

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 2024, 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 material 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 2024, 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 42 to the financial statements, which states that the Company has continuously made losses for past several year and its net worth is fully eroded. Further, the Company's current liabilities exceed its current assets as at 31 March 2024 by Rs 19,828.95 lakhs (31 March 2023: Rs. 13,129.48 lakhs). However, based upon the measures as set forth in the Note 42 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.

Our opinion is not modified in respect of this matter.

Management's and Board of Directors' Responsibilities for the Financial Statements

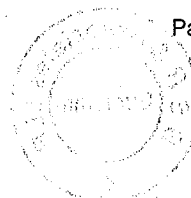
The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and 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

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Independent Auditor's Report (Continued)

HCL Infotech Limited

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

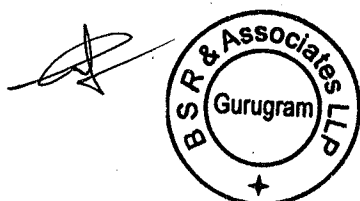
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.
- 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.



Independent Auditor's Report (Continued)

HCL Infotech Limited

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 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 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:
 - a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note 31 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 2024. - 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 51 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 51 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



Independent Auditor's Report (Continued)

HCL Infotech Limited

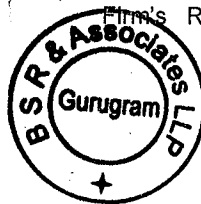
of the Ultimate Beneficiaries.

- (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. Based on our examination which included test checks, the Company has used an accounting software, operated by a third party service provider, for maintaining its books of account which has a feature of audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that in the absence of an independent auditor's report for the said software, we are unable to comment whether audit trail feature was enabled at the database level. Further, where audit trail (edit log) facility was enabled and operated throughout the year, we did not come across any instance of audit trail feature being tampered with.
- 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.: 116231WW-100024



A handwritten signature in black ink, appearing to read "Girish Arora".

Girish Arora

Partner

Place: New Delhi

Date: 22 May 2024

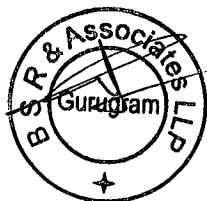
Membership No.: 098652

ICAI UDIN: 24098652BKAGIL5457

Annexure A to the Independent Auditor's Report on the Financial Statements of HCL Infotech Limited for the year ended 31 March 2024

(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 2024 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 2024 (Continued)

| Particulars | Guarantees (Rs. in lakhs) | Security (Rs. in lakhs)* | Loans (Rs. in lakhs) | Advances in nature of loans (Rs. in lakhs) |
|--|------------------------------|-----------------------------|-------------------------|--|
| Aggregate amount during the year holding Company | - | - | - | - |
| Balance outstanding as at balance sheet date holding Company | 6,500.00 | 5,145.00 | - | - |

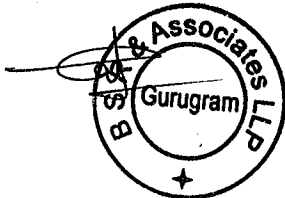
*Security given is part of the guarantee given to the holding company.

- (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 2024 for a period of more than six months from the date they became payable:

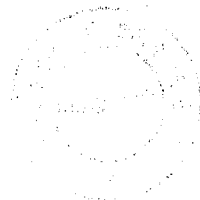
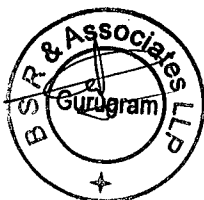
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been 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 2024 (Continued)

| Name of the statute | Nature of the dues | Amount of demand (Rs. lakhs) in | Amount of deposit (Rs. in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|--------------------|---------------------------------|----------------------------------|------------------------------------|--------------------------------------|
| Central Sales Tax, 1956 | CST | 15.34 | 13.59 | 2002-03 to 2009-10 | Tribunal |
| Central Sales Tax, 1956 | CST | 93.96 | 43.82 | 2003-04 to 2016-17 | Upto Commissioner (Appeals) |
| Entry Tax Act | Entry Tax | 2.26 | 2.26 | 2014-15 | Upto Commissioner (Appeals) |
| Goods & Service Tax, 2017 | GST | 2.25 | 0.58 | 2018-19 | Upto Commissioner (Appeals) |
| Sales Tax/ Value added tax under various states | Sales tax | 0.34 | 0.34 | 2005-06 | High Court |
| Sales Tax/ Value added tax under various states | Sales tax | 2.32 | 1.55 | 2004-05 and 2009-10 | Tribunal |
| Sales Tax/ Value added tax under various states | Sales tax | 116.83 | 97.80 | 2006-07 to 2017-18 | Upto Commissioner (Appeals) |
| Income Tax Act, 1961 | Income Tax | 5,831.28 | - | AY 2017-18 | Commissioner of Income Tax (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.



Annexure A to the Independent Auditor's Report on the Financial Statements of HCL Infotech Limited for the year ended 31 March 2024 (Continued)

- (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.
- (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.



Annexure A to the Independent Auditor's Report on the Financial Statements of HCL Infotech Limited for the year ended 31 March 2024 (Continued)

- (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.
- (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. 1,962.30 lakhs in the current financial year and Rs. 2,231.00 lakhs 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 42 to the financial statements, which indicates that the Company has incurred a net loss of Rs. 1,496.96 lakhs during the year ended 31 March 2024 and, as of that date, the Company's net worth is fully eroded and that the current liabilities exceed its current assets by Rs. 19,828.95 lakhs. 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:24098652BKAGIL5457

Place: New Delhi

Date: 22 May 2024

Annexure B to the Independent Auditor's Report on the financial statements of HCL Infotech Limited for the year ended 31 March 2024

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 2024 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 2024, 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

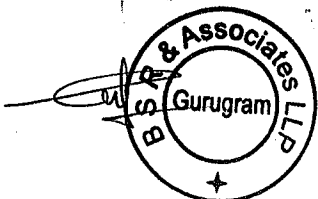
Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable 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 2024 (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

Registration No.: 116231WW-100024



A handwritten signature in black ink, appearing to read "Girish Arora".

Girish Arora

Partner

Place: New Delhi

Date: 22 May 2024

Membership No.: 098652

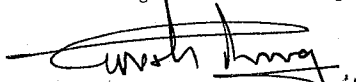
ICAI UDIN: 24098652BKAGIL5457

HCL Infotech Limited
Balance Sheet as at March 31, 2024

| | Notes | As at 31.03.2024 ₹/Lakhs | | As at 31.03.2023 ₹/Lakhs | |
|--|-------|--------------------------------|------------------|--------------------------------|------------------|
| I. ASSETS | | | | | |
| (1) Non-current assets | | | | | |
| Property, plant and equipment | 3 | 0.01 | | 1.00 | |
| Financial assets | | | | | |
| (i) Investments | 4(a) | 291.26 | | 291.26 | |
| (ii) Others financial assets | 5 | 5,493.57 | | 66.21 | |
| Other tax asset (net) | 6 | 3,176.82 | | 3,355.12 | |
| Other non-current assets | 7 | 571.01 | 9,532.67 | 571.63 | 4,285.22 |
| (2) Current assets | | | | | |
| Inventories | 8 | 37.16 | | 38.79 | |
| Financial assets | | | | | |
| (i) Investments | 4 (b) | 206.38 | | 1,902.30 | |
| (ii) Trade receivables | 9 | | | | |
| (a) Billed | | 1,686.58 | | 2,428.04 | |
| (b) Unbilled | | 51.94 | | - | |
| (iii) Cash and cash equivalents | 10 | 270.25 | | 245.28 | |
| (iv) Other bank balances other than (iii) above | 11 | 8,477.86 | | 13,906.73 | |
| (v) Others financial assets | 12 | 1.62 | | 294.35 | |
| Other current assets | 13 | 2,329.37 | 13,061.16 | 2,449.54 | 21,265.03 |
| Total Assets | | | 22,593.83 | | 25,550.25 |
| II. EQUITY AND LIABILITIES | | | | | |
| (1) Equity | | | | | |
| Equity share capital | 14 | 22.03 | | 22.03 | |
| Other equity | 15 | (10,443.42) | (10,421.39) | (8,941.98) | (8,919.95) |
| (2) Liabilities | | | | | |
| Non-current liabilities | | | | | |
| Non-current provisions | 16 | 125.11 | 125.11 | 75.69 | 75.69 |
| Current liabilities | | | | | |
| Financial liabilities | | | | | |
| (i) Trade payables | 17 | | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 24.49 | | 8.57 | |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 3,662.69 | | 3,357.35 | |
| (ii) Other financial liabilities | 18 | 462.74 | | 703.09 | |
| Other current liabilities | 19 | 26,271.06 | | 26,833.31 | |
| Provisions | 20 | 2,469.13 | 32,890.11 | 3,492.19 | 34,394.51 |
| Total Equity and Liabilities | | | 22,593.83 | | 25,550.25 |
| Summary of material accounting policies | 2 | | | | |

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

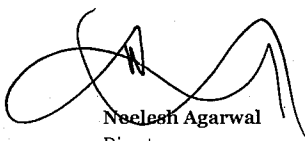
For B S R & Associates LLP
Chartered Accountants
ICAI Registration Number-116231W/W-100024



Girish Arora
Partner
Membership Number - 098652

New Delhi: May 22, 2024

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

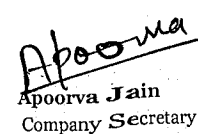


Neellesh Agarwal
Director
DIN - 00149856

Noida: May 22, 2024



Rita Gupta
Director
DIN - 00899240



Apoorva Jain
Company Secretary

by

HCL Infotech Limited
Statement of Profit and Loss for the year ended March 31, 2024

| | Notes | Year ended 31.03.2024 ₹/Lakhs | Year ended 31.03.2023 ₹/Lakhs |
|--|-------|-------------------------------------|-------------------------------------|
| Income : | | | |
| Revenue from operations | 21 | 2,742.81 | 2,533.35 |
| Other income | 22 | 1,687.91 | 940.14 |
| Total Income | | 4,430.72 | 3,473.49 |
| Expenses : | | | |
| Direct Expense | 23 | 833.14 | 1,252.07 |
| Changes in inventories of stock-in-trade | 24 | 1.63 | 10.27 |
| Employee benefits expense | 25 | 1,206.69 | 1,383.90 |
| Finance costs | 26 | 39.77 | 40.65 |
| Depreciation and amortization expense | 3 | 1.10 | 1.19 |
| Other expenses | 27 | 3,845.35 | 4,363.39 |
| Total expenses | | 5,927.68 | 7,051.47 |
| Loss before exceptional items and tax | | (1,496.96) | (3,577.98) |
| Exceptional items | | - | - |
| Loss before tax | | (1,496.96) | (3,577.98) |
| Tax expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax | | - | - |
| Loss for the year | | (1,496.96) | (3,577.98) |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Loss on remeasurement of defined benefit plan | | (4.48) | (4.23) |
| Less: Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| | | (4.48) | (4.23) |
| Total comprehensive loss for the year | | (1,501.44) | (3,582.21) |
| Earnings/(Loss) per share (in ₹ Per share) | 35 | | |
| (1) Basic | | (679.51) | (1,624.14) |
| (2) Diluted | | (679.51) | (1,624.14) |

