts-in-progress	103.76	99.99

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**HCL Infotech Limited**

Notes to the Financial Statements

**40 Disclosure of related parties and related party transactions:**

**a) Company having substantial interest:**

HCL Corporation Private Limited

**b) Holding Company**

HCL Infosystems Limited

**c) List of parties where control exists/existed :**

**Subsidiary:**

HCL Investments Pte. Limited, Singapore

**d) 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:**

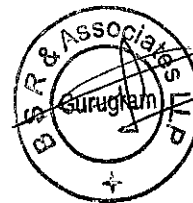
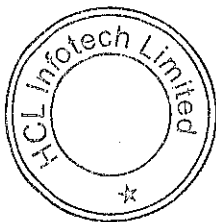
HCL Technologies Limited

HCL Comnet Limited (Amalgamated with HCL Technologies Limited in July 2020)

HCL Comnet Systems and Services Limited

VAMA Sundari Investments (Delhi) Private Limited

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**HCL Infotech Limited**  
Summary of Related Party disclosures

(₹/Crores)

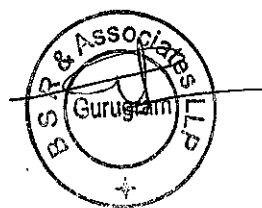
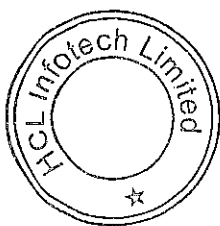
A. Transactions (YTD)	Company having substantial interest		Holding Company		Subsidiaries		Fellow Subsidiaries		Others		Total	
	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22
<b>Consultancy Charges</b>	-	-	-	-	-	-	-	-	1.55	1.99	1.55	1.99
- HCL Technologies Limited	-	-	-	-	-	-	-	-	1.55	1.99	1.55	1.99
<b>Inter Company Deposits (ICD) Refunded%</b>	-	-	-	21.83	-	-	-	-	-	-	-	21.83
<b>Interest on Inter Company Deposits (ICD) Taken</b>	-	-	-	0.46	-	-	-	-	-	-	-	0.46
<b>Interest on OCD</b>	-	-	0.40	0.40	-	-	-	-	-	-	0.40	0.40
<b>Rent Expense</b>	0.00	0.00	-	-	-	-	-	-	0.00	0.00	0.00	0.00
- HCL Corporation Pvt. Ltd.	0.00	0.00	-	-	-	-	-	-	-	-	0.00	0.00
- VAMA Sundari Investments (Delhi) Private Limited	-	-	-	-	-	-	-	-	0.00	0.00	0.00	0.00
<b>Reimbursements towards expenditure</b>	-	-	-	-	-	-	-	-	-	-	-	-
a) Paid/Payable	-	-	6.87	9.07	-	-	-	-	-	-	6.87	9.07
- HCL Infosystems Limited	-	-	6.87	9.07	-	-	-	-	-	-	6.87	9.07
<b>B. Amount due to / from related parties</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investment</b>	-	-	-	-	8.41	8.41	-	-	-	-	8.41	8.41
<b>Impairment allowance on investment</b>	-	-	-	-	-5.50	-5.50	-	-	-	-	-5.50	-5.50
<b>Trade Receivables</b>	-	-	0.78	21.54	-	-	-	-	0.02	0.05	0.80	21.59
- HCL Infosystems Limited	-	-	0.78	21.54	-	-	-	-	-	-	0.78	21.54
- HCL Technologies Ltd.	-	-	-	-	-	-	-	-	0.01	0.04	0.01	0.04
- Others	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.01
<b>Other Payables</b>	0.00	0.00	5.14	2.26	-	-	-	-	0.00	0.00	5.14	2.26
- HCL Infosystems Limited	-	-	5.14	2.26	-	-	-	-	-	-	5.14	2.26
- Others	0.00	0.00	-	-	-	-	-	-	0.00	0.00	0.00	0.00
<b>Current Borrowings</b>	-	-	-	0.00	-	-	-	-	-	-	-	0.00
<b>Trade Payables</b>	0.03	0.03	0.03	0.26	-	-	-	-	0.36	2.79	0.42	3.08
- HCL Infosystems Limited	-	-	0.03	0.26	-	-	-	-	-	-	0.03	0.26
- HCL Corporation Pvt Limited	0.03	0.03	-	-	-	-	-	-	-	-	0.03	0.03
- HCL Technologies Ltd.	-	-	-	-	-	-	-	-	0.36	2.79	0.36	2.79
<b>Liability of Optionally Convertible Debentures (OCD) \$</b>	-	-	0.10	0.39	-	-	-	-	-	-	0.10	0.39

