B S R & Associates LLP

Chartered Accountants

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

Telephone: +91 124 719 1000

INDEPENDENT AUDITORS' 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 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and loss and other comprehensive loss , changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the 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 44 of the financial statements, which states that the Company has accumulated losses and has incurred a net loss of Rs. 27.96 crores during the current year. Further its net worth is fully eroded and that the Company's current liabilities exceed its current assets as at 31 March 2022. These conditions, along with other matters set forth in note 44, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, based upon the measures as set forth in the said note, the management and the Board of Directors of the Company have a reasonable expectation that the Company will be able to realize its assets and discharge all its contractual obligations and liabilities as they fall due in near future in the normal course of the business. Accordingly, Management has prepared the financial statements on a going concern basis.

Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to note 49 to the financial statements for the year ended 31 March 2022, which states that the Hon'ble Arbitral Tribunal has, on 19 June 2020, passed a liability award in the arbitration proceedings filed by HCL Infosystems Limited in respect of the Managed Service Provider ("MSP") contract against one of the major customers. As stated in the said note, the said liability award provides, inter alia, that HCL Infosystems Limited is entitled to receive the consideration for its services during the period covered by the consent terms, i.e., from May 2020 to August 2021, at the current market value which will be decided through arbitration in due course. Pending this determination through arbitration proceedings, no revenue has been recognized for the difference in the expected current market value and the existing contract price for the services provided to the customer from May 2020 to August 2021.

Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

B S R & Associates LLP Gurugram

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 in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

B S R & Associates LLP
Gurugram

B S R & Associates LLP

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The 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) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The going concern matter described under the Material Uncertainty Related to Going Concern paragraph above , in our opinion, may have an adverse effect on the functioning of the company; and

   g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 33 to the financial statements;

   b) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses. The Company did not have any long-term derivative contracts as on 31 March 2022.

   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, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any

B S R & Associates LLP Gurugram

other sources or kind of funds) by the Company to or in any other persons or entities, 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 ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, 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 ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as 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 (d) (i) and (d) (ii) contain any material misstatement.

e) The Company has neither declared nor paid any dividend during the year.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act

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

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

Girish Arora
Partner
Membership No. 098652
UDIN:22098652AJTUUV6888

Place: New Delhi
Date: 27 May 2022

Annexure A referred to in our Independent Auditor's Report to the members of HCL Infotech Limited on the financial statements for the year ended 31 March 2022

(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.

(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 over a period of three years. In accordance with this programme, certain 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 (including Right of Use assets) or intangible assets or both during the year.

(e) According to 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 stocks and the book records that were more than 10% in the 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 statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except statement for quarter ended 31 March 2022 which is yet to be filed by the Company.

(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, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) 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, the Company has neither made any investments, nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(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 products manufactured by it (and/or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) 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 Services Tax ("GST"), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues.(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)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 Services Tax ("GST"), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 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:

Name of Statue	Nature of dues	Amount of demand (in crores)	Amount of deposit (in crores)	Period to which it relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax (Bihar)	0.04	0.01	2009-10	Hon'ble Sales Tax Tribunal, Patna
Bihar Value Added Tax Act, 2005	Sales Tax	0.01	0.00	2009-10	Hon'ble Sales Tax Tribunal, Patna
Central Sales Tax Act, 1956	Central Sales Tax (Delhi)	-	-	2013-14	Asstt Commissioner (Appeals) of Sales Tax DELHI
Delhi Sales Tax Act, 1975	Sales Tax	0.01	0.04	2013-14	Spl. Commissioner (Appeals) of Sales Tax Delhi
Central Sales Tax Act, 1956	Central Sales Tax (Delhi)	0.16	-	2015-16	Sales Tax Officer Delhi
Delhi Sales Tax Act, 1975	Sales Tax	0.02	-	2015-16	Sales Tax Officer Delhi
Delhi Sales Tax Act, 1975	Sales Tax	0.02	-	2016-17	Sales Tax Officer Delhi

B S R & Associates LLP
Gurugram

Jammu & Kashmir Value Added tax Act-2005	Check Post / Sales Tax	0.06	0.06	2007-08	Deputy Commissioner Appeals Jammu
Jammu & Kashmir Value Added tax Act-2005	Check Post / Sales Tax	0.15	0.15	2012-13	Deputy Commissioner Appeals Jammu
Jammu & Kashmir Value Added tax Act-2005	Check Post / Sales Tax	0.00	0.00	2013-14	Deputy Commissioner Appeals Jammu
Jharkhand Value Added Tax Act,2005	Check Post / Sales Tax	-	0.01	2012-13	Deputy Commisioner (Ranchi)
Jharkhand Goods and Services Tax Act, 2017	Goods & Service Tax act	0.01	-	2018-19	Asstt. Commissioner – JH
Jharkhand Goods and Services Tax Act, 2017	Goods & Service Tax act	0.01	0.01	2018-19	Deputy Commissioner Ranchi(WEST)
Central Sales Tax Act, 1956	Central Sales Tax (Karnataka)	0.71	0.35	2008-09	Deputy Commissioner Appeal Bangalore
Karnataka Value Added Tax Act,2003	Sales Tax	0.58	0.45	2014-15	Commissioner Appeals, Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax (Kerella)	0.09	0.04	2004-05	Tribunals of Sales Tax Kochi
Kerala General Sales Tax Act, 1963	Check Post / Sales Tax	0.00	0.00	2013-14	Deputy Commissioner Commercial Tax Kochi
Kerala General Sales Tax Act, 1963	Sales Tax	0.31	0.06	2013-14	Deputy Commisisoner Commercial Tax Kochi
Maharastra Value Added Tax Act, 2002	Sales Tax	0.26	0.02	2014-15	Joint Commissioner Appeal
Punjab Value Added Tax Act 2005	Check Post / Sales Tax	0.00	0.00	2007-08	Deputy Commissioner Appeals, Punjab
Rajasthan Sales Tax Act, 1994	Sales Tax	0.05	0.04	2005-06	Deputy Commissioner (Appeals) of Sales Tax Jaipur
Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax	0.02	0.02	2014-15	Rajasthan Tax Board, Jaipur, Rajasthan
Central Sales Tax Act, 1956	Central Sales Tax (Uttar Pradesh)	0.03	0.06	2002-03	Tribunal Commercial Tax, Noida.

B S R & Associates LLP
Gurugram

Central Sales Tax Act, 1956	Central Sales Tax (Uttar Pradesh)	0.06	0.08	2003-04	Tribunal Commercial Tax, Noida
U.P.Value Added Tax Act-2008	Sales Tax	0.07	0.07	2003-04	Hon'ble High court Allahabad
U.P.Value Added Tax Act-2008	Sales Tax	0.01	0.01	2004-05	Tribunal Commercial Tax, Noida
U.P.Value Added Tax Act-2008	Sales Tax	0.00	0.00	2005-06	Hon'ble High court Allahabad
U.P.Value Added Tax Act-2008	Sales Tax	0.03	0.03	2006-07	Additional Commissioner (Appeals) of Commercial Tax Noida
Central Sales Tax Act, 1956	Central Sales Tax (Uttar Pradesh)	0.03	-	2013-14	Joint Commissioner Appeal
U.P.Value Added Tax Act-2008	Sales Tax	0.05	0.02	2013-14	Tribunal Commercial Tax, Noida
Central Sales Tax Act, 1956	Central Sales Tax (Uttar Pradesh)	0.01	0.00	2016-17	Joint Commissioner, Commercial Taxes
U.P.Value Added Tax Act-2008	Sales Tax	0.03	0.01	2016-17	Joint Commissioner, Commercial Taxes
U.P.Value Added Tax Act-2008	Sales Tax	0.10	0.05	2017-18	STO, UP

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(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 subsidiaries, associates or joint ventures 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, considering the principles of materiality outlined in Standards on Auditing, we report that 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) (a) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv)(a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi)(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

B S R & Associates LLP Gurugram

(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) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has incurred cash losses of Rs. 23.79 crores in the current financial year and Rs. 72.23 crores in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) We draw attention to note 44 of the financial statements, which states that the Company has accumulated losses and has incurred a net loss of Rs. 27.06 crores during the current year. Further its net worth is fully eroded and that the Company's current liabilities exceed its current assets as at 31 March 2022. 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, other information accompanying the financial statements, 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, based upon the measures as set forth in the note 44 including necessary financial support from a significant promoter shareholder, the management and the Board of Directors of the Company have a reasonable expectation that the Company will be able to operate as a going concern in the near future.