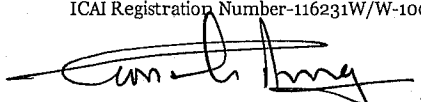
Summary of material accounting policies

2

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

As per our report of even date attached

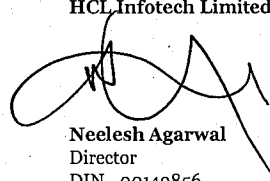
For B S R & Associates LLP
Chartered Accountants
ICAI Registration Number-116231W/W-100024



Girish Arora
Partner
Membership Number - 098652

New Delhi: May 22, 2024

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

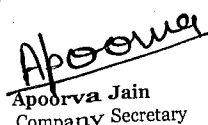


Neelesh Agarwal
Director
DIN - 00149856

Noida: May 22, 2024



Rita Gupta
Director
DIN - 00899240



Apoorva Jain
Company Secretary

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HCL Infotech Limited
Statement of Changes in Equity for the year ended March 31, 2024

a. Equity Share Capital

| ₹/Lakhs | | |
|-----------------------------|---|------------------------------|
| Balance as at April 1, 2023 | Changes in equity share capital during the year | Balance as at March 31, 2024 |
| 22.03 | - | 22.03 |

| Balance as at April 1, 2022 | Changes in equity share capital during the year | Balance as at March 31, 2023 |
|-----------------------------|---|------------------------------|
| 22.03 | - | 22.03 |

b. Other Equity

| Particulars | Reserves and surplus | | | Total |
|---|----------------------|----------------------------|----------------------|--------------------|
| | Capital reserve | Securities premium reserve | Retained earnings | |
| Balance as at 01.04.2022 | 1,02,030.50 | 24,983.01 | (1,32,373.28) | (5,359.77) |
| Loss for the year | - | - | (3,577.98) | (3,577.98) |
| Other comprehensive income for the year | - | - | (4.23) | (4.23) |
| Balance as at 31.03.2023 | 1,02,030.50 | 24,983.01 | (1,35,955.49) | (8,941.98) |
| Balance as at 01.04.2023 | 1,02,030.50 | 24,983.01 | (1,35,955.49) | (8,941.98) |
| Loss for the year | - | - | (1,496.96) | (1,496.96) |
| Other comprehensive income for the year | - | - | (4.48) | (4.48) |
| Balance as at 31.03.2024 | 1,02,030.50 | 24,983.01 | (1,37,456.93) | (10,443.42) |

Securities Premium :

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

Capital Reserve :

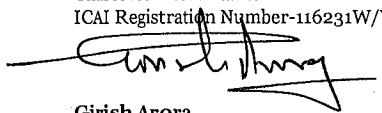
Capital Reserve includes ₹ 41,064 lakhs on account of scheme of arrangement in earlier years, and ₹ 60,966 lakhs recognised due to waiver of interest by holding company on inter corporate loans (ICD) and conversion of principal portion of ICD into OCD. (refer note 45)

Retained Earnings:

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

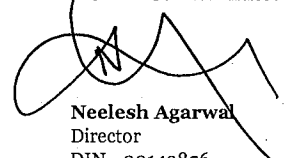
As per our report of even date attached

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



Girish Arora
Partner
Membership Number - 098652

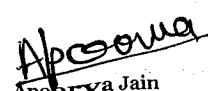
New Delhi: May 22, 2024

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


Neelesh Agarwal
Director
DIN - 00149856

Noida: May 22, 2024


Rita Gupta
Director
DIN - 00899240


Apoorva Jain
Company Secretary

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HCL Infotech Limited
Cash Flow Statement for the year ended March 31, 2024

| | Year ended 31.03.2024 ₹/Lakhs | | Year ended 31.03.2023 ₹/Lakhs | |
|--|-------------------------------------|-------------------|-------------------------------------|--------------------|
| 1. Cash flow from operating activities: | | | | |
| Loss before tax | | (1,496.96) | | (3,577.98) |
| Adjustments for: | | | | |
| Depreciation and amortisation expense | 1.10 | | 1.19 | |
| Finance cost | 39.77 | | 40.65 | |
| Interest income | - | | (47.29) | |
| Interest income on Fixed deposits | (1,066.09) | | (338.51) | |
| Interest on income tax refund | (8.77) | | - | |
| Net profit on sale of property, plant and equipment | (0.18) | | (0.55) | |
| Net gains on fair value changes on investments | (6.83) | | (60.39) | |
| Gain on sale of investment carried at FVTPL | (60.42) | | (191.43) | |
| Loss on foreign exchange fluctuation | 2.58 | | 64.06 | |
| Provision for doubtful debts | 23.90 | | 180.20 | |
| Provision for doubtful loans & advances and other current assets | - | | 21.55 | |
| Net provisions for Input tax credit | 50.09 | | 1,087.03 | |
| Provisions/liabilities no longer required written back | (536.18) | (1,561.03) | (301.97) | 454.54 |
| Operating loss before working capital changes | | (3,057.99) | | (3,123.44) |
| Adjustments for changes in working capital: | | | | |
| Decrease in trade receivables | 665.61 | | 341.17 | |
| Decrease in non-current assets | - | | 118.99 | |
| Decrease in current assets | 362.88 | | 1,843.77 | |
| Decrease in inventories | 1.63 | | 10.27 | |
| Increase/(decrease) in current liabilities | (966.08) | | 11,497.57 | |
| Increase/(decrease) in non-current liabilities | 49.64 | 113.68 | (0.94) | 13,810.83 |
| Cash generated/(used in) from operations | | (2,944.31) | | 10,687.39 |
| Net tax refund (including interest) | | 187.07 | | - |
| Net cash generated/(used in) from operating activities | (A) | (2,757.24) | | 10,687.39 |
| 2. Cash flow from investing activities: | | | | |
| Interest received | 1,066.09 | | 338.51 | |
| Proceeds from sale of property plant and equipments | 0.18 | | 0.68 | |
| Proceeds of current investments | 3,163.12 | | 13,652.49 | |
| Purchase of current investments | (1,399.93) | | (13,499.63) | |
| Investment/(maturity) in bank margin money | 1.52 | 2,830.98 | (11,329.00) | (10,836.95) |
| Net cash generated/(used in) from investing activities | (B) | 2,830.98 | | (10,836.95) |
| 3. Cash flow from financing activities: | | | | |
| Interest paid | (48.77) | (48.77) | (67.57) | (67.57) |
| Net cash used in financing activities | (C) | (48.77) | | (67.57) |
| Net (Decrease) /Increase in cash and cash equivalents | (A+B+C) | 24.97 | | (217.13) |
| Opening balance of cash and cash equivalents | | 245.28 | | 462.41 |
| Closing balance of cash and cash equivalents | | 270.25 | | 245.28 |
| Cash and cash equivalents comprise of | | 270.25 | | 245.28 |
| Cash in hand | | - | | - |
| Balances with banks on current accounts (refer note 10) | | 270.25 | | 245.28 |

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.

Note:
Figures in brackets indicate cash outflow.

Summary of material accounting policies (refer note 2)

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, 2024

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, 2024

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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 AMC's and supporting System Integration projects.

The financial statements were approved by the Board of Directors and authorised for issue on 22.05.2024.

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 standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, notified under section 133 of the Companies Act, 2013 ('Act') 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. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

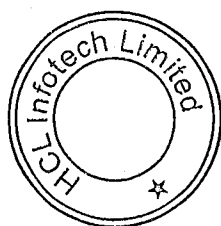
(ii) Basis of measurement

The financial statements have been prepared on a going concern basis using historical cost convention and on accrual method of accounting, except for the certain financial assets and liabilities which have been measured at fair value except for the following items:

- 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).
- Defined benefit assets / (liability) measured at fair value of plan assets (if any) less the present value of defined benefit obligation.
- Optionally Convertible Debentures measured at fair value

(iii) Current /non-current classification

Based on the time involved between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has identified twelve months as its operating cycle for determining current and non-current classification of assets and liabilities in the balance sheet.



HCL Infotech Limited
Notes to the Financial Statements

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, 2024, 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 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

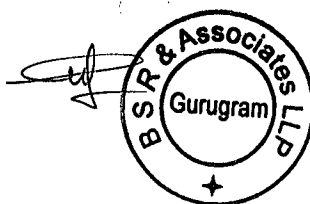
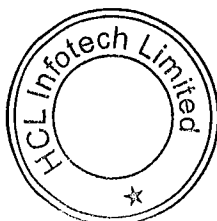
The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses disclosure of contingent liabilities and contingent assets at the 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) 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. (refer note 40)

b) 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. (refer note 31)

c) 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. (refer note 29 (ia))

d) 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.

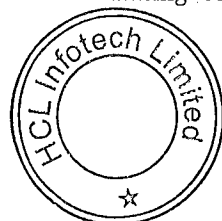
e) Liquidated damages

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

f) 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



HCL Infotech Limited
Notes to the Financial Statements

transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. In case of multiple performance obligations the Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

2.5 Property, plant and equipment

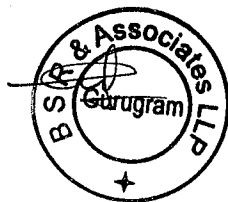
Freehold land is carried at historical cost. All other items of property, plant and equipment (including capital-work-in progress) are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the 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 statement of profit and loss during the reporting period in which they are incurred.