# Sales and related income, sale of services, purchase of goods and purchase of services are net of transactions between HCL Infosystems Limited and the Company on account of pending Novation of Contracts of System Integration Business. Further, with respect to certain contracts, the HCL Infosystems Limited is currently pursuing arbitrations to claim amounts due to HCL Infosystems Limited for services provided. Any amount receivable under such contracts upon issuance of any awards by the arbitral tribunal will be transferred to the Company by HCL Infosystems Limited since the Company has been incurring all costs with respect to the said contract on behalf of HCL Infosystems Limited and HCL Infosystems Limited has been remitting amounts received from the respective customers to the Company.

% 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 45 & 46)

\$ OCD is accounted at Fair value of underlying book receivables of ₹ 18.92 crores and said book receivables is derecognized from the Company's balance sheet and same is recognized in HCL Infosystems Limited financials in lieu of OCD amount, as per the requirements of pass through arrangement under IND AS 109 Financial Instruments as at March 31, 2021. (Refer Note 46)

Provided Corporate Guarantee of ₹ 65 Crores (2022- Nil) to Axis Bank for bank guarantee on behalf of the HCL Infosystems Ltd.



41 **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 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:**

**Unrecognized deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the company can use the benefits there from:

	₹/Crores	
	As at 31.03.2023	As at 31.03.2022
<b>Deductible temporary differences</b>		
a) Allowance for doubtful debts	152.00	151.43
b) Allowance for doubtful security deposits, lease rental recoverable and other advances	13.64	13.61
c) Allowance for doubtful loans and advances	186.63	185.98
d) Others	47.21	41.43
<b>Unused tax losses</b>	340.95	388.81
<b>Total temporary differences and unused tax losses</b>	<b>740.43</b>	<b>781.26</b>
Potential tax benefit @ 22.88 (FY'2022 - 22.88%)	169.41	178.75
<b>Total Potential tax benefit @ 22.88 (FY'2022 - 22.88%)</b>	<b>169.41</b>	<b>178.75</b>

(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.

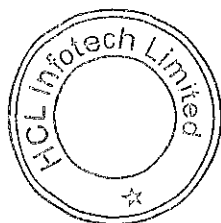
	₹/Crores	
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>	Year ended 31.03.2023	Year ended 31.03.2022
Loss before income tax expense	(35.74)	(27.81)
<b>Tax at the Indian tax rate of 22.88% (2022 - 22.88%)</b>	<b>(8.18)</b>	<b>(6.36)</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
<b>Disallowances for which deferred tax not created</b>		
Provision of expenses related to employee expenses	-	-
Provision for doubtful debts and advances	-	-
Other items	0.23	-
Temporary differences on which no DTA recognised	1.61	3.71
Current year tax loss for which no deferred tax assets has been recognised	6.34	2.65
<b>Income tax expense</b>	<b>(0.00)</b>	<b>(0.00)</b>

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:

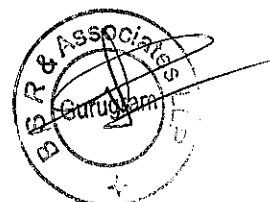
Expiry Date	₹/Crores	
	As at 31.03.2023	As at 31.03.2022
31.03.2023	-	95.89
31.03.2024	116.12	116.12
31.03.2026	28.75	28.75
31.03.2027	68.80	68.80
31.03.2029	1.97	1.97
31.03.2030	30.09	9.77
31.03.2031	26.22	-
No limit	69.00	67.51
<b>Total</b>	<b>340.95</b>	<b>388.81</b>

- 42 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.

- 43 As at March 31, 2023, the Company has accumulated losses and its net worth has been fully eroded, the Company has a net loss during the current and previous year and the Company's current liabilities exceeded its current assets by ₹ 131.29 crore (2022 - ₹ 77.26 crore) as at the balance sheet date. The losses are primarily as a result of delayed receipts on certain system integration contracts, certain historical low margin contracts and finance costs. However, the Company's management is pursuing strategies which include recovery of outstanding debtors and obtaining financial support from its parent company i.e. HCL Infosystems Limited. HCL Infosystems Limited (which in turn has obtained financial support from a significant promoter shareholder), has issued a support letter to the Company. 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, the financial statements have been prepared on a going concern basis.