(xx) (a) 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 Number: 098652
UDIN: 22098652AJTEUV6888

Place: New Delhi
Date: 27 May 2022

Annexure B to the Independent Auditors' report on the financial statements of HCL Infotech Limited for the period ended 31 March 2022.

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 Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of HCL Infotech Limited ("the Company") as of 31 March 2022 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 2022, 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 Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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 whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating

B S R & Associates LLP Gurugram

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Girish Arora
Partner
Membership No. 098652
UDIN: 22098652AJTEUV6888

Place: New Delhi
Date: 27 May 2022

HCL Infotech Limited
Balance Sheet as at March 31, 2022

		Notes	As at 31.03.2022 ₹/Crores		As at 31.03.2021 ₹/Crores	
I.	**ASSETS**					
(1)	Non-current assets					
	Property, plant and equipment	3 (a)	0.02		0.05	
	Right of use assets	3 (b)	-		0.98	
	Financial assets					
	(i) Investments	4(a)	2.91		2.91	
	(ii) Others financial assets	5	0.22		1.00	
	Advance income tax (net)	6	14.58		44.36	
	Other non-current assets	7	6.91	24.64	7.05	56.03
(2)	Current assets					
	Inventories	8	0.44		2.28	
	Financial assets					
	(i) Investments	4 (b)	18.04		-	
	(ii) Trade receivables	9	47.99		72.94	
	(iii) Cash and cash equivalents	10	4.62		10.58	
	(iv) Other bank balances other than (iii) above	11	26.22		0.01	
	(v) Others financial assets	12	4.03		4.32	
	Other current assets	13	52.83	154.32	129.21	221.54
	Total Assets			178.96		277.57
II.	**EQUITY AND LIABILITIES**					
(1)	Equity					
	Equity share capital	14	0.22		0.22	
	Other equity	15	(53.60)	(53.38)	(25.64)	(25.42)
(2)	Liabilities					
	Non-current liabilities					
	Financial liabilities					
	(i) Lease liabilities	16 (I)	-		0.28	
	Provisions	17	0.77	0.77	1.28	1.56
	Current liabilities					
	Financial liabilities					
	(i) Borrowings	18	-		21.83	
	(ii) Trade payables	19				
	(a) Total outstanding dues of micro enterprises and small enterprises		2.06		1.85	
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		44.80		102.29	
	(iii) Other financial liabilities	20	4.69		5.00	
	Other current liabilities	21	145.43		129.11	
	Provisions	22	34.90	231.58	40.95	301.43
	Total Equity and Liabilities			178.96		277.57
	Significant Accounting Policies	2				

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

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

Girish Arora
Partner
Membership Number: 098652

New Delhi: May 27, 2022

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

Neelesh Agarwal
Director
DIN - 00149850

Ritu Gupta
Director
DIN - 00899140

Noida: May 27, 2022

HCL Infotech Limited
Statement of Profit and Loss for the year ended March 31, 2022

	Notes	Year ended 31.03.2022 ₹/Crores	Year ended 31.03.2021 ₹/Crores
Income :			
Revenue from operations	23	60.38	134.95
Other income	24	12.17	83.45
Total income		72.55	218.40
Expenses :			
Purchases of stock-in-trade		0.96	2.29
Changes in inventories of stock-in-trade	25	1.79	1.10
Other direct expense	26	14.67	116.96
Employee benefits expense	27	19.09	51.69
Finance costs	28	1.20	28.51
Depreciation and amortization expense	3(a), 3(b)	0.12	0.24
Other expenses	29	62.52	124.07
Total expenses		100.35	324.86
Loss before exceptional items and tax		(27.80)	(106.46)
Exceptional items	30	-	(5.50)
Loss before tax		(27.80)	(111.96)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
Loss for the year		(27.80)	(111.96)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain/(Loss) on remeasurement of defined benefit plan		(0.16)	0.04
Less: Income tax relating to items that will not be reclassified to profit or loss		- (0.16)	- 0.04
Total comprehensive loss for the year		(27.96)	(111.92)
Loss per equity share :	37		
(1) Basic		(1,261.92)	(5,082.02)
(2) Diluted		(1,261.92)	(5,082.02)
Significant Accounting Policies	2		

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

As per our report of even date attached

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

Girish Arora
Partner
Membership Number : 098652

New Delhi: May 27, 2022

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

Neelesh Agarwal
Director
DIN - 00149658

Rita Gupta
Director
DIN - 07599440

Noida: May 27, 2022

HCL Infotech Limited
Statement of changes in equity for March 31, 2022

a. Equity Share Capital

₹/Crores

Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
0.22	-	-	-	0.22

Balance as at April 1, 2020	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
0.22	-	-	-	0.22

b. Other Equity

₹/Crores

Particulars	Reserves and surplus			Total
	Capital reserve	Securities premium reserve	Retained earnings	
Balance as at 01.04.2020	210.64	249.83	(1,183.85)	(723.38)
Loss for the year	-	-	(111.96)	(111.96)
Other comprehensive income for the year			0.04	0.04
On conversion of principal portion of ICD into CCD (refer note 46)	581.08			581.08
Waiver of interest on ICD (refer note 45)	228.58			228.58
Balance as at 31.03.2021	**1,020.30**	**249.83**	**(1,295.77)**	**(25.64)**
Balance as at 01.04.2021	1,020.30	249.83	(1,295.77)	(25.64)
Loss for the year	-	-	(27.80)	(27.80)
Other comprehensive loss for the year			(0.16)	(0.16)
Balance as at 31.03.2022	**1,020.30**	**249.83**	**(1,323.74)**	**(53.60)**

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
ICAI Registration Number-101248W/W-100022