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:



HCL Infotech Limited
Notes to the Financial Statements

| Asset | Management's estimate of useful life | Useful Life as per Schedule II |
|------------------------|--------------------------------------|--------------------------------|
| Building | 60 Years | 60 Years |
| Plant and Machinery | 5 Years | 15 Years |
| Furniture and Fixtures | 3-5 Years | 10 Years |
| Vehicles | 5 Years | 6 Years |
| Computers | 3 Years | 3- 6 Years |

(i) Depreciation on fixed assets of the foreign subsidiaries:

| | |
|------------------------|-----------|
| Building | 20 Years |
| Computers | 3-4 Years |
| Furniture and Fixtures | 4-6 Years |
| Office Equipment | 6 Years |

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

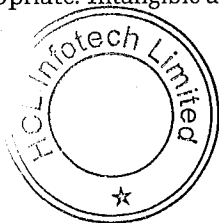
2.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is recognised at fair value at the date of acquisition. An intangible asset is recognised only if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Following initial recognition, other intangible assets, including those acquired by the Company in a business combination and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost of the asset can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in depreciation and amortisation in Statement of profit and loss. Goodwill is not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Intangible assets (other than Goodwill) are amortised at straight line basis as follows:



HCL Infotech Limited
Notes to the Financial Statements

| | |
|------------------------------|-----------|
| Intellectual Property Rights | 7 years |
| Software | 1-5 years |

2.7 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.

2.8 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.

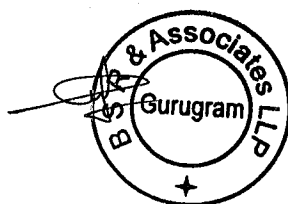
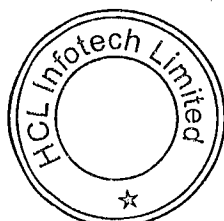
B. Financial assets

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



HCL Infotech Limited
Notes to the Financial Statements

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.

Investment in subsidiary

Investment in subsidiary is carried at cost in financial statement.

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.

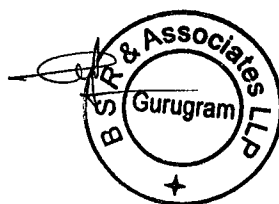
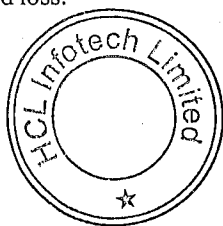
C. Financial liabilities

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.



HCL Infotech Limited
Notes to the Financial Statements

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:

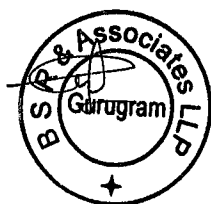
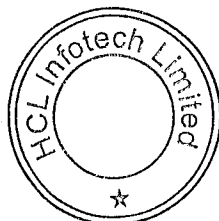
- Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.9 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



HCL Infotech Limited
Notes to the Financial Statements

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.

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.

2.10 Inventories

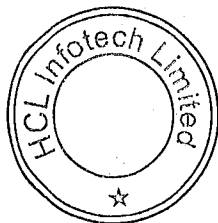
Stock-in-trade is stated at the lower of cost and net realisable value.

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.

2.11 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.



HCL Infotech Limited
Notes to the Financial Statements

2.12 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 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

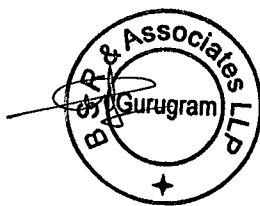
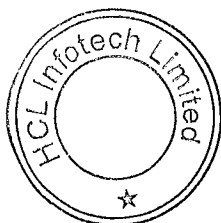
Investments in subsidiary are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in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



HCL Infotech Limited
Notes to the Financial Statements

2.13 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.

2.14 Provisions, contingent liabilities and contingent assets

a) Provisions

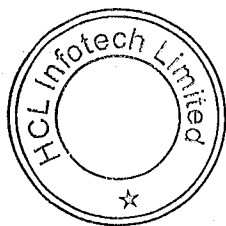
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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 Company. Contingent assets are disclosed where an inflow of economic benefits is probable.



HCL Infotech Limited
Notes to the Financial Statements

2.15 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.

2.16 Revenue recognition

Contracts involving provision of services and material

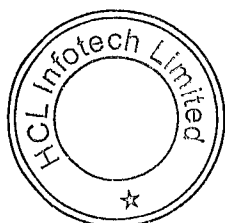
Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. A contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Time-and-material / Volume based / Transaction based contracts

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to the right to invoice for services performed.

Fixed Price contracts

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time are recognized based on progress towards completion of the performance obligation using percentage-of-completion (POC) method of accounting. Revenue is recognized based on the costs incurred



HCL Infotech Limited
Notes to the Financial Statements

to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified.

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

The Company recognizes an onerous contract provision when the expected unavoidable costs of meeting the future obligations exceed the expected economic benefits to be received under a contract. Such provision, if any, is recorded in the period in which such losses become probable and is included in cost of revenues.

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

Interest income

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discount estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2.17 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.

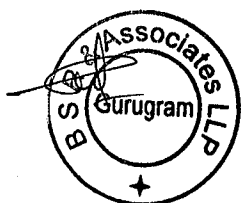
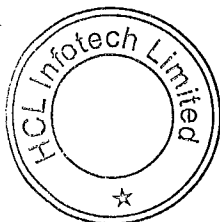
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

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.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan where the Company's legal or constructive obligation is limited to the amount that it contributes to a separate legal entity. The Company makes specified



HCL Infotech Limited
Notes to the Financial Statements

monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plan are expensed as an employee benefits expense in the statement of profit and loss in period in which the related service is provided by the employee. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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.

2.18 Earnings per share

(i) Basic earnings per share

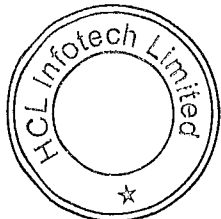
Basic earnings per share is computed by dividing:

- 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:

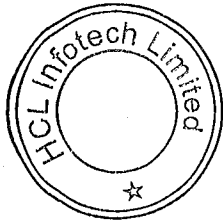
- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.



HCL Infotech Limited
Notes to the Financial Statements

2.19 Changes in material accounting policies

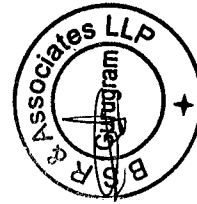
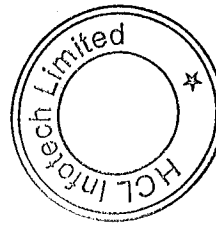
(i) Material accounting policy information The Company adopted Disclosure of Accounting Policies (Amendments to Ind AS 1) from 1 April 2023. Although the amendments did not result in any changes in the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.



3 Property, Plant & Equipment

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|------------------------|---------------------|-----------|-------------|---------------------|---------------------|-------------|-------------|---------------------|---------------------|---------------------|
| | As at 01.04.2023 | Additions | Disposal | As at 31.03.2024 | As at 01.04.2023 | Additions | Disposal | As at 31.03.2024 | As at 31.03.2024 | As at 31.03.2024 |
| | | | | | | | | | | |
| Furniture and Fixtures | 0.72 | - | - | 0.72 | 0.72 | - | - | 0.72 | 0.72 | - |
| Vehicles | 1.00 | - | - | 1.00 | 1.00 | - | - | 1.00 | 1.00 | - |
| Computers | 16.63 | - | 0.99 | 15.64 | 15.63 | 1.10 | 1.10 | 15.63 | 15.63 | 0.01 |
| Total | 18.35 | - | 0.99 | 17.36 | 17.35 | 1.10 | 1.10 | 17.35 | 17.35 | 0.01 |

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|------------------------|---------------------|-----------|-------------|---------------------|---------------------|-------------|-------------|---------------------|---------------------|---------------------|
| | As at 01.04.2022 | Additions | Disposal | As at 31.03.2023 | As at 01.04.2022 | Additions | Disposal | As at 31.03.2023 | As at 31.03.2023 | As at 31.03.2023 |
| | | | | | | | | | | |
| Furniture and Fixtures | 0.72 | - | - | 0.72 | 0.72 | - | - | 0.72 | 0.72 | - |
| Vehicles | 1.00 | - | - | 1.00 | 1.00 | - | - | 1.00 | 1.00 | - |
| Computers | 17.88 | - | 1.25 | 16.63 | 16.06 | 1.19 | 1.62 | 15.63 | 15.63 | 1.00 |
| Total | 19.60 | - | 1.25 | 18.35 | 17.78 | 1.19 | 1.62 | 17.35 | 17.35 | 1.00 |



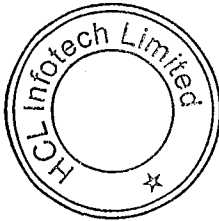
HCL Infotech Limited
Notes to the Financial Statements

4(a) Non-current investments

| | As at 31.03.2024 | | As at 31.03.2023 | |
|--|------------------------------------|-------------------|------------------------------------|-------------------|
| | Units | Amount ₹/Lakhs | Units | Amount ₹/Lakhs |
| Unquoted | | | | |
| Investments in equity instruments of subsidiaries (at cost) | | | | |
| HCL Investments Pte. Limited | 1 in SGD* and 1,775,000 in USD* | 841.26 | 1 in SGD* and 1,775,000 in USD* | 841.26 |
| Less: Impairment in the value of investment | | 550.00 | | 550.00 |
| Total Investments in equity instruments of subsidiaries | | 291.26 | | 291.26 |
| * SGD = Singapore Dollar; USD = United States Dollar. Aggregate amount of book value of unquoted investment | | 291.26 | | 291.26 |

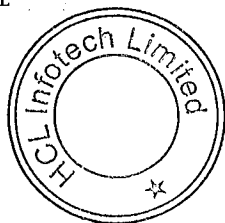
4(b) Current investments

| | As at 31.03.2024 | | As at 31.03.2023 | |
|---|------------------|-------------------|------------------|-------------------|
| | Units | Amount ₹/Lakhs | Units | Amount ₹/Lakhs |
| Unquoted (Others) | | | | |
| Investment in mutual funds at FVTPL | | | | |
| Growth options | | | | |
| UTI Liquid Cash Plan- [NAV - ₹ Nil (2023- ₹ 3663.51)] | - | - | 3,227 | 118.22 |
| ICICI Prudential Ultra Short Term Fund- [NAV - ₹ 25.31 (2023- ₹ 23.61)] | 8,15,343 | 206.38 | 13,57,214 | 320.47 |
| SBI Magnum Ultra Short Duration Fund- [NAV - ₹ Nil (2023- ₹ 5094.61)] | - | - | 28,729 | 1,463.61 |
| | | 206.38 | | 1,902.30 |
| Aggregate amount of book value and market value of unquoted investment | | 206.38 | | 1,902.30 |