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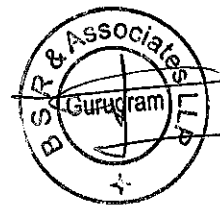
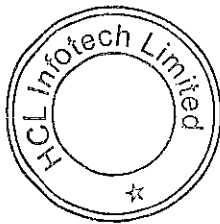


44 Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

S.No	Ratio	Numerator	Denominator	31.03.2023	31.03.2022	% variance	Reason for variance
a.	Current Ratio	Current Assets	Current Liabilities	0.62	0.67	-7.22%	N.A
b.	Debt-Equity Ratio	Total Debt	Shareholder's Equity	(3.86)	(4.35)	11.21%	N.A
c.	Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	N.A	N.A	N.A	No Cash Profit
		*Earnings available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.					
		*Debt Service = Interest & Lease Payments + Principal Repayments					
d.	Return on Equity Ratio	Net Profits after taxes - Preference Dividend (if any)	Average Shareholder's Equity	50.25%	70.95%	-20.70%	N.A
e.	Inventory turnover ratio	Sales	Average Inventory	57.49	43.56	31.98%	Reduction in average inventory
f.	Trade Receivables turnover ratio	Net Credit Sales	Avg. Accounts Receivable	0.70	1.00	-29.80%	Reduction in revenue
g.	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	0.31	0.50	37.04%	Declining business in current year
h.	Net capital turnover ratio	Net Sales	Working Capital*	(0.39)	(1.56)	75.31%	Efficiency of working capital resulted in improvement of ratio
		*Working Capital = Current Assets - Current Liabilities					
i.	Net profit ratio	Net Profit	Net Sales	-141.25%	-46.04%	-95.21%	Continuing losses resulted in declining of ratio
j.	Return on Capital employed	Earning before interest and taxes	Capital Employed*	39.66%	49.83%	-10.18%	N.A
		*Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability					
k.	Return on investment	Income on investments	Cost of Investments	360.51%	20.40%	340.11%	Increase in investment

\*Income on investments = Interest on Fixed deposits (BG) + Gain/(Loss) of fair valuation of investments  
\*\*Cost of Investments = BG as Fixed deposits + Average investments



**HCL Infotech Limited**  
Notes to the Financial Statements

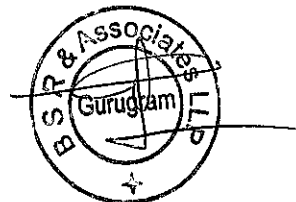
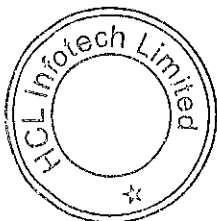
- 45 The Board of Directors of the Holding Company in its meeting held on March 23, 2021, had consented to adjust the unsecured loan advanced to the Company, amounting to ₹ 400 crores out of total outstanding amount of ₹ 421.82 crores, against the subscription money payable by the Holding Company to the Company, for subscription of the 40,00,000 (forty lakhs) 0.1% Optionally Convertible Debentures (OCD) of a face value of ₹1000 each (Indian Rupees One thousand only) issued, on private placement basis to the Holding Company, pursuant to terms of OCD Subscription Agreement dated March 31, 2021 between the Holding Company and the Company. 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 Holding Company is of the view that the above transaction is outside the purview of the aforesaid section.
- 46 The Holding Company and the Company, has agreed that the OCDs as mentioned in note 45, issued to the Holding Company shall be redeemed only from and to the extent of the proceeds from certain specified book receivables and favourable awards received by the the Company in accordance with the terms set out in the OCD Subscription Agreement. Accordingly, the Company, has transferred its rights to receive cash flows from those specified book receivables and favourable awards to the Holding Company and the aforesaid transaction meets the pass-through arrangement criteria, as per the requirements of Ind AS 109 Financial Instruments. The outstanding balance of specified books receivables accordingly derecognized in the financial statements of the Company and recognized by the Holding Company against the value of OCDs as on March 31, 2021. During the year ended March 31, 2022, the company collected ₹ 3.36 crores from specified receivables and transferred to the holding company.
- 47 The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 approved to sell the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited at "Net Asset Value" as on closing date to Novezo Consulting Pvt. Ltd, after acquiring the undertaking which shall comprise of the business relating to two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte., Singapore & it's step down subsidiary through a share purchase agreement.