Girish Arora
Partner
Membership Number - 098652

New Delhi: May 27, 2022

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

Neelesh Agarwal
Director
DIN - 00149856

Rita Gupta
Director
DIN - 07899240

Noida: May 27, 2022

HCL Infotech Limited
Cash Flow Statement for the year ended March 31, 2022

		Year ended 31.03.2022 ₹ Crores		Year ended 31.03.2021 ₹ Crores	
A. Cash flow from operating activities					
Loss before tax			(27.80)		[illegible]
Adjustments for:					
Depreciation and amortisation expense		[illegible]		[illegible]	
Finance cost		[illegible]		[illegible]	
Interest income		(2.44)		[illegible]	
Interest income on FD		(6.19)			
Interest on income tax refund		(2.49)		-	
Net profit on sale of property, plant and equipment		(0.08)		[illegible]	
Net gain on fair value changes of investments		(0.04)		-	
[illegible]		-		[illegible]	
Loss on foreign exchange fluctuation		0.23		-	
Provision for doubtful debts		[illegible]		[illegible]	
Provision for doubtful loans & advances and other current assets		6.86		[illegible]	
Provision for other current assets		-		[illegible]	
Provision [illegible] written back		(6.11)	[illegible]	[illegible]	[illegible]
Operating loss before working capital changes			[illegible]		[illegible]
Adjustments for changes in working capital:					
(Increase)/Decrease in trade receivables		23.77		[illegible]	
(Increase)/ Decrease in [illegible]		[illegible]		[illegible]	
Decrease/(Increase) in current assets		45.58		[illegible]	
Decrease in inventories		[illegible]		[illegible]	
Increase/(Decrease) in current liabilities		(31.47)		[illegible]	
(Decrease) in non current liabilities		[illegible]	20.01	[illegible]	[illegible]
Cash (used in)/ generated from operations			[illegible]		[illegible]
Taxes (paid)/refund (net of tax deducted at source)			[illegible]		[illegible]
Net cash (used in)/ generated from operating activities	(A)		[illegible]		[illegible]
B. Cash flow from investing activities					
Purchase of property, plant and equipment		[illegible]		[illegible]	
Interest received		[illegible]		-	
Proceeds from sale of property, plant and equipment		[illegible]		[illegible]	
Purchase of current investments		[illegible]		-	
Investment in bank deposits		(26.27)	[illegible]	[illegible]	[illegible]
Net cash (used in)/ generated from investing activities	(B)		[illegible]		[illegible]
C. Cash flow from financing activities:					
[illegible]		[illegible]		[illegible]	
Proceeds from loans and borrowings		[illegible]		[illegible]	
Repayment of loans and borrowings		[illegible]		[illegible]	
Interest paid		[illegible]	[illegible]	[illegible]	[illegible]
Net cash generated from/ (used in) financing activities	(C)		[illegible]		[illegible]
Net increase/(decrease) in cash and cash equivalents	(A+B+C)		[illegible]		[illegible]
Opening balance of cash and cash equivalents			[illegible]		[illegible]
Closing balance of cash and cash equivalents			[illegible]		[illegible]
Cash and cash equivalents comprise of			[illegible]		[illegible]
Cash, cheques and drafts (in hand)			-		-
Balances with banks in current accounts			[illegible]		[illegible]
Balances with banks in deposit accounts			-		-

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

Reconciliation between the opening and closing balances in the Balance Sheet for Liabilities arising from financing activities				
Particulars	As at April 1, 2021	Cash changes (net)	Non cash changes (net)	As at March 31, 2022
Loans and borrowings including interest accrued thereon (refer note [illegible])	[illegible]	[illegible]	[illegible]	-
Particulars	As at April 1, 2020	Cash changes (net)	Non cash changes (net)	As at March 31, 2021
Loans and borrowings including interest accrued thereon	[illegible]	[illegible]	[illegible]	[illegible]

Note:
Figures in brackets indicate cash outflow.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: [illegible]

Girish Arora
Partner
Membership Number: [illegible]

New Delhi: May 27, 2022

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

Neelesh Agarwal
Director
DIN: [illegible]

Rita Gupta
Director
DIN: [illegible]

Noida: May 27, 2022

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 system integration business and in providing hardware solutions to Enterprise Customers.

The financial statements were approved by the Board of Directors and authorised for issue on 27.05.2022.

2. Significant accounting policies

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

2.1 Basis of preparation and measurement

(i) Basis of preparation

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

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

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

(ii) Basis of measurement

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

2.2 Recent Indian Accounting Standards (Ind AS)

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

2.3 Use of estimates

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

HCL Infotech Limited

B S R & Associates LLP Gurugram

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 statements:

a) Property, plant and equipment

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

b) Intangibles

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

c) Income taxes

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

d) Contingencies

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

e) Allowance for uncollected accounts receivable and advances

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

f) Liquidated damages

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

g) Revenue recognition

- The Company's contracts with customer 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.

HCL Infotech Limited

B S R & Associates LLP Gurugram

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

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

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

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

2.5 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities, except for System Integration business. The System Integration business which comprises of long-term contracts and have an operating cycle exceeding one year. For classification of current assets and liabilities related to System Integration business (forming part of Hardware Products and Solutions), the Company elected to use the duration of the individual contracts as its operating cycle.

2.6 Property, plant and equipment

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

HCL Infotech Limited

B S R & Associates LLP
Gurugram

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

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

(i)	Hand Held Terminal	6 years

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

2.7 Intangible assets

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

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

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

Softwares

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

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

Intellectual property rights	7	years
Software	1-5	years

2.8 Leases

As a lessee

HCL Infotech Limited *

B S R & Associates LLP Gurugram *

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

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

As a Lessor

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

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

Sale and leaseback

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

2.9 Financial instruments

A. Financial instruments – initial recognition and measurement

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

B. Financial assets

i. Subsequent measurement

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

HCL Infotech Limited

B S R & Associates LLP Gurugram

Debt instrument

a. Financial assets at fair value through profit or loss

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

b. Financial assets measured at amortised cost

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

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

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

Investment in subsidiary

Investment in subsidiary is carried at cost in financial statement.

Equity instruments

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

2. Derecognition

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

C. Financial liabilities

1. Subsequent measurement

HCL Infotech Limited

B S R & Associates LLP
Gurugram

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

Financial liabilities measured at amortised cost

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

2. Derecognition

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

D. Offsetting financial instruments

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

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

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

F. Fair value measurement

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

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

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

2.10 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and

HCL Infotech Limited

S R & Associates LLP Gurugram

liabilities attributable to temporary differences and to unused tax losses.

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

Deferred tax is recognised in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised of carried forward tax losses and tax credits

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

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

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

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

2.11 Inventories

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

Cost of stock-in-trade comprises cost of purchases. Costs of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost is determined on the basis of weighted average. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2.12 Cash and cash equivalents

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

HCL Infotech Limited

S.R. & Associates LLP Gurugram

are subject to an insignificant risk of changes in value.

2.13 Impairment of assets

a. Financial assets

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

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

b. Non-financial assets

Intangible assets and property, plant and equipment

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

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there 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

Gurugram

2.14 Borrowings

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

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

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

2.15 Provisions, contingent liabilities and contingent assets

a) Provisions

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

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

b) Contingencies

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

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

2.16 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

2.17 Revenue recognition

The Company derives revenues primarily from sale of products and services and long term composite contracts requiring sale and integration of IT products. Revenue is measured at the fair value of the consideration received or receivable.

Sale of products

Timing of recognition

The Company is engaged into the business of –

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

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

Measurement of revenue

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

Revenue from services

Timing of recognition

HCL Infotech Limited

B S R & Associates LLP Gurugram

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

Measurement of revenue

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

Revenue from long term composite contracts

The Company enters into long term fixed price composite contracts with its customers, which requires design and integration of IT hardware and software to build an integrated solution. The contract involves seamless sale of products and services, with objective to build a solution which meets specifications mentioned in the contract. The execution of these contracts require longer period of time, usually more than 12 months.

Timing of recognition

The accounting for these composite contracts, outcome of which can be reliably estimated, where no significant uncertainty exists regarding realisation of the consideration, the revenue is recognised in accordance with the percentage completion method, under which revenue is recognised on the basis of cost incurred as a proportion of total cost expected to be incurred. The costs incurred is considered as reasonable source to measure progress towards completion as there is direct relationship between the input and productivity. Provision for foreseeable losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenues, while billings in excess of costs and earnings are classified as deferred revenues.