HCL Infotech Limited
Notes to the Financial Statements

| | As at 31.03.2024 ₹/Lakhs | As at 31.03.2023 ₹/Lakhs |
|---|--------------------------------|-----------------------------|
| 5 Other financial assets - non-current | | |
| Considered good | | |
| Bank deposits with original maturity of more than 12 months # (refer note 39) | 5,493.57 | 66.21 |
| Balance with bank- margin money account* | | |
| TOTAL | <u>5,493.57</u> | <u>66.21</u> |
| *Balances held as margin money towards obtaining Bank Guarantees. # includes ₹ 5,492 lakhs (2023 - ₹ Nil) lien marked with Banks | | |
| 6 Other tax asset | | |
| Advance income tax (net of provisions) [Provision for the year ₹ Nil (2023 - ₹ Nil)] | 3,176.82 | 3,355.12 |
| TOTAL | <u>3,176.82</u> | <u>3,355.12</u> |
| 7 Other non-current assets | | |
| Unsecured | | |
| Capital advances | | 0.62 |
| Deposits with tax authorities | 571.01 | 571.01 |
| TOTAL | <u>571.01</u> | <u>571.63</u> |
| 8 Inventories | | |
| Stock-in-trade* | 37.16 | 38.79 |
| TOTAL | <u>37.16</u> | <u>38.79</u> |
| *Write-downs of inventories to net realisable value recognised as an expense during the year amounts to ₹ 5.00 lakhs (2023- ₹ 5.44 lakhs). These were included in changes in value of inventories of stock in trade in statement of profit and loss. | | |
| 9 Trade receivables* (refer note 45) | | |
| a) Billed | | |
| - Unsecured, considered good | 1,686.58 | 2,428.04 |
| - Significant increase in credit risk | 23.90 | 180.20 |
| - Credit impaired | <u>15,198.73</u> | <u>15,019.54</u> |
| Less: Allowance for doubtful debts | 16,909.21 | 17,627.78 |
| | <u>15,222.63</u> | <u>15,199.74</u> |
| b) Unbilled revenue | 51.94 | - |
| TOTAL | <u>1,738.52</u> | <u>2,428.04</u> |
| *refer note 29 (ia) disclosure related to ageing of trade receivable and refer note 39 for related party balances. | | |
| 10 Cash and Cash Equivalents | | |
| Balances with banks | | |
| - In current account* | 270.25 | 245.28 |
| TOTAL | <u>270.25</u> | <u>245.28</u> |
| * includes ₹ 164 lakhs (2023- ₹ 164 lakhs) restricted Bank Balance lying with UBGB Bank. | | |
| 11 Other bank balances | | |
| Balances with banks | | |
| - On margin account | 180.00 | 97.96 |
| Bank deposits with original maturity of more than three months but less than 12 months* (refer note 39) | 8,297.86 | 13,808.77 |
| TOTAL | <u>8,477.86</u> | <u>13,906.73</u> |
| * includes ₹ Nil (2023 - ₹ 5,145 lakhs) lien marked with Banks | | |
| 12 Other current financial asset | | |
| Considered good | | |
| Other receivable from related parties (refer note 39) | 1.62 | - |
| Other financial assets | | 294.35 |
| Considered doubtful | | |
| Security deposits, lease rental recoverable and other advances | 1,311.89 | 1,363.72 |
| Less: Allowance for doubtful security deposits, lease rental recoverable and other advances | <u>(1,311.89)</u> | <u>(1,363.72)</u> |
| TOTAL | <u>1.62</u> | <u>294.35</u> |



HCL Infotech Limited
Notes to the Financial Statements

| | As at 31.03.2024 ₹/Lakhs | As at 31.03.2023 ₹/Lakhs |
|---|--------------------------------|-----------------------------|
| 13 Other current assets | | |
| Unsecured | | |
| Considered good | | |
| Balances with government authorities | 1.43 | 1.61 |
| Contract assets (refer note 29(i)) | 1,613.17 | 2,156.69 |
| Prepaid expenses | 714.27 | 290.49 |
| Others (employee related recoverable) | 0.50 | 0.75 |
| Considered doubtful | | |
| Contract assets, deposits and other advances | 18,023.44 | 18,662.75 |
| Less: Allowance for doubtful loans and advances (includes ₹ 17,709 lakhs on contract assets (2023 - ₹ 18,341 lakhs)) | <u>(18,023.44)</u> | <u>(18,662.75)</u> |
| Input tax credit | 1,232.22 | 1,182.18 |
| Less: Allowance for input tax credit | <u>(1,232.22)</u> | <u>(1,182.18)</u> |
| TOTAL | <u>2,329.37</u> | <u>2,449.54</u> |
| 14 Share Capital | | |
| Authorised | | |
| 6,00,000 Equity Shares (2023 - 6,00,000) of ₹ 10/- each | 60.00 | 60.00 |
| TOTAL | <u>60.00</u> | <u>60.00</u> |
| Issued, Subscribed and Paid up | | |
| 2,20,300 Equity Shares (2023 - 2,20,300) of ₹ 10/- each (Fully Paid up) | 22.03 | 22.03 |
| TOTAL | <u>22.03</u> | <u>22.03</u> |

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 31.03.2024 | | As at 31.03.2023 | |
|---|------------------|-------------|------------------|-------------|
| | 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 31.03.2024 | | | As at 31.03.2023 | |
|--|------------------|-------------|--------------------------|------------------|-------------|
| | No. of shares | % of shares | % change during the year | 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

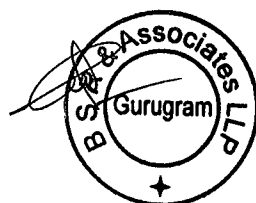
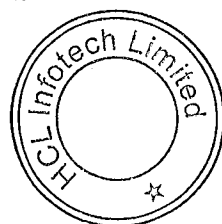
| | | |
|-----------------|------------------|------------------|
| Opening balance | 24,983.01 | 24,983.01 |
| Closing balance | <u>24,983.01</u> | <u>24,983.01</u> |

(b) Capital reserve account

| | | |
|-----------------|--------------------|--------------------|
| Opening balance | 1,02,030.50 | 1,02,030.50 |
| Closing balance | <u>1,02,030.50</u> | <u>1,02,030.50</u> |

(c) Retained earnings

| | | |
|---|----------------------|----------------------|
| Opening balance | (1,35,955.49) | (1,32,373.28) |
| Net loss for the year | (1,496.96) | (3,577.98) |
| Remeasurement of post employment benefit obligation, net of tax | (4.48) | (4.23) |
| Closing balance | <u>(1,37,456.93)</u> | <u>(1,35,955.49)</u> |
| TOTAL | <u>(10,443.42)</u> | <u>(8,941.98)</u> |



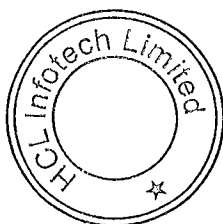
HCL Infotech Limited
Notes to the Financial Statements

| | As at 31.03.2024 ₹/Lakhs | As at 31.03.2023 ₹/Lakhs |
|---|--------------------------------|-----------------------------|
| 16 Non-current provisions | | |
| Provision for gratuity and other employee benefits (refer note 37) | 125.11 | 75.69 |
| TOTAL | <u>125.11</u> | <u>75.69</u> |
| 17 Trade payables* | | |
| Trade payables | | |
| (a) Total outstanding dues of micro enterprises and small enterprises; and (refer note 32) | 24.49 | 8.57 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises [Includes acceptance ₹ 3.82 lakhs (2023 - ₹ 3.82 lakhs)] | 3,662.69 | 3,357.35 |
| TOTAL | <u>3,687.18</u> | <u>3,365.92</u> |
| *refer note 29 (iia) disclosure related to ageing of trade payable and refer note 39 for related party balances. | | |
| 18 Other current financial liabilities | | |
| Payable to related parties (refer note 39) | 113.91 | 362.18 |
| Deposits | 198.83 | 198.83 |
| Employee benefits payable | 150.00 | 140.86 |
| Capital creditors | - | 1.22 |
| TOTAL | <u>462.74</u> | <u>703.09</u> |
| 19 Other Current Liabilities | | |
| Deferred revenue* | 10,225.11 | 10,376.00 |
| Advances received from customers* | 2,961.02 | 3,650.42 |
| Amount collected under litigation (refer note 39 and 47) | 12,341.73 | 12,020.63 |
| Statutory dues payable | 743.20 | 786.26 |
| TOTAL | <u>26,271.06</u> | <u>26,833.31</u> |
| *Contract liability comprises deferred revenue and advance received from customer which represents amount billed and collected from customers in respect of ongoing projects and projects under litigation. Contract liability in respect of project under litigation will be recognized as revenue upon final resolution of litigation. Contract liability in respect of ongoing projects are recognized over a period of time as and when the services are rendered. The amount of ₹ 1,600.90 lakhs included in contract liabilities at 31 March 2023 has been recognised as revenue during the year ended 31 March 2024 (31 March 2023: ₹ 1,602.12 lakhs). | | |
| 20 Current Provisions | | |
| Provision for gratuity and other employee benefits (refer note 37) | 105.77 | 85.82 |
| Provision for litigation (refer note 31(a) and 31 (b)) | 763.61 | 877.18 |
| Provision for contract losses* | 1,599.75 | 2,529.19 |
| TOTAL | <u>2,469.13</u> | <u>3,492.19</u> |
| *Provision for contract Losses | | |
| Balance as at the beginning of the year | 2,529.19 | 2,527.06 |
| Provision made during the year | 1,217.80 | 839.03 |
| Provision utilised/reversed during the year | <u>2,147.24</u> | <u>836.90</u> |
| Balance as at the end of the year | <u>1,599.75</u> | <u>2,529.19</u> |