However, despite rigorous and best efforts for closure of the deal, the Conditions Precedent were not fulfilled even after lapse of a considerable period from the date of execution of the Share Purchase Agreement. The objective and purpose of the transaction completely changed and given that the changed circumstances created a fundamentally different situation which the Parties never envisaged or agreed to in the first place, the Share Purchase Agreement got frustrated as the object and purpose of executing the Share Purchase Agreement cannot be met and has undergone a fundamental change beyond the contemplation of the parties. Accordingly, the company issued a letter intimating Novezo that the Share Purchase Agreement has been frustrated on March 11, 2023. HCL Infotech Ltd will continue to be operated in the ordinary course of business. Consequent to this development, the unutilized /accumulated GST Input tax credit of HCL Infotech has been provided for in books of accounts amounting ₹ 8.79 crores to the extent Company does not foresee business opportunities in near future wherein amount can be utilized.

- 48 HCL Infosystems Limited ('the Holding 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 Holding Company challenged this unilateral extension of the MSP contract by UIDAI before the Hon'ble Arbitral Tribunal. The Holding 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. As per the consent terms executed between UIDAI and the Holding Company, the Holding Company has completed performance of services as per the terms of the MSP Contract, without prejudice to its rights and contentions in the arbitration proceedings, till 6 April 2021 (including knowledge transfer period of 3 months) and the annual maintenance contract and software licenses for the period till 6 August 2021. 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, and also stipulates that the Company is entitled to receive the consideration for its services during the period covered by the consent terms, i.e. from May 2020 to August 2021, at the current market value. Pending determination of the current market value through arbitration, revenue is measured by the Company at existing contract price for the period May 2020 to August 2021. The differential revenue on the basis of current market value will be recognized once the same has been determined by the Hon'ble Arbitral Tribunal in the future. Further, the corresponding costs have been recognized based on actual basis on respective period.
- 49 HCL Infosystems Limited was awarded the order for supply, installation and commissioning of communication infrastructure, on turnkey basis, for (Commonwealth Games) CWG and later the work of re-deployment of equipment in MTNL's network in Delhi and Mumbai was also included. Disputes arised between both the parties with regard to completion of the project and Arbitration proceeding was initiated by HCL Infosystems Ltd. to recover the pending amount. In August 2014, the Arbitral Tribunal passed an Award in favour of HCL Infosystems Ltd., whereby allowing majority of its claim and dismissing all the counter-claims of MTNL. MTNL challenged the Award before the High Court of Delhi and the same was dismissed. MTNL filed an Appeal before the Division Bench of the High Court challenging the said dismissal, wherein during the March 2016, the MTNL was directed to deposit a total sum of Rs.91.30 Crores (Rs. 80.35 Crores principal and Rs. 10.95 Crores interest) with the Court in the form of a Fixed Deposit.

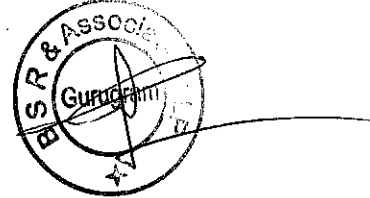
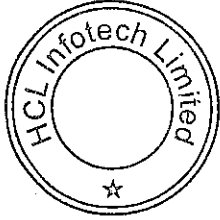
This contract was part of Hardware Solutions business transferred to HCL Infotech Limited under Scheme of Arrangement in 2013. HCL Infotech filed an application for release of the aforesaid Fixed Deposit (including accumulated interest accrued thereon till date of release of Rs 39.86 Crores net off TDS) of Rs. 120.21 Crores. Accordingly, the same has been released on adhoc basis by the Hon'ble High Court of Delhi during the year against a Bank Guarantee.

As part of issuance of Optionally Convertible Debentures (OCDs) (as referred to in note 45 & 46 above), the Company has transferred its rights to receive cash flows from MTNL to the HCL Infosystems Limited and as per the terms of OCDs, cash collected shall be utilized to redeem OCDs. However, since MTNL's Appeal is sub-judice (pending disposal) before the Division Bench of the High Court, amount has not been utilized for redemption of OCDs and shown as amount collected under litigation as a part of current liabilities in the financial statement of the Company.



50 Due to unprecedented business conditions in the market, the Company has been suffering losses from since inception. Due to this, Company is not able to perform its obligation towards the repayment of the principle amount of ICD's advanced to the Company by its Holding Company, HCL Infosystems Limited (HCL) as well as the interest outstanding on the same. Hence, the Board of Directors of the HCL, in its meeting held on 23rd March, 2021 approved to issue letter for waiver of interest of ₹ 228.58 Crores to the Company. Therefore, the Company has disclosed gain of ₹ 228.58 Crores under "Other Equity" in the Balance Sheet as at March 31,2021.