Measurement of revenue

The revenues are measured based on overall price for the solution as mentioned in the contract, applying percentage of completion method. For delivery of integrated solution is identified as separate component from multiple element arrangement, the revenues are measured based on fair value allocated to the solution/ deliverable within the overall arrangement. Such allocated fair value is recognised as revenues using percentage of completion method over the period of contract

Revenue from multiple-element arrangement

Timing of revenue recognition

The Company enters into contracts consisting of any combination of supply of IT solutions & hardware and installation and other services. Within these multiple element arrangements, separate components are identified and accounted for based on the nature of those components, considering the economic substance of the entire arrangement. The revenue allocated to each component is recognized when the revenue recognition criteria for that component have been met.

Measurement of revenue

Revenue is allocated to each separately identifiable component based on the fair value of each component. Where the relative fair value of all the components are not separately identifiable, fair value of one component is determined by taking into consideration factors such as the price of the component when sold separately and the component cost plus a reasonable margin. Fair values of the remaining components are determined based on the residual approach.

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

Interest income

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

2.18 Employee benefits

Defined benefit plans

Gratuity

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

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

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

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

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

Provident fund

In respect of certain employees, Provident Fund contributions are made to a multi-employer Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit

HCL Infotech Limited

S.R. Associates LLP Gurugram

Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the statement of profit and loss in the year in which they arise.

Defined contribution plans

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

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

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

Other benefits

Compensated absences

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

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

Long term employee benefits

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

2.19 Earnings per share

(i) Basic earnings per share

Basic earnings per share is computed by dividing:

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

(ii) Diluted earnings per share

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

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

HCL Infotech Limited

B S R & Associates LLP Gurugram

3 (a) Property, Plant & Equipment

₹/Crores

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

₹/Crores

Particulars	Gross Block				Depreciation				Net Block
	As at 01.04.2020	Additions	Disposal	As at 31.03.2021	As at 01.04.2020	Additions	Disposal	As at 31.03.2021	As at 31.03.2021
Plant and Machinery	0.01	-	-	0.01	0.01	-	-	0.01	-
Furniture and Fixtures	0.27	-	0.19	0.08	0.27	-	0.19	0.08	-
Office Equipments	0.21	-	-	0.21	0.20	-	-	0.20	-
Vehicles	0.01	-	-	0.01	0.01	-	-	0.01	-
Computers	1.95	0.05	0.02	1.98	1.94	0.01	0.02	1.93	0.05
Total	2.45	0.05	0.21	2.29	2.43	0.01	0.21	2.23	0.05

3 (b) Right of use assets

₹/Crores

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

₹/Crores

Particulars	Gross Block				Amortisation				Net Block
	As at 01.04.2020	Additions	Disposal	As at 31.03.2021	As at 01.04.2020	Additions	Disposal	As at 31.03.2021	As at 31.03.2021
Right of use assets	0.78	-	-	0.78	0.27	0.23	-	0.50	0.28
Total	0.78	-	-	0.78	0.27	0.23	-	0.50	0.28

HCL Infotech Limited

S R & Associates LLP
Gurugram

4(a) Non-current Investments

	As at 31.03.2022		As at 31.03.2021	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores
Unquoted				
Investments in equity instruments of subsidiaries (at cost)				
HCL Investments Pte. Limited	1 in SGD* and 1,775,000 in USD*	8.41	1 in SGD* and 1,775,000 in USD*	8.41
Less: Impairment in the value of investment		5.50		5.50
Total investments in equity instruments of subsidiaries		2.91		2.91

* SGD = Singapore Dollar; USD = United States Dollar

Aggregate amount of book value of unquoted investment		2.91		2.91

4(b) Current investments

	As at 31.03.2022		As at 31.03.2021	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores
Unquoted (Others)				
Investment in mutual funds at FVTPL				
Growth options				
Axis Liquid Fund	70,749	18.04	-	-
		18.04		-
Aggregate amount of unquoted investment		18.04		-

HCL Infotech Limited

B S R & Associates LLP
Gurugram

HCL Infotech Limited
Notes to the Financial Statements

Note	Particulars		As at 31.03.2022 ₹/Crores		As at 31.03.2021 ₹/Crores
5	**Other non-current financial assets**				
	Considered good				
	Security deposits		-		0.84
	Balance with bank - margin money account*		0.22		0.16
	*Balances held as margin money towards obtaining Bank Guarantees.				
	TOTAL		0.22		1.00
6	**Advance income tax asset (net of provisions)**				
	Advance income tax (Provision for the year Nil (2021: Nil))		14.58		44.76
	TOTAL		14.58		44.76
7	**Other non-current assets**				
	Unsecured				
	Capital advances		0.01		-
	Deposits with tax authorities		6.90		7.03
	TOTAL		6.91		7.03
8	**Inventories**				
	Stock in trade*		0.49		1.98
	TOTAL		0.49		1.98

*Write-downs of inventories to net realisable value recognised as an expense during the year amounted to ₹ 0.05 crores (2021: ₹ 0.21 crores). These were included in changes in value of inventories of work-in-progress, stock in trade and finished goods in statement of profit and loss. During the current year, project specific inventory of ₹ [illegible] crores has been adjusted against provisions for onerous contracts.

Note	Particulars		As at 31.03.2022 ₹/Crores		As at 31.03.2021 ₹/Crores
9	**Trade receivables (refer note 32, 41, 47)**				
	Unsecured:				
	- Considered good	47.99		72.94	
	- Significant increase in credit risk	107.50		100.42	
	- Credit impaired	43.93		47.42	
		199.42		220.78	
	Less: Allowance for doubtful debts	151.43	47.99	147.84	72.94
	TOTAL		47.99		72.94
	*refer note no 32 (iii) disclosure related to ageing of trade receivable				
10	**Cash and Cash Equivalents**				
	Balances with banks				
	- In current accounts*		4.62		12.78
	TOTAL		4.62		12.78
	* Includes ₹ [illegible] Crores restricted Bank Balance lying with UBGB Bank.				
11	**Other bank balances**				
	Balances with banks				
	- On margin account		0.90		0.01
	Bank deposits with original maturity of more than three months less than 12 months*		25.32		-
	TOTAL		26.22		0.01
	* Includes ₹ [illegible] crores (2021: ₹ Nil) lien marked with Banks.				
12	**Other current financial asset**				
	Considered good				
	Security deposits		-		2.82
	Unbilled revenue		3.69		0.98
	Others (includes employee advances, insurance claim receivable)		0.44		0.52
	Considered doubtful				
	Security deposits, lease rental recoverable and other advances	13.61		10.68	
	Less: Allowance for doubtful security deposits, lease rental recoverable and other advances	(13.61)	-	(10.68)	-
	TOTAL		4.13		4.32

B S R & Associates LLP Gurugram

HCL Infotech Limited

		As at 31.03.2022 ₹/Crores		As at 31.03.2021 ₹/Crores
13 Other current assets				
Unsecured				
Considered good				
Balances with customs, port trust, excise and sales tax authorities		12.06		[illegible]
Contract assets (refer note 32.4)		31.66		62.81
Advances to creditors		-		1.74
Prepaid expenses		[illegible]		20.51
Others		0.08		[illegible]
Considered doubtful				
Contract assets, deposits and other advances	185.98		183.31	
Less: Allowance for doubtful loans and advances (includes ₹ 185.99 crores on contract assets (2021 - ₹ 183.31 crores))	(185.98)	-	(183.31)	-
TOTAL		52.83		[illegible]

14 Share Capital

Authorised		
6,00,000 Equity Shares (2021 - 6,00,000) of ₹ 10/- each	0.60	0.60
TOTAL	0.60	0.60
Issued, Subscribed and Paid up		
2,20,300 Equity Shares (2021 - 2,20,300) of ₹ 10/- each (Fully Paid up)	0.22	0.22
TOTAL	0.22	0.22

Notes:

(i) Rights attached to Equity Shares.