HCL Infotech Limited
Notes to the Financial Statements

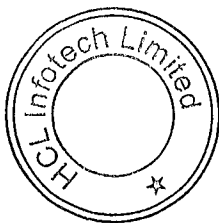
| | Year ended 31.03.2024 ₹/Lakhs | Year ended 31.03.2023 ₹/Lakhs |
|---|-------------------------------------|-------------------------------------|
| 21 Revenue from operations | | |
| Revenue from composite contracts | 1,600.90 | 1,602.12 |
| Rendering of services | 1,141.91 | 931.23 |
| TOTAL | 2,742.81 | 2,533.35 |
| Revenue by time | | |
| Revenue recognised at a point in time | 706.30 | 223.06 |
| Revenue recognised over a period of time | 2,036.51 | 2,310.29 |
| TOTAL | 2,742.81 | 2,533.35 |
| 22 Other income | | |
| Interest income from financial asset at amortised cost | | |
| - On fixed deposits (gross) | 1,066.09 | 338.51 |
| - On others | - | 47.29 |
| Scrap sale | 0.97 | - |
| Changes in fair value of investments | 6.83 | 60.39 |
| Gain on sale of Investment carried at FVTPL | 60.42 | 191.43 |
| Net profit on sale of property, plant and equipment | 0.18 | 0.55 |
| Provisions/liabilities no longer required written back | 536.18 | 301.97 |
| Miscellaneous income | 8.47 | - |
| Interest income on Income tax refund | 8.77 | - |
| TOTAL | 1,687.91 | 940.14 |
| 23 Direct expense | | |
| Direct service cost | 833.14 | 1,222.47 |
| Purchase of stock in trade | - | 29.60 |
| TOTAL | 833.14 | 1,252.07 |
| 24 Changes in inventories | | |
| Closing balance | | |
| - Stock-in-trade | 37.16 | 38.79 |
| | <u>37.16</u> | <u>38.79</u> |
| Opening balance | | |
| - Stock-in-trade | 38.79 | 49.06 |
| | <u>38.79</u> | <u>49.06</u> |
| Changes in Inventories | <u>1.63</u> | <u>10.27</u> |
| 25 Employee benefits expense | | |
| Salaries, wages and bonus (refer note 37) | 1,163.97 | 1,341.73 |
| Contribution to provident and other funds (refer note 37) | 33.73 | 33.76 |
| Staff welfare expenses | 8.99 | 8.41 |
| TOTAL | 1,206.69 | 1,383.90 |
| 26 Finance costs | | |
| Interest on optionally convertible debentures and ICD (refer note 39) | 39.77 | 39.66 |
| Other costs (processing and other fees) | - | 0.99 |
| TOTAL | 39.77 | 40.65 |



HCL Infotech Limited
Notes to the Financial Statements

| | Year ended 31.03.2024 ₹/Lakhs | Year ended 31.03.2023 ₹/Lakhs |
|---|-------------------------------------|-------------------------------------|
| 27 Other expenses | | |
| Rent (refer note 34) | 4.02 | 3.69 |
| Rates and taxes | 0.91 | 13.16 |
| Travelling and conveyance | 43.89 | 30.30 |
| Legal, professional and consultancy charges (refer note 33) | 2,468.05 | 1,883.10 |
| Retainership expenses | 361.84 | 368.24 |
| Insurance | 10.94 | - |
| Bank charges | 105.27 | 196.80 |
| Allowance for doubtful debts | 23.90 | 180.20 |
| Provision for doubtful other current assets | - | 21.55 |
| Net provisions for Input tax credit | 50.09 | 1,087.03 |
| Property, plant and equipment written-off | 0.01 | - |
| Cost allocation for common services* (refer note 39) | 636.09 | 475.97 |
| Net loss on foreign exchange fluctuation | 2.58 | 63.86 |
| Miscellaneous# | 137.76 | 39.49 |
| TOTAL | 3,845.35 | 4,363.39 |

*this represents cost allocated by the parent company for common services utilized.
#includes one time settlement of ₹ 100 lakhs (2023 - ₹Nil)



HCL Infotech Limited
Notes to the Financial Statements

Financial Instruments and Risk Management

28 Fair Value Measurements

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

| As at 31.03.2024 | | | | | ₹ /Lakhs |
|----------------------------------|-------|-----------------------------------|----------------|----------------------|------------------|
| Particulars | Notes | Fair value through Profit or Loss | Amortised Cost | Total Carrying Value | Total Fair Value |
| Financial Assets | | | | | |
| Non-current assets | | | | | |
| (i) Investments | 4(a) | - | 291.26 | 291.26 | 291.26 |
| (ii) Others financial assets | 5 | - | 5,493.57 | 5,493.57 | 5,493.57 |
| | | - | 5,784.83 | 5,784.83 | 5,784.83 |
| Current assets | | | | | |
| (i) Investments | 4 (b) | 206.38 | - | 206.38 | 206.38 |
| (ii) Trade receivables | 9 | - | 1,738.52 | 1,738.52 | 1,738.52 |
| (iii) Cash and cash equivalents | 10 | - | 270.25 | 270.25 | 270.25 |
| (iv) Other bank balances | 11 | - | 8,477.86 | 8,477.86 | 8,477.86 |
| (v) Others financial assets | 12 | - | 1.62 | 1.62 | 1.62 |
| | | 206.38 | 10,488.25 | 10,694.63 | 10,694.63 |
| Current liabilities | | | | | |
| (i) Trade payables | 17 | - | 3,687.18 | 3,687.18 | 3,687.18 |
| (ii) Other financial liabilities | 18 | - | 462.74 | 462.74 | 462.74 |
| | | - | 4,149.92 | 4,149.92 | 4,149.92 |

| As at 31.03.2023 | | | | | ₹ /Lakhs |
|----------------------------------|-------|-----------------------------------|----------------|----------------------|------------------|
| Particulars | Notes | Fair value through Profit or Loss | Amortised Cost | Total Carrying Value | Total Fair Value |
| Financial Assets | | | | | |
| Non-current assets | | | | | |
| (i) Investments | 4(a) | - | 291.26 | 291.26 | 291.26 |
| (ii) Others financial assets | 5 | - | 66.21 | 66.21 | 66.21 |
| | | - | 357.47 | 357.47 | 357.47 |
| Current assets | | | | | |
| (i) Investments | 4 (b) | 1,902.30 | - | 1,902.30 | 1,902.30 |
| (ii) Trade receivables | 9 | - | 2,428.04 | 2,428.04 | 2,428.04 |
| (iii) Cash and cash equivalents | 10 | - | 245.28 | 245.28 | 245.28 |
| (iv) Other bank balances | 11 | - | 13,906.73 | 13,906.73 | 13,906.73 |
| (v) Others financial assets | 12 | - | 294.35 | 294.35 | 294.35 |
| | | 1,902.30 | 16,874.40 | 18,776.70 | 18,776.70 |
| Current liabilities | | | | | |
| (i) Trade payables | 17 | - | 3,365.93 | 3,365.93 | 3,365.93 |
| (ii) Other financial liabilities | 18 | - | 703.09 | 703.09 | 703.09 |
| | | - | 4,069.02 | 4,069.02 | 4,069.02 |

Fair value hierarchy

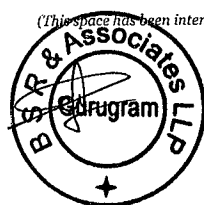
The assets and liabilities measured at fair value on a recurring basis as at March 31, 2024 and March 31, 2023 and the basis for that measurement is as below:

| ₹ /Lakhs | | | | |
|---|------------|----------------|----------------|----------------|
| Particulars | Fair Value | Level 1 inputs | Level 2 inputs | Level 3 inputs |
| Assets | | | | |
| Investments carried at fair value through profit and loss | 206.38 | 206.38 | - | - |
| | (1,902.30) | (1,902.30) | - | - |
| Investments carried at fair value through other | - | - | - | - |
| Investments carried at fair value through other comprehensive i | - | - | - | - |
| Unrealized gain on derivative financial instruments | - | - | - | - |
| | - | - | - | - |
| Liabilities | | | | |
| Unrealized loss on derivative financial instruments | - | - | - | - |
| | - | - | - | - |
| Contingent consideration | - | - | - | - |
| | - | - | - | - |
| Others | - | - | - | - |
| | - | - | - | - |

Note: Previous year figures are given in brackets.

Valuation Methodologies

Investments: The Company's investments consist of investment in debt linked mutual funds which are determined using quoted prices or identical quoted prices of assets or liabilities in active markets and are classified as Level 1. Fair value of corporate debt securities is determined using observable markets' inputs and is classified as Level 2. Investments in unquoted equity shares and limited liability partnerships are classified as fair value through profit and loss and are classified as Level 3. The re-measurement is calculated using unobservable inputs based on the Group's own assessment of third party valuations and respective company's financial performance.



HCL Infotech Limited

Notes to the Financial Statements

29 Financial Risk Management

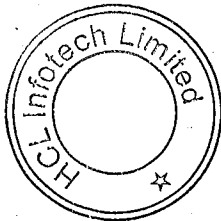
The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's financial risk management is an integral part of how to plan and execute its business strategies.

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.

| Risk | Exposure Arising from | Measurement | Management |
|----------------|--|--|---|
| Credit Risk | Investments in Fixed deposits and Mutual Funds, Trade receivables, Cash and cash equivalents, Bank balances, Loans, Other financial assets | Portfolio & Aging analysis and credit appraisal | Diversification of bank deposits and investments, pre defined investment criteria. |
| Liquidity risk | Borrowings, trade payable and other financial liabilities | Rolling cash flow forecasts | Availability of committed credit lines, working capital facilities and liquid investments and financial support from promoter shareholder |
| Market risk | Forex: Future commercial transactions, Recognized financial assets not denominated in Functional currency Mutual Funds: Changes in economic conditions, monetary policies, and geopolitical events. | Forex: Position of net foreign exchange risk, based on relative assets and liabilities Mutual Funds: Portfolio and performance analysis | Forex: Natural Hedge Mutual Funds: Portfolio analysis and diversification |

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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HCL Infotech Limited
Notes to the Financial Statements

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.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments in debt securities. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

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 31.03.2024 | ₹/Lakhs As at 31.03.2023 |
|----------------------------|---------------------|--------------------------------|
| Not Due* | 19,331.36 | 20,497.20 |
| 0-90 days past due | 992.56 | 1,365.96 |
| 91-180 days past due | - | - |
| 181-365 days past due | 15.48 | 32.44 |
| 1 - 2 years past due | - | 126.36 |
| More than 2 years past due | 15,892.11 | 16,103.03 |
| | <u>36,231.51</u> | <u>38,124.99</u> |

*Includes contract assets amounting to ₹ 19,322.31 lakhs (2023 - ₹ 20,497 lakhs)

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 31.03.2024 | ₹/Lakhs As at 31.03.2023 |
|--|---------------------|--------------------------------|
| Balance at the beginning | 33,540.25 | 33,385.70 |
| Provided during the year | 23.90 | 181.20 |
| Reversal during the year | (631.38) | (26.65) |
| Amounts written off | (1.01) | - |
| Balance at the end | <u>32,931.76</u> | <u>33,540.25</u> |
| Weighted average loss rate (in percentage) | 90.89% | 87.97% |

29 (ia) Ageing Schedule in respect of trade receivables for the year ended March 31, 2024 and March 31, 2023