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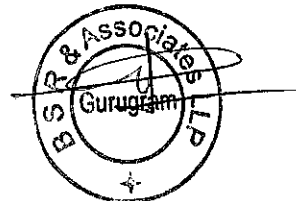
**HCL Infotech Limited**  
Notes to the Financial Statements

**51 Relationship with struck off Companies for the year ended March 31, 2023 and March 31, 2022**

Name of Struck off companies	Nature of transactions with struck off companies	Balance Outstanding	Relationship with the struck off company
Absolute Hr Solutions Private	Trade receivable	0.00 (0.00)	Customer
Evermind Infotech Private Limited	Trade receivable	0.01 (0.01)	Customer
Expertvision Infotech Pvt Ltd	Trade receivable	- (0.01)	Customer
Indiaonline Express Pvt Ltd	Trade receivable	- (0.01)	Customer
Remi Metals Gujarat Ltd	Trade receivable	- (0.00)	Customer
Twinberry Computer Pvt Ltd	Trade receivable	- (0.00)	Customer
Vitresant Intomedia Pvt Ltd	Trade receivable	- (0.00)	Customer
Simlink Systems Private Limited	Trade receivable	- (0.00)	Customer
Vrinka Overseas Private Limited	Trade receivable	- (0.00)	Customer
Harinagar Sugar Mills Ltd	Advance from customer	- (0.00)	Customer
Harinagar Sugar Mills Ltd	Advance from customer	- (0.00)	Customer
Microland Limited	Advance from customer	- (0.00)	Customer
Gujarat Telelink Pvt Ltd	Trade receivable	- (0.00)	Customer
Central Coalfield Ltd.	Advance from customer	- (0.00)	Customer
I Cube Intech Pvt Limited	Trade receivable	- (0.00)	Customer
India Glycols Limited	Trade receivable	- (0.00)	Customer
Deloitte Consulting India Pvt Ltd	Trade receivable	- (0.01)	Customer
Deloitte Consulting India Pvt Ltd	Trade receivable	- (0.02)	Customer
Winger Software Services Pvt Ltd	Trade receivable	- (0.03)	Customer
Serene Global Services Pvt Ltd	Advance from customer	- (0.02)	Customer
Kiranoday Engineering Products Priv. Trade Payable		- (0.00)	Vendor
Tps India Pvt Ltd	Trade Payable	- (0.00)	Vendor
Expertvision Infotech Private Limited Trade Payable		- (0.01)	Vendor

Note: Previous year figures are given in brackets.  
Amount represents in ₹ '00' less than one crores

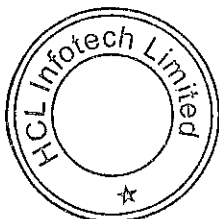
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**HCL Infotech Limited**

Notes to the Financial Statements

- 52 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 ₹ 3.02 Crores, for the year ended March 31,2023 (2022: ₹ 6.71 Crores), on account of write back of certain old payables including unutilised provisions of ₹ 1.25 crores.
- 53 The Company is facing delays in receipts from the customers, primarily in the power sector, due to which the Company has charged ₹ 1.80 Crores, in the Statement of Profit and Loss, for the year ended March 31,2023 (2022: ₹ 3.61 Crores ) on account of provision for certain receivable balances.
- 54 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

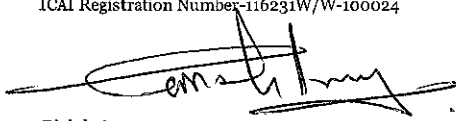


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**55 Other Statutory Information**

- a) The company does not have any benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
- b) The company is not declared a wilful defaulter by any bank or financial institution or any other lender.
- c) The Company has complied with the number of layers prescribed under section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- d) The company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- e) The company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

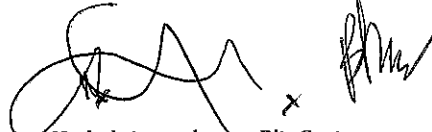
*For B S R & Associates LLP*  
*Chartered Accountants*  
ICAI Registration Number-116231W/W-100024



**Girish Arora**  
*Partner*  
Membership Number - 098652

**New Delhi: May 22, 2023**

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



**Neelesh Agarwal**  
*Director*  
DIN - 00149856

**Rita Gupta**  
*Director*  
DIN - 00899240

**Noida: May 22, 2023**



**Apoorva Jain**  
*Company Secretary*