The Company has only one class of equity share having a face value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing General Meeting, except in case of interim dividend.

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

(ii)

Shareholders holding more than 5% of the aggregate shares in the Company	As at 31.03.2022		As at 31.03.2021	
	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 31.03.2022		% change during the year	As at 31.03.2022	
	No. of shares	% of shares		No. of shares	% of shares
HCL Infosystems Limited, the holding company (includes 6 shares held by nominee shareholders)	220300	100%	0%	220300	100%

15 Other equity

A. Reserve and surplus

(a) Securities premium reserve		
Opening balance	249.83	249.83
Closing balance	249.83	249.83
(b) Capital reserve Account		
Opening balance	1,020.30	410.64
Current Year Transfer		609.66
Closing balance	1,020.30	1,020.30
(c) Retained earnings		
Opening balance	(1,295.77)	(1,183.85)
Net loss for the year	(27.80)	(111.96)
Remeasurement of post employment benefit obligation, net of tax	(0.16)	0.04
Closing balance	(1,323.73)	(1,295.77)
TOTAL	(53.60)	(25.64)

HCL Infotech Limited

Gurugram

HCL Infotech Limited
Notes to the Financial Statements

		As at 31.03.2022 ₹/Crores	As at 31.03.2021 ₹/Crores
	Financial liabilities		
16 (ii)	**Non-current borrowings**		
	Lease Liabilities	-	0.28
		-	0.28
17	**Non-current provisions**		
	Provision for gratuity and other employee benefits	0.77	1.28
	TOTAL	0.77	1.28
18	**Current borrowings**		
	Unsecured:		
	Loans and advances from related parties (refer note 41)	-	21.93
		-	21.93
	TOTAL	-	21.93

Note:

Unsecured Loans from HCL Infosystems Limited, the Holding Company, amounting to ₹ Nil (2021 - ₹ 21.93 crores) is repayable on demand and carries an interest @ 9.95% to 11.00% per annum. The loan has been fully repaid in current year.

		As at 31.03.2022 ₹/Crores	As at 31.03.2021 ₹/Crores
19	**Trade payables (refer note 41)**		
	Trade payables		
	(a) Total outstanding dues of micro enterprises and small enterprises and (refer note 35)	2.06	1.25
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises (Includes acceptance ₹ 0.36 Crores (2021 - ₹ 11.10 Crores))	44.80	103.29
	*refer note no 52 for disclosure related to ageing of trade payable		
	TOTAL	46.86	104.54
20	**Other current financial liabilities**		
	Interest accrued on borrowings	0.36	-
	Deposits	1.99	2.19
	Employee benefits payable	2.33	3.80
	Capital creditors	0.01	0.01
	TOTAL	4.69	6.00
21	**Other Current Liabilities**		
	Deferred revenue	97.99	83.16
	Advances received from customers	37.10	36.82
	Statutory dues payable	8.04	5.13
	TOTAL	143.13	125.11
22	**Current Provisions**		
	Provision for gratuity and other employee benefits	0.77	2.64
	Provision for litigation (refer note 33(a) and 33 (b))	8.86	2.91
	Provision for contract losses*	25.27	36.40
	TOTAL	34.90	41.95
	*Provision for contract Loss		
	Balance as at the beginning of the year	36.40	24.56
	Provision made during the year	9.66	12.70
	Provision utilised during the year	20.79	0.86
	Balance as at the end of the year	25.27	36.40

HCL Infotech Limited

B S R & Associates LLP
Gurugram

		Year ended 31.03.2022 ₹/Crores	Year ended 31.03.2021 ₹/Crores
23	**Revenue from operations**		
	Revenue from composite contracts (refer note 40)	41.70	132.87
	Sale of services	18.68	2.09
	TOTAL	60.38	134.96
24	**Other income**		
	Interest income from financial asset at amortised cost		
	- On fixed deposits (gross)	0.19	0.01
	- On discounted receivables	2.44	23.72
	Scrap sale	0.22	0.13
	Changes in fair value of investments	0.04	-
	Net profit on sale of property, plant and equipment	0.08	0.06
	Profit on foreign exchange fluctuation	-	0.28
	Provisions/liabilities no longer required written back	6.71	52.67
	Interest income from Income tax authorities	2.49	6.58
	TOTAL	12.17	83.45
25	**Changes in inventories of stock-in-trade**		
	Closing balance		
	- Stock-in-trade	0.49	2.28
		0.49	2.28
	Opening balance		
	- Stock-in-trade	2.28	3.38
		2.28	3.38
	Changes in inventories of stock-in-trade	1.79	1.10
26	**Other direct expense**		
	Purchase of services	34.67	116.96
	TOTAL	34.67	116.96
27	**Employee benefits expense**		
	Salaries, wages, bonus and gratuity (refer note 39)	19.35	49.69
	Contribution to provident and other funds (refer note 39)	0.60	1.93
	Staff welfare expenses	0.04	0.07
	TOTAL	19.99	51.69
28	**Finance costs**		
	Interest on non current and current borrowings*	0.86	27.87
	Other borrowing costs	0.34	0.64
	TOTAL	1.20	28.51

* Includes interest paid on lease liabilities ₹ 0.01 crores (2021 - ₹ 0.05 crores) (refer note 36)

HCL Infotech Limited
Notes to the Financial Statements

		Year ended 31.03.2022 ₹/Crores	Year ended 31.03.2021 ₹/Crores
29	**Other expenses**		
	Rent (refer note 36)	0.37	0.62
	Rates and taxes	0.35	0.14
	Printing and stationery	0.02	0.01
	Communication	0.15	0.38
	Travelling and conveyance	0.47	0.38
	Packing, freight and forwarding	0.04	-
	Legal, professional and consultancy charges (refer note 35)	17.89	13.11
	Relationship expenses	4.10	6.17
	Training and conference	0.02	0.04
	Office electricity and water	-	0.01
	Insurance	0.00	0.05
	Advertisement, publicity and entertainment	0.02	0.02
	Fine charges	0.05	0.92
	Bank charges	1.73	1.91
	Allowance for doubtful debts	3.61	85.07
	Allowance for doubtful loans and advances and other current assets	6.89	0.19
	Provision for input tax credit	-	0.70
	Property, plant and equipment written-off	0.00	0.00
	Repairs		
	- Buildings	0.00	0.00
	- Others	0.04	0.20
	Net loss on foreign exchange fluctuation	0.13	-
	Miscellaneous	0.14	1.11
		36.02	116.63
	Corporate cost allocated from holding company (refer note 41)	5.60	7.44
	TOTAL	41.62	124.07

HCL Infotech Limited

B S R & Associates LLP
Gurugram

30 Exceptional items :

₹/Crores

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
a. Provision against investment in HCL Investment Pte. Limited	-	5.50
Total	-	5.50

(This space has been intentionally left blank)