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | Total | ₹/Lakhs |
|--|---------|--|-------------------|-----------|-----------|-------------------|-------------|---------|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | | |
| (a) Undisputed trade receivables - considered good | 9.06 | 968.66 | 15.48 | - | - | - | 993.20 | |
| (b) Undisputed trade receivables - which have significant increase in credit risk | - | (1,365.96) | (32.43) | - | - | - | (1,398.39) | |
| (c) Undisputed trade receivables - credit impaired | - | - | - | (126.36) | - | (53.98) | (180.34) | |
| (d) Disputed trade receivables - considered good | - | - | - | - | 126.36 | 8,185.98 | 8,312.34 | |
| (e) Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | (8,132.96) | (8,132.96) | |
| (f) Disputed trade receivables - credit impaired | - | - | - | - | - | 693.38 | 693.38 | |
| (g) Disputed trade receivables - credit impaired | - | - | - | - | - | (1,029.70) | (1,029.70) | |
| (h) Disputed trade receivables - credit impaired | - | - | - | - | - | 6,886.39 | 6,886.39 | |
| (i) Disputed trade receivables - credit impaired | - | - | - | - | - | (6,886.39) | (6,886.39) | |
| Total | 9.06 | 992.56 | 15.48 | - | 126.36 | 15,765.75 | 16,909.21 | |
| Less: Allowance for doubtful debts | - | (1,365.96) | (32.43) | (126.36) | - | (16,103.03) | (17,627.78) | |
| Total | | | | | | | 15,222.63 | |
| | | | | | | | (15,199.74) | |
| | | | | | | | 1,686.58 | |
| | | | | | | | (2,428.04) | |
| Unbilled Revenue including Contract Assets, net of provision (refer note 9 and 13) | | | | | | | 1,665.11 | |
| Total | | | | | | | (2,156.69) | |
| | | | | | | | 3,351.69 | |
| | | | | | | | (4,584.73) | |

Note: Previous year figures are given in brackets.

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Financial Risk Management

29(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 31.03.2024.

| Year ended 31.03.2024 | Carrying Value | On demand | Less than 1 year | 1 to 2 Years | ₹/Lakhs |
|---|-----------------|-----------|------------------|--------------|--------------|
| | | | | | 2 to 5 Years |
| Non-derivatives | | | | | |
| Trade payables | 3,687.18 | - | 3,687.18 | - | - |
| Other financial liabilities | | | | | |
| -Deposits | 198.83 | - | 198.83 | - | - |
| -Capital Creditors | - | - | - | - | - |
| -Other payable to related parties | 113.91 | - | 113.91 | - | - |
| -Employee benefits payable | 150.00 | - | 150.00 | - | - |
| Total non-derivative liabilities | 4,149.92 | - | 4,149.92 | - | - |

| Year ended 31.03.2023 | Carrying Value | On demand | Less than 1 year | 1 to 2 Years | ₹/Lakhs |
|---|-----------------|-----------|------------------|--------------|--------------|
| | | | | | 2 to 5 Years |
| Non-derivatives | | | | | |
| Trade payables | 3,365.92 | - | 3,365.92 | - | - |
| Other financial liabilities | | | | | |
| -Deposits | 198.83 | - | 198.83 | - | - |
| -Capital Creditors | 1.22 | - | 1.22 | - | - |
| -Other payable to related parties | 362.18 | - | 362.18 | - | - |
| -Employee benefits payable | 140.86 | - | 140.86 | - | - |
| Total non-derivative liabilities | 4,069.01 | - | 4,069.01 | - | - |

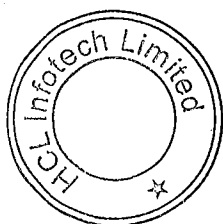
29 (iia) Ageing Schedule in respect of trade payable for the year ended March 31, 2024 and March 31, 2023

| 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 | |
| | | ₹/Lakhs | | | | |
| (a) MSME* | 24.89 | - | - | - | - | 24.89 |
| | (4.57) | (1.98) | (1.77) | (0.06) | (0.19) | (8.57) |
| (b) Others | 65.91 | 242.21 | 52.20 | 287.83 | 1,316.14 | 1,964.29 |
| | (8.22) | (204.41) | (416.87) | (15.16) | (1,301.72) | (1,946.38) |
| (c) Disputed dues - MSME | - | - | - | 1.37 | - | 1.37 |
| (d) Disputed dues - Others | - | - | - | - | 758.93 | 758.93 |
| | - | - | - | - | (642.04) | (642.04) |
| Total | 90.80 | 242.21 | 52.20 | 289.20 | 2,075.07 | 2,749.48 |
| | (12.79) | (206.39) | (418.64) | (15.22) | (1,943.95) | (2,596.99) |
| Unbilled Dues | | | | | | 937.70 |
| | | | | | | (768.93) |
| Total | | | | | | 3,687.18 |
| | | | | | | (3,365.92) |

Note: Previous year figures are given in brackets.

*MSME includes micro, small and medium enterprises.

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Financial Risk Management
29 (iii) Market risk:

(i) Mutual Fund risk

Market risk may arise due to changes in economic conditions, monetary policies, and geopolitical events. Group has investment in short term debt mutual funds.

(ii) 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.

(iii) 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:

| | ₹/Lakhs |
|--|------------------|
| | As at 31.03.2024 |
| | USD |
| Financial Assets | |
| Trade receivables | 464.24 |
| Net exposure to foreign currency risk (assets) | 464.24 |
| Financial Liabilities | |
| Trade Payables | (651.40) |
| Net exposure to foreign currency risk (liabilities) | (651.40) |

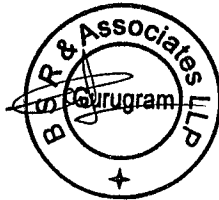
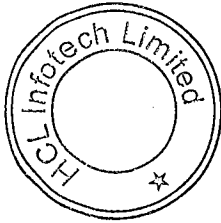
| | ₹/Lakhs |
|--|------------------|
| | As at 31.03.2023 |
| | USD |
| Financial Assets | |
| Trade receivables | 457.43 |
| Net exposure to foreign currency risk (assets) | 457.43 |
| Financial Liabilities | |
| Trade Payables | (648.35) |
| Net exposure to foreign currency risk (liabilities) | (648.35) |

(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 ₹ Lakhs) | | | |
|-------------------------------|-------------------------------|--|-----------------------|-------------------------|-----------------------|
| | | Increase in FC exchange rates | | Decrease in FC exchange | |
| | | Year ended 31.03.2024 | Year ended 31.03.2023 | Year ended 31.03.2024 | Year ended 31.03.2023 |
| USD sensitivity (assets) | 5% | 23.21 | 22.87 | (23.21) | (22.87) |
| USD sensitivity (liabilities) | 5% | (32.57) | (32.42) | 32.57 | 32.42 |

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30 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 31.03.2024 and 31.03.2023 are as follows:

| | ₹/Lakhs | |
|-----------------------|---------------------|---------------------|
| | As at 31.03.2024 | As at 31.03.2023 |
| Total Debt | | |
| Equity | (10,443.42) | (8,919.54) |
| Capital and net debt | (10,443.42) | (8,919.54) |
| Capital gearing ratio | 0.00% | 0.00% |

As at 31 March 2024, the Company does not have any external debt outstanding. In addition, the holding Company has provided financial support to the Company for meeting its obligation. (refer note 42).

31 (a) Contingent Liabilities :

Claims against the Company not acknowledged as debts:

| | ₹/Lakhs | |
|------------------------------------|--------------------------|--------------------------|
| | Year ended 31.03.2024 | Year ended 31.03.2023 |
| Sales Tax (refer note 31 (a) (ii)) | | |
| Civil matters (refer note 31 (c)) | 60.00 | 60.00 |

The Company has deposited ₹ 235 lakhs (2023 - ₹ 249 lakhs) under protest against the claims.

(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) In respect of certain sales tax and other related matters, provision amounting to ₹ 704 lakhs (2023 - ₹ 817 lakhs) is outstanding. Provision amounting to ₹ Nil (2023 - ₹ 5 lakhs) has been created and ₹ 113 lakhs (2023 - ₹ 7 lakhs) has been utilized during the year. Some of these sales tax matters including CST/VAT/Other IDT related are outstanding in name of parent company as the original demands/notices were received by the parent company prior to demerger of the company in early years.

(b) Corporate Guarantee :

Corporate guarantee of ₹ 6,500 lakhs (2023 - ₹ 6,500 lakhs) was given to Axis Bank for working capital facilities sanctioned to HCL Infosystems Ltd, out of which the total amount utilised as at 31.03.2024 is ₹ 5,145 lakhs (2023 - ₹ 5,145 lakhs).

(c) Other Litigations :

The Company has certain civil litigation amounting to ₹ 60 lakhs (2023 - ₹ 60 lakhs) against which provision of ₹ 60 lakhs is outstanding.

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

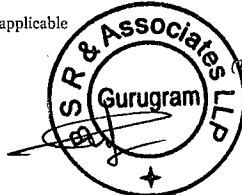
| | ₹/Lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2024 | As at 31.03.2023 |
| a. (i) Principal amount remaining unpaid to any supplier as at the end of the year. | 24.49 | 8.57 |
| (ii) Interest due on the above amount. | 0.79 | 0.74 |
| b. (i) Amount of interest paid 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. | 94.87 | 284.32 |
| c. Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Act. | 0.69 | - |
| d. Amount of interest accrued and remaining unpaid at the end of the year. | 1.48 | 5.66 |
| 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. | - | - |

33 Remuneration to Auditor*:

| | ₹/Lakhs | |
|--|--------------------------|--------------------------|
| | Year ended 31.03.2024 | Year ended 31.03.2023 |
| For statutory audit including limited review | 6.00 | 6.00 |
| For tax audit | 0.50 | 0.50 |
| For group reporting and certifications | 1.50 | 0.95 |
| For reimbursement of expenses | 0.80 | 0.85 |
| Total | 8.80 | 8.30 |

*Excluding GST as applicable

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34 Leases:
Cancelable Operating Leases
As a Lessee

In terms of criteria specified in Ind AS 116 Leases, the company does not have any lease other than with short term period. Rent expenses in respect of short term leases amounting ₹ 4.02 lakhs (2023 - ₹ 3.69 lakhs) is expensed off on straight line basis over lease term as rent expenses (refer note 27).

35 Earnings/(Loss) 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.

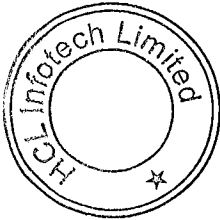
| Particulars | Year ended 31.03.2024 | Year ended 31.03.2023 |
|---|--------------------------|--------------------------|
| Loss after tax (₹/lakhs) | (1496.96) | (3577.98) |
| Weighted average number of shares considered as outstanding in computation of Basic/Diluted EPS | 2,20,300 | 2,20,300 |
| Basic and Diluted EPS (of ₹ 10/- each, ₹ per share) | (679.51) | (1624.14) |

As explained in note 44 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.

36 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, 2024, segment information is not required to be disclosed.

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37 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:

| | ₹/Lakhs | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2024 | Year ended 31.03.2023 |
| Employers Contribution to Superannuation Fund* | 0.00 | 0.35 |
| Employers Contribution to National Pension Scheme* | 0.67 | 0.81 |
| Employers contribution to Employee State Insurance* | 0.00 | 0.14 |
| Employers contribution to Employee's Pension Scheme 1995* | 16.83 | 17.02 |
| Employers contribution to Provident Fund* (effective from August 1, 2022) | 15.73 | 14.87 |

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

(b) **Defined Benefit**

(i) **Provident Fund**

The employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which was managed by the Company till 31st July 2022, has been migrated to Regional Provident Fund Commissioner (RPFC) with effect from 1st August 2022 and there was no shortfall in the fund balance on the date of transfer to RPFC.

The Company's contribution to Recognised Provident Fund for the period 1 August 2022 to 31 March 2023 has been disclosed in note 37 (a) above.

(ii) **Gratuity**

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 31.03.2024 | Year ended 31.03.2023 |
| Discount rate (per annum) | 7.21% | 7.28% |
| Rate of increase in compensation levels | 7.00% | 7.00% |
| Expected average remaining working lives of employees (years) | 18.08 | 18.15 |

As of 31.03.2024, every 0.5 percentage point increase / decrease in discount rate will affect gratuity benefit obligation by approximately by ₹ 3.80 lakhs.

As of 31.03.2024, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect gratuity benefit obligation by approximately ₹ 3.80 lakhs

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-

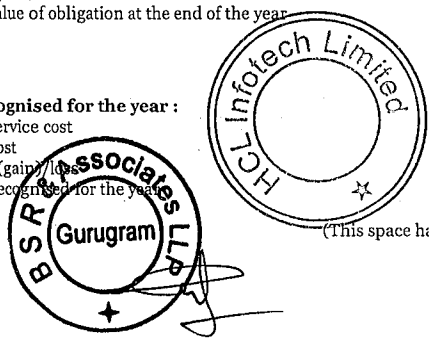
- A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- B) Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than 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:

| | ₹/Lakhs | |
|--|--------------|--------------|
| | 31.03.2024 | 31.03.2023 |
| Present value of obligation at the beginning of the year | 84.90 | 104.11 |
| Current service cost | 11.26 | 8.58 |
| Interest cost | 6.15 | 5.21 |
| Total amount recognised in profit or loss | 17.41 | 13.79 |
| Actuarial (gain)/loss from change in demographic assumptions | 3.81 | (9.64) |
| Actuarial (gain)/loss from change in financial assumptions | 0.16 | (10.68) |
| Experience (gain)/loss | 0.51 | 24.55 |
| Total amount recognised in other comprehensive income | 4.48 | 4.23 |
| Benefits (paid) | (6.82) | (37.23) |
| Present value of obligation at the end of the year | 99.97 | 84.90 |

Cost recognised for the year :

| | ₹/Lakhs | |
|----------------------------------|------------|------------|
| | 31.03.2024 | 31.03.2023 |
| Current service cost | 11.26 | 8.58 |
| Interest cost | 6.15 | 5.21 |
| Actuarial (gain)/loss | 4.48 | 4.23 |
| Net cost recognised for the year | 21.89 | 18.02 |



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

| | ₹/Lakhs | |
|---|------------|------------|
| | 31.03.2024 | 31.03.2023 |
| Present value of the obligation as at the end of the year | 99.97 | 84.90 |
| Liabilities recognised in the Balance Sheet | (99.97) | (84.90) |
| Experience adjustment in plan liabilities | (0.51) | (24.55) |

* The Company's contribution to provident fund for the year is ₹ 15.73 lakhs (2023 - ₹ 14.87 lakhs) which has been included under Contribution to Provident and Other Funds (refer note 25).

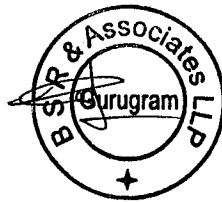
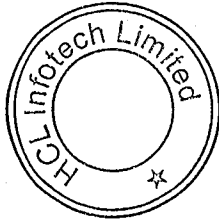
The employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which was managed by the Company till 31st July 2022, has been migrated to Regional Provident Fund Commissioner (RPFC) with effect from 1st August 2022 and there was no shortfall in the fund balance on the date of transfer to RPFC.

The Company's contribution to Recognised Provided Fund for the period 1 August 2022 to 31 March 2023 has been disclosed in note 37 (a) above.

38 Relationship with struck off Companies for the year ended March 31, 2024 and March 31, 2023

| | | | ₹/Lakhs | |
|---------------------------------------|--|---------------------|--|--|
| Name of Struck off companies | Nature of transactions with struck off companies | Balance Outstanding | Relationship with the struck off company | |
| Absolute Hr Solutions Private Limited | Trade receivable | 0.00 | Customer | |
| | | (0.04) | | |
| Evermind Infotech Private Limited | Trade receivable | 0.00 | Customer | |
| | | (0.96) | | |

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HCL Infotech Limited

Notes to the Financial Statements

39 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

Step down subsidiaries:

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

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

VAMA Sundari Investments (Delhi) Private Limited

e) Independent & Non-Executive Director:

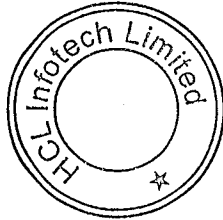
Dr. Nikhil Sinha, Chairman

f) Non- Independent & Non-Executive Director:

Mr. Neelesh Agarwal

Ms. Rita Gupta

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HCL Infotech Limited
Summary of Related Party disclosures

(₹/Lakhs)

| A. Transactions (YTD) | Company having substantial interest# | | Holding Company | | Subsidiaries | | Fellow Subsidiaries | | Others | | Total | |
|--|--------------------------------------|--------|-----------------|--------|--------------|---------|---------------------|--------|--------|--------|---------|---------|
| | Mar-24 | Mar-23 | Mar-24 | Mar-23 | Mar-24 | Mar-23 | Mar-24 | Mar-23 | Mar-24 | Mar-23 | Mar-24 | Mar-23 |
| Consultancy Charges | - | - | - | - | - | - | - | - | 92.14 | 154.80 | 92.14 | 154.80 |
| - HCL Technologies Limited | - | - | - | - | - | - | - | - | 92.14 | 154.80 | 92.14 | 154.80 |
| Inter Company Deposits (ICD) Refunded% | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest on OCD | - | - | 39.77 | 39.66 | - | - | - | - | - | - | 39.77 | 39.66 |
| - HCL Infosystems Limited | - | - | 39.77 | 39.66 | - | - | - | - | - | - | 39.77 | 39.66 |
| Rent Expense | 0.12 | 0.07 | - | - | - | - | - | - | 0.12 | 0.07 | 0.24 | 0.14 |
| - HCL Corporation Pvt. Ltd. | 0.12 | 0.07 | - | - | - | - | - | - | - | - | 0.12 | 0.07 |
| - VAMA Sundari Investments (Delhi) Private Limited | - | - | - | - | - | - | - | - | 0.12 | 0.07 | 0.12 | 0.07 |
| Reimbursements towards expenditure | - | - | - | - | - | - | - | - | - | - | - | - |
| a) Paid/Payable | - | - | 636.09 | 687.23 | - | - | - | - | - | - | 636.09 | 687.23 |
| - HCL Infosystems Limited | - | - | 636.09 | 687.23 | - | - | - | - | - | - | 636.09 | 687.23 |
| b) Received/Receivable | - | - | 5.91 | - | - | - | - | - | - | - | 5.91 | - |
| - HCL Infosystem Limited | - | - | 5.91 | - | - | - | - | - | - | - | 5.91 | - |
| B. Amount due to / from related parties | - | - | - | - | 841.26 | 841.26 | - | - | - | - | 841.26 | 841.26 |
| Investment | - | - | - | - | - | - | - | - | - | - | - | - |
| Impairment allowance on investment | - | - | - | - | -550.00 | -550.00 | - | - | - | - | -550.00 | -550.00 |
| Trade Receivables | - | - | 42.18 | 77.62 | - | - | - | - | - | 1.90 | 42.18 | 79.52 |
| - HCL Infosystems Limited | - | - | 42.18 | 77.62 | - | - | - | - | - | - | 42.18 | 77.62 |
| - HCL Technologies Ltd. | - | - | - | - | - | - | - | - | - | 1.21 | - | 1.21 |
| - Others | - | - | - | - | - | - | - | - | - | 0.69 | - | 0.69 |
| Other Payables | 0.12 | 0.24 | 263.45 | 513.59 | - | - | - | - | 0.12 | 0.24 | 263.69 | 514.07 |
| - HCL Infosystems Limited | - | - | 263.45 | 513.59 | - | - | - | - | - | - | 263.45 | 513.59 |
| - HCL Corporation Pvt. Ltd. | 0.12 | 0.24 | - | - | - | - | - | - | - | - | 0.12 | 0.24 |
| - VAMA Sundari Investments (Delhi) Private Limited | - | - | - | - | - | - | - | - | 0.12 | 0.24 | 0.12 | 0.24 |
| Other Receivables | - | - | 1.62 | - | - | - | - | - | - | - | 1.62 | - |
| - HCL Infosystem Limited | - | - | 1.62 | - | - | - | - | - | - | - | 1.62 | - |
| Trade Payables | 3.15 | 3.15 | 38.04 | 2.56 | - | - | - | - | 142.69 | 35.82 | 183.88 | 41.53 |
| - HCL Infosystems Limited | - | - | 38.04 | 2.56 | - | - | - | - | - | - | 38.04 | 2.56 |
| - HCL Corporation Pvt Limited | 3.15 | 3.15 | - | - | - | - | - | - | - | - | 3.15 | 3.15 |
| - HCL Technologies Ltd. | - | - | - | - | - | - | - | - | 142.69 | 35.82 | 142.69 | 35.82 |
| Liability of Optionally Convertible Debentures (OCD) § | - | - | 9.89 | 9.78 | - | - | - | - | - | - | 9.89 | 9.78 |

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.