HCL Infotech Limited

B S R & Associates LLP
Gurugram

Financial Instruments and Risk Management

31 Fair Value Measurements

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

As at 31.03.2022 ₹ /Crores

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)	-	2.91	2.91	2.91
(ii) Others financial assets	5	-	0.22	0.22	0.22
		-	3.13	3.13	3.13
Current assets					
(i) Investments	4 (b)	18.04	-	18.04	18.04
(ii) Trade receivables	9	-	47.99	47.99	47.99
(iii) Cash and cash equivalents	10	-	4.62	4.62	4.62
(iv) Other bank balances	11	-	26.22	26.22	26.22
(v) Others financial assets	12	-	4.13	4.13	4.13
					-
		18.04	82.96	100.99	100.99
Financial Liabilities					
Non-current liabilities					
(i) Borrowings	16 (i)	-	-	-	-
(ii) Lease Liabilities	16 (i)	-	-	-	-
		-	-	-	-
Current liabilities					
(i) Borrowings	18	-	-	-	-
(ii) Trade payables	19	-	46.86	46.86	46.86
(iii) Other financial liabilities	20	-	4.69	4.69	4.69
		-	51.55	51.55	51.55

As at 31.03.2021 ₹ /Crores

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)	-	2.91	2.91	2.91
(iii) Others	5	-	1.00	1.00	1.00
		-	3.91	3.91	3.91
Current assets					
(i) Investments	4 (b)	-	-	-	-
(ii) Trade receivables	9	-	72.94	72.94	72.94
(iii) Cash and cash equivalents	10	-	12.78	12.78	12.78
(iv) Other bank balances	11	-	0.01	0.01	0.01
(v) Others financial assets	12	-	4.32	4.32	4.32
		-	90.05	90.05	90.05
Financial Liabilities					
Non-current liabilities					
(i) Borrowings	16 (i)	-	-	-	-
(ii) Lease Liabilities	16 (i)		0.28	0.28	0.28
		-	0.28	0.28	0.28
Current liabilities					
(i) Borrowings	18	-	21.83	21.83	21.83
(ii) Trade payables	19	-	103.54	103.54	103.54
(iii) Other financial liabilities	20	-	6.00	6.00	6.00
		-	131.37	131.37	131.37

HCL Infotech Limited *

(This space has been intentionally left blank)

B S R Gurugram

32 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	Trade receivables Cash and cash equivalents Other financial assets	Ageing Analysis Credit appraisal	Diversification of bank deposits, investments, credit limits and letters of credit
Liquidity risk	Borrowings, trade payable and other Liabilities	Rolling cash flow forecasts	Availability of committed credit lines, borrowing facilities and liquid investments and financial support from parent company
Market risk - foreign exchange	Future commercial transactions Recognized financial assets not denominated in Indian rupee (INR)	Hedging percentage Sensitivity analysis	Forward foreign exchange contracts

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

(This space has been intentionally left blank)

HCL Infotech Limited

S R & Associates Gurugram

HCL Infotech Limited
Notes to the Financial Statements

Financial Risk Management

32 (i) Credit Risk

Credit risk arises from possibility that customer may default on its obligation resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivables, contract assets and unbilled revenue.

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

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

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

Following table provides agewise breakup of trade receivables and contract assets

₹/Crores

	As at 31.03.2022	As at 31.03.2021
Not Due*	217.56	147.25
0-90 days past due	2.25	42.52
91-180 days past due	-	5.79
180-365 days past due	13.58	0.91
1-2 years past due	-	4.45
More than 2 years past due	162.36	167.06
	395.72	368.00

*Includes contract assets amounting to ₹ [illegible] crores (2021 : ₹ 217.25 crores)

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

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

₹/Crores

	As at 31.03.2022	As at 31.03.2021
Balance at the beginning	182.27	259.43
Provided during the year	1.60	85.67
Reversal during the year	-	(162.83)
Amounts written off	-	-
Balance at the end	183.87	182.27
Weighted average loss rate (in percentage)	[illegible]	70.57%

32 (ii) **Ageing Schedule in respect of trade receivables for the year ended March 31, 2022 and March 31, 2021**

₹/Crores

Particulars	Not Due	Outstanding for following periods from due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(a) Undisputed trade receivables - considered good	21.58	2.25	23.66	-	-	-	47.49
	-	(50.78)	-	-	-	-	(50.78)
(b) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	38.66	38.66
	-	-	-	-	-	(55.21)	(55.21)
(c) Undisputed trade receivables - credit impaired	-	-	-	-	-	43.91	43.91
	-	-	-	-	-	(47.48)	(47.48)
(d) Disputed trade receivables - considered good	-	-	-	-	-	10.30	10.30
	-	-	-	-	-	(22.19)	(22.19)
(e) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	68.86	68.86
	-	-	-	-	-	(64.92)	(64.92)
(f) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	21.58	2.25	23.66	-	-	161.73	209.22
	-	(50.78)	-	-	-	(189.80)	(240.58)
Less: Allowance for doubtful debts							(51.41)
							(167.65)
Total							47.99
							(72.93)
Unbilled Revenue (including Contract Assets (refer note 12 and 13))							37.65
							(65.79)
Total							85.64
							(138.72)

Note: **Previous year figures are given in brackets.**

32 (ib) Relationship with struck off Companies for the year ended March 31, 2022 and March 31, 2021

₹/Crores

Name of Struck companies	Nature of transactions with struck off companies	Balance Outstanding	Relationship with the struck off company
Expertvision Infotech Pvt Ltd	Trade receivable	0.00 (0.00)	Customer
Internations Express Pvt Ltd	Trade receivable	0.00 (0.00)	Customer
Rami Metals Gujarat Ltd	Trade receivable	0.00 (0.00)	Customer
Twinbury Computer Pvt Ltd	Trade receivable	0.00 (0.00)	Customer
Vinesare Infomedia Pvt Ltd	Trade receivable	0.00 (0.00)	Customer
Simlink Systems Private Limited	Trade receivable	0.00 (0.00)	Customer
Vrinda Overseas Private Limited	Trade receivable	0.00 (0.00)	Customer
Ramnagar Sugar Mills Ltd	Advance from customer	0.00 (0.00)	Customer
Hamnagar Sugar Mills Ltd	Advance from customer	0.00 (0.00)	Customer
Microland Limited	Advance from customer	0.00 (0.00)	Customer
Gujarat Infotech Pvt Ltd	Trade receivable	0.00 (0.00)	Customer
Central Coalfields Ltd	Advance from customer	0.00 (0.00)	Customer
I Cube Infotech Pvt Limited	Trade receivable	0.00 (0.00)	Customer
India Glycols Limited	Trade receivable	0.00 (0.00)	Customer
Deloitte Consulting India Pvt Ltd	Trade receivable	0.00 (0.00)	Customer
Deloitte Consulting India Pvt Ltd	Trade receivable	0.02 (0.02)	Customer
Winger Software Services Pvt Ltd	Trade receivable	0.03 (0.03)	Customer
Serene Global Services Pvt Ltd	Advance from customer	0.02 (0.00)	Customer

Note: Previous year figures are given in brackets.
Amount represents ₹ 0.00 less than one crores