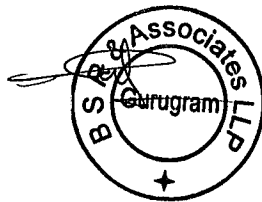
% Includes adjustment of ICD amounting to ₹ 40,000 lakhs against subscription of the 40,00,000 (forty lakhs) 0.1% Optionally Convertible Debentures (OCD) of a face value of ₹ 1000 each. (Refer Note 44 & 45)

§ OCD is accounted at Fair value of underlying book receivables of ₹ 1,892 lakhs 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 45)

Provided Corporate Guarantee of ₹ 6,500 lakhs to HCL Infosystems Limited against Bank Guarantee of ₹ 5,144.45 lakhs issued by HCL Infosystems Limited for one of the customers. The Corporate Guarantee utilization amount is ₹ 5,144.45 lakhs (2023 - ₹ 5,144.45 lakhs) which is backed by Fixed Deposit made by the Company of similar amount on which lien has been marked by bank.

Bank Guarantee issued to MTNL for ₹ 12,355 lakhs (2023- ₹ 12,355 lakhs) backed by Corporate Guarantee provided by HCL Corporation Limited on behalf of the Company.

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HCL Infotech Limited
Notes to the Financial Statements

40 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:

| | ₹/Lakhs | |
|--|---------------------|---------------------|
| | As at 31.03.2024 | As at 31.03.2023 |
| Deductible temporary differences | | |
| a) Allowance for doubtful debts | 15,222.63 | 15,199.74 |
| b) Allowance for doubtful security deposits, lease rental recoverable and other advances | 1,311.89 | 1,363.72 |
| c) Allowance for doubtful loans and advances | 18,023.44 | 18,662.75 |
| d) Others | 3,198.31 | 4,721.36 |
| Unused tax losses | 21,688.65 | 34,094.61 |
| Total temporary differences and unused tax losses | 59,444.92 | 74,042.18 |
| Potential tax benefit @ 22.88% (FY'2023 - 22.88%) | 13,601.00 | 16,940.85 |
| Total Potential tax benefit @ 22.88% (FY'2023 - 22.88%) | 13,601.00 | 16,940.85 |

(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.

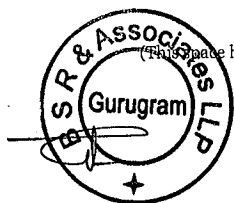
| | ₹/Lakhs | |
|--|--------------------------|--------------------------|
| | Year ended 31.03.2024 | Year ended 31.03.2023 |
| Reconciliation of tax expense and the accounting profit multiplied by India's tax rate: | | |
| Loss before tax from continuing operations | (1,496.96) | (3,577.98) |
| Tax using the company's domestic tax rates of 22.88% (2023 - 22.88%) | (342.50) | (818.64) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Disallowances for which deferred tax not created | | |
| Other items | 8.00 | 23.00 |
| Temporary differences on which no DTA recognised | (501.37) | 160.76 |
| Current year tax loss for which no deferred tax assets has been recognised | 835.87 | 634.88 |
| Income tax expense | - | - |

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:

| | ₹/Lakhs | |
|--------------------|------------------|------------------|
| | As at 31.03.2024 | As at 31.03.2023 |
| Expiry Date | | |
| 31.03.2024 | - | 11,612.00 |
| 31.03.2026 | 2,875.00 | 2,875.00 |
| 31.03.2027 | 6,880.00 | 6,880.00 |
| 31.03.2029 | 197.00 | 197.00 |
| 31.03.2030 | 2,827.30 | 3,009.00 |
| 31.03.2031 | - | 2,621.98 |
| 31.03.2032 | 2,456.15 | - |
| No limit | 6,453.20 | 6,899.63 |
| Total | 21,688.65 | 34,094.61 |

41 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.

42 For past several years, the Company has continuously made losses and its net worth has been fully eroded. Further the Company has a net loss during the current and previous year and the Company's current liabilities exceeded its current assets by ₹ 19,828.95 lakhs (2023 - ₹ 13,129.48 lakhs) 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. During the year, the Company has received Rs. 12,341.73 lakhs against the ongoing litigation with customers, which has been recorded as advance from customers pending final settlement. However, the Company expects that such amount as well as any amount received of such nature in future will be paid to HCL Infosystems Limited, parent entity, against the Optionally Convertible Debentures issued. As a result, the Company expects significant cash outflow in the coming year. However, the Company's management has been 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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HCL Infotech Limited
Notes to the Financial Statements

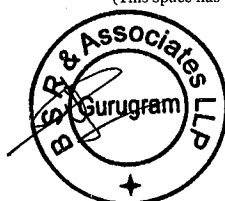
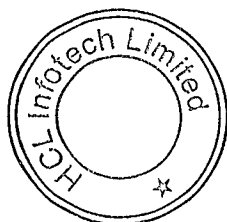
43 Ratios

The following are analytical ratios for the year ended March 31, 2024 and March 31, 2023

| S.No | Ratio | Numerator | Denominator | 31.03.2024 | 31.03.2023 | % variance | Reason for variance |
|--|----------------------------------|--|------------------------------|------------|------------|------------|--|
| a. | Current Ratio | Current Assets | Current Liabilities | 0.40 | 0.62 | -35.77% | Decrease in current investment during current period. |
| b. | Debt-Equity Ratio | Total Debt | Shareholder's Equity | (3.17) | (3.86) | 18.02% | N.A |
| c. | Debt Service Coverage Ratio | Earnings available for debt service | Debt Service | N.A | N.A | N.A | No Cash Profit |
| <p>*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.</p> <p>*Debt Service = Interest & Lease Payments + Principal Repayments</p> | | | | | | | |
| d. | Return on Equity Ratio | Net Profits after taxes – Preference Dividend (if any) | Average Shareholder's Equity | 15.53% | 50.25% | -34.72% | Due to downsizing of business |
| e. | Inventory turnover ratio | Sales | Average Inventory | 72.23 | 57.67 | 25.24% | Increase in revenue |
| f. | Trade Receivables turnover ratio | Net Credit Sales | Avg. Accounts Receivable | 1.32 | 0.66 | 98.17% | Increase in revenue |
| g. | Trade payables turnover ratio | Net Credit Purchases | Average Trade Payables | 0.24 | 0.31 | 24.43% | N.A |
| h. | Net capital turnover ratio | Net Sales | Working Capital* | (0.28) | (0.39) | 28.31% | Efficiency of working capital resulted in improvement of ratio |
| <p>*Working Capital = Current Assets - Current Liabilities</p> | | | | | | | |
| i. | Net profit ratio | Net Profit | Net Sales | -54.58% | -141.24% | 86.66% | Increase in other income |
| j. | Return on Capital employed | Earning before interest and taxes | Capital Employed* | 13.98% | 39.66% | -25.68% | Continuing losses resulted in declining of ratio |
| <p>*Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability</p> | | | | | | | |
| k. | Return on investment | Income on investments* | Cost of Investments** | 7.54% | 3.74% | 3.81% | N.A |

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

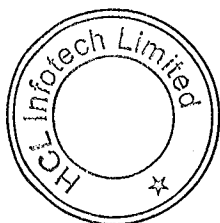
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HCL Infotech Limited
Notes to the Financial Statements

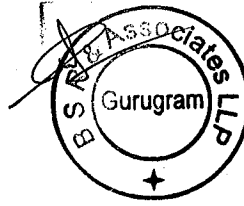
- 44 The Board of Directors of the Holding Company in its meeting held on March 23, 2021, had consented to adjust the unsecured loan advanced to the Company, amounting to ₹ 40,000 lakhs out of total outstanding amount of ₹ 42,182 lakhs, against the subscription money payable by the Holding Company to 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.
- 45 The Holding Company and the Company, has agreed that the OCDs as mentioned in note 44, 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.
- 46 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. Accordingly, the company has recognised revenue basis the existing contract price in previous years. The claim for additional consideration basis the current market value of services is pending before arbitration as on date.
- 47 HCL Infosystems Limited was awarded the order for supply, installation and commissioning of communication infrastructure, on turnkey basis, for CWG (Commonwealth Games) and later the work of re-deployment of equipment in MTNL's network in Delhi and Mumbai was also included. Disputes arose between both the parties with regard to completion of the project and Arbitration proceedings were initiated by HCL Infosystems Limited to recover the pending amount. In August 2014, the Arbitral Tribunal passed an Award in favour of HCL Infosystems Limited, 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. 9,130 Lakhs (Rs. 8,035 Lakhs principal and Rs. 1,095 Lakhs 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 Limited filed an application for release of the aforesaid Fixed Deposit (including accumulated interest accrued thereon till date of release of Rs. 4,307 Lakhs including TDS) of Rs. 12,342 Lakhs. Accordingly, the same has been released on adhoc basis vide order of the Hon'ble High Court of Delhi dated September 28, 2022 against a Bank Guarantee which is backed by Corporate Guarantee provided by HCL Corporation Limited.
- As part of issuance of Optionally Convertible Debentures (OCDs) (as referred to in note 44 & 45 above), HCL Infotech Limited 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 HCL Infotech Limited.
- 48 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 (HCLI) as well as the interest outstanding on the same. Hence, the Board of Directors of the HCLI, in its meeting held on 23rd March, 2021 approved to issue letter for waiver of interest of ₹ 228.58 lakhs to the Company. Therefore, the Company has disclosed gain of ₹ 228.58 lakhs under "Other Equity" in the Balance Sheet as at March 31, 2021.

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HCL Infotech Limited
Notes to the Financial Statements

49. 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 ₹ 536.18 lakhs, for the year ended March 31, 2024 (2023: ₹ 301.97 lakhs), on account of write back of certain credit balances including provisions and advances.
50. The Company is facing delays in receipts from the customers, primarily in the power sector, due to which the Company has charged ₹ 23.90 lakhs, in the Statement of Profit and Loss, for the year ended March 31, 2024 (2023: ₹ 180.20 lakhs) on account of provision for certain receivable balances.
51. 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.

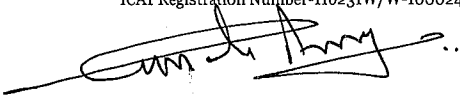


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52 Other Statutory Information

- 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.
- f) There is no immovable properties not held in the name of the company.

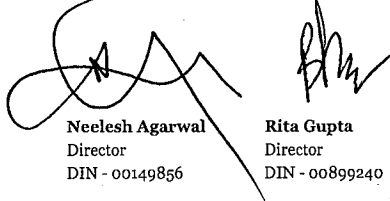
For BSR & Associates LLP
Chartered Accountants
ICAI Registration Number-116231W/W-100024



Girish Arora
Partner
Membership Number - 098652

New Delhi: May 22, 2024

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, 2024



Apoorva Jain
Company Secretary

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