HCL Infotech Limited

B S R & Associates LLP
Gurugram

HCL Infotech Limited
Notes to the Financial Statements

Financial Risk Management

32(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 31.03.2022

₹/Crores

Year ended 31.03.2022	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years
Non-derivatives					
Borrowings					
-From Banks	-	-	-	-	-
-From Others	-	-	-	-	-
Lease Obligation	-	-	-	-	-
Trade payables	46.86	-	46.86	-	-
Other financial liabilities					
-Deposits	1.99	-	1.99	-	-
-Interest accrued but not due	0.36	-	0.36	-	-
-Capital Creditors	0.01	-	0.01	-	-
-Employee benefits payable	2.33	-	2.33	-	-
Total non-derivative liabilities	51.55	-	51.55	-	-

₹/Crores

Year ended 31.03.2021	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years
Non-derivatives					
Borrowings					
-From Banks	-	-	-	-	-
-From Others	21.83	21.83	-	-	-
Lease Obligation	0.28	-	0.28	-	
Trade payables	103.54	-	103.54	-	-
Other financial liabilities					
-Deposits	2.19	-	2.19	-	-
-Interest accrued but not due	-	-	-	-	-
-Capital Creditors	0.01	-	0.01	-	-
-Employee benefits payable	3.80	-	3.80	-	-
Total non-derivative liabilities	131.65	21.83	109.82	-	-

32(iii) Ageing Schedule in respect of trade payable for the year ended March 31, 2022 and March 31, 2021

₹/Crores

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	0.03 -	1.18 (0.31)	0.37 (0.15)	0.14 (0.20)	0.34 (0.38)	2.06 (1.25)
(ii) Others	0.48 (55.96)	7.24 (13.06)	- (1.65)	- (1.25)	15.60 (18.07)	23.32 (62.09)
(iii) Disputed dues - MSME	- -	- -	- -	- -	- -	- -
(iv) Disputed dues - Others	- -	- -	- -	- -	5.92 (5.66)	5.92 (5.66)
Total	0.51 (29.86)	8.42 (13.57)	0.37 (1.80)	0.14 (1.47)	21.87 (24.11)	31.32 (69.00)
Unbilled Dues						15.55 (34.54)
Total						46.86 (103.54)

Note: Previous year figures are given in brackets.

HCL Infotech Limited

B S R & Associates LLP Gurugram

32 (b) Relationship with struck off Companies for the year ended March 31, 2022 and March 31, 2021

₹/Crores

Name of Struck companies	Nature of transactions with struck off companies	Balance Outstanding	Relationship with the struck off company
Glossy Tech Engineering Works Private Limited	Trade Payable	- (0.05)	Vendor
Sarvoday Engineering Products Private limited	Trade Payable	0.00 (0.00)	Vendor
Tps India Pvt Ltd	Trade Payable	0.00 (0.00)	Vendor
Expertvision Infotech Private Limited	Trade Payable	0.01 (0.01)	Vendor
Rupe Payment Private Limited	Advance from vendor	- (0.05)	Vendor
Evergrow Mobitech Pvt Ltd	Trade Payable	- (0.08)	Vendor

Note: Previous year figures are given in brackets.
Amount in '0.00' represents less than ₹ one lakh.

HCL Infotech Limited

B S R & Associates LLP Gurugram

HCL Infotech Limited
Notes to the Financial Statements

Financial Risk Management

32(iii) Market Risks

(i) Interest rate risk

The Company's interest rate risk arise from borrowings with variable interest rates, which exposed the Company to Cash flow interest rate risk. As on 31.03.2022 the Company has Nil (2021- ₹ 21.83 Crores) of borrowings with variable interest rates. In order to optimize the Company's position with regards to interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing of fixed rate and floating rate financial instruments in its total portfolio.

(a) Interest rate risk exposure

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

₹/Crores

	As at 31.03.2022	As at 31.03.2021
Variable rate borrowings	-	21.83
Fixed rate borrowings	-	-
Total borrowings	-	21.83

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

₹/Crores

	As at 31.03.2022			As at 31.03.2021		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans/Cash credits/Inter company borrowing	0.00%	-	0.00%	[illegible]	21.83	100.00%
Net exposure to cash flow interest rate risk		-			21.83	

(b) Sensitivity

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

₹/Crores

	Impact on profit after tax		Impact on other components of equity	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Interest rates - increase by 50 basis points	-	(0.04)	-	(0.02)
Interest rates - decrease by 50 basis points	-	0.04	-	0.02

(This space has been intentionally left blank)

HCL Infotech Limited *

S.R. & Associates LLP Gurugram

HCL Infotech Limited
Notes to the Financial Statements

Financial Risk Management

Market risk:

(ii) Foreign currency risk

The Company's major operations are in India and are in INR and therefore, it 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 [illegible] like foreign exchange forward contracts, [illegible] to foreign currency risk.

(a) Foreign currency risk exposure

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

₹/Crores

	As at 31.03.2022
	USD
Financial Assets	
Trade receivables	4.31
Net exposure to foreign currency risk (assets)	4.31
Financial Liabilities	
Trade Payables	(5.93)
Net exposure to foreign currency risk (liabilities)	(5.93)

₹/Crores

	As at 31.03.2021
	USD
Financial Assets	
Trade receivables	4.12
Net exposure to foreign currency risk (assets)	4.12
Financial Liabilities	
Trade Payables	(5.70)
Net exposure to foreign currency risk (liabilities)	(5.70)

(b) Sensitivity

The following table demonstrates the sensitivity of [illegible] foreign currency exposures relating to financial instruments to reasonably possible changes in foreign currency exchange rates, with all other variables held constant.

	Change in FC exchange rate by	Impact on profit or loss and equity (in ₹ Crores)			
		Increase in FC exchange rates		Decrease in FC exchange	
		Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
USD	5%	(0.08)	(0.08)	0.09	[illegible]

(This space has been intentionally left blank)

HCL Infotech Limited

S R & Associates LLP
Gurugram

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 at 31.03.2022 and 31.03.2021 are as follows:

₹/Crores

	As at 31.03.2022	As at 31.03.2021
Total Debt	-	21.83
Equity	(53.38)	(25.42)
Capital and net debt	(53.38)	(3.59)
Capital gearing ratio	0.00%	-10.40%

As at 31 March 2022, the Company had a net assets deficiency of ₹ 53.38 Crore (2021 - ₹ 25.42 Crore), which includes loan repayable of nil (2021 - ₹ 21.83 Crore) due to HCL Infosystems Limited (Holding Company). The Holding Company has an intention to provide continued financial support to the Company (refer note 44).

33 (a) **Contingent Liabilities :**

Claims against the Company not acknowledged as debts:

₹/Crores

	Year ended 31.03.2022	Year ended 31.03.2021
Sales Tax (refer note 33 (a) (ii))	-	1.38
Civil matters (note 33 (b))	0.60	0.60

Sum of ₹ 0.29 Crores (2021 - ₹ 0.38 Crores) is deposited by the Company against the above.

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

(ii) The Company has certain sales tax and other related litigation against which provision amounts to ₹ 8.86 Crores (2021 - ₹ 2.32 Crores) is outstanding. Provision amounting to ₹ 0.02 (2021 - ₹ 0.20 Crores) crores was created and ₹ Nil (2021 - ₹ 0.81 Crores) was utilised during the year. The provision includes liability certain CST/VAT, Other IDT related, which is currently outstanding in name of parent company, as the demand pertains to pre demerger period.

33 (b) **Other Litigations :**

The Company has certain civil litigation amounting to ₹ 0.60 crores (2021 - ₹ 0.60 crores) against which provision of ₹ 0.60 crores is outstanding.

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

₹/Crores

		As at 31.03.2022	As at 31.03.2021
a	(i) Principal amount remaining unpaid to any supplier as at the end of the year	2.06	1.31
	(ii) Interest due on the above amount	0.38	[illegible]
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	21.89	[illegible]
c	Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Act	-	-
d	Amount of interest accrued and remaining unpaid at the end of the year	0.22	[illegible]
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	-	-

35 **Remuneration to Auditor*:**

₹/Crores

		Year ended 31.03.2022	Year ended 31.03.2021
a	Auditor	0.25	[illegible]
b	For taxation matters	0.02	[illegible]
c	For company law matters	-	-
d	For other services	0.01	-
e	For reimbursement of expenses	0.01	0.01
Total		0.29	[illegible]

* excluding GST as applicable

HCL Infotech Limited

B S R & Associates LLP Gurugram

36 **Leases**

a) Cancellable Operating Leases

As a Lessee

The Company has taken office and godown premises under lease. These are generally not non-cancellable leases (except for few premises) having unexpired period upto three years. The leases are renewable by mutual consent and on mutually agreeable terms. The Company has given refundable interest free security deposits under certain lease agreements. There is no contingent rent, sublease payments or restriction imposed in the lease agreement. In terms of criteria specified in Ind AS 116 Leases, for some of these leases (i.e. leases other than with short term period or low value assets), present value of all future lease payments had been recognised as Right-of-use assets and lease liabilities with the charge for depreciation on Right-of-use assets and interest on lease liabilities in the statement of profit and loss during the current year (refer note 3 & 28) and for other leases, yearly lease payments continued to be expensed off on straight line basis over lease term as rent expenses (refer note 29).

Payments recognised as expense

₹ Crores

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Depreciation expense - Right-of-use assets (refer note 3b)	0.11	0.23
Interest on lease liabilities (refer note 28)	0.01	0.05
Rent expense - short term leases (refer note 29)	0.37	0.64

Total cash outflow for leases during the year ended 31 March 2022 is ₹ 0.28 crores

(This space has been intentionally left blank)

HCL Infotech Limited

B S R & Associates LLP
Gurugram

37 Earnings per share (EPS)

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

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Loss after tax (₹ Crores)	(27.80)	(111.96)
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)	(1261.92)	(5082.12)

As explained in note 47 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 derecognised 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.

38 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 - 'Segment Reporting', notified under section 133 of the Companies Act, 2013 as at March 31, 2022, segment information is not required to be disclosed.

(This space has been intentionally left blank)

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

(a) **Defined Contribution**

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

₹/Crores

	Year ended 31.03.2022	Year ended 31.03.2021
Employers Contribution to Superannuation Fund*	0.02	0.04
Employers Contribution to National Pension Scheme*	0.02	0.03
Employers contribution to Employee State Insurance*	0.02	[illegible]
Employers contribution to Employee's Pension Scheme 1995*	0.29	[illegible]

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 27).

(b) **Defined Benefit**

(i) Gratuity

(ii) Provident Fund **

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

	Gratuity	
	Year ended 31.03.2022	Year ended 31.03.2021
Discount rate (per annum)	5.09%	4.59%
Rate of increase in compensation levels	5.00%	5.00%
Expected average remaining working lives of employees (years)	15.79	[illegible]

As of 31.03.2022, every 0.5 percentage point increase / decrease in discount rate will affect gratuity benefit obligation by approximately ₹ 0.01 Crores.

As of 31.03.2022, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will affect gratuity benefit obligation by approximately ₹ 0.01 Crores.

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

Description of Risk Exposures:

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

A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B) Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

C) Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

₹/Crores

	31.03.2022	31.03.2021
	Gratuity	
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:		
Present value of obligation at the beginning of the year	1.59	2.14
Current service cost	0.11	0.20
Interest cost	0.07	0.12
Total amount recognised in profit or loss	0.18	0.32
Actuarial (gain)/loss from change in demographic assumptions	(0.22)	(0.19)
Actuarial (gain)/loss from change in financial assumptions	0.29	0.11
Experience (gain)/loss	0.08	0.04
Total amount recognised in other comprehensive income	0.16	(0.04)
Benefits paid	(0.89)	[illegible]
Present value of obligation at the end of the year	1.04	1.59

₹/Crores

	31.03.2022	31.03.2021
	Gratuity	
Cost recognised for the year :		
Current service cost	0.11	0.20
Interest cost	0.07	0.12
Actuarial (gain)/loss	0.16	(0.04)
Net cost recognised for the year*	0.34	0.28

* Included in Salaries, Wages, Bonus and Gratuity for Gratuity under Employee benefits expense (Refer Note 27) and other comprehensive income

(This space has been intentionally left blank)

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

	₹/Crores	
	Gratuity	
	31.03.2022	31.03.2021
Present value of the obligation as at the end of the year	1.04	1.19
Liabilities recognised in the Balance Sheet	(1.04)	(1.59)
Experience adjustment on plan liabilities	(0.08)	(0.04)

** In respect of certain eligible employees, the Company is a participant in a provident fund plan which is administered through a multi employer trust. The participants have an obligation to make good any deficiency in the interest to be paid by the Trust to its members and the income earned by it. Accordingly the plan is as a defined benefit plan. The trust has obtained an actuarial valuation of the Provident fund liability as at the Balance Sheet date and as per valuation report, there is no shortfall as on 31.03.2022. The valuation report contained details for the disclosure requirement of the IND AS - 19 "Employee Benefits" for the trust as a whole, however breakup into respective entities is not available and accordingly the disclosures for provident fund liability as required by IND AS - 19 "Employee Benefits" has not been made in these financial statements. The Company's contribution to provident fund for the year is ₹ 0.24 Crore (year - ₹ 0.69 Crores) which has been included under Contribution to Provident and Other Funds (refer note 27).

₹/Crores

40 Contracts-in-progress	As at 31.03.2022	As at 31.03.2021
Revenue from Long term Composite Contracts recognised for the year	4.70	149.87
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the year ended	5,924.98	5,355.36
The amount of advances received	31.07	11.49
Gross amount due from customers for contracts-in-progress	3.99	6.93
Gross amount due to customers for contracts-in-progress	90.99	81.56

(This space has been intentionally left blank)

HCL Infotech Limited *

B S R & Associates
Gurugram

41 Disclosure of related parties and related party transactions:

a) Company having substantial interest:

HCL Corporation Private Limited

b) Holding Company

HCL Infosystems Limited

c) List of parties where control exists/existed :

Subsidiary:

HCL Investments Pte. Limited, Singapore

d) Fellow Subsidiaries with whom transactions have taken place during the year and/or where balances exist:

HCL Learning Limited
Digilife Distribution and Marketing Services Limited

e) Enterprises over which, Individual having indirect significant influence over the company, has significant influence and with whom transactions have taken place during the year and/or where balances exist:

HCL Technologies Limited
HCL Comnet Limited (Amalgamated with HCL Technologies Limited in July 2020)
HCL Comnet Systems and Services Limited

(This space has been intentionally left blank)

HCL Infotech Limited

Summary of Related Party disclosures

(₹/Crores)

A. Transactions (YTD)	Company having substantial interest		Holding Company		Subsidiaries		Fellow Subsidiaries		Others		Total	
	Mar-22	Mar-21	Mar-22	Mar-21	Mar-22	Mar-21	Mar-22	Mar-21	Mar-22	Mar-21	Mar-22	Mar-21
Assets Sold	-	-	-	0.02	-	-	-	-	-	-	-	0.02
- HCL Infosystems Limited	-	-	-	0.02	-	-	-	-	-	-	-	0.02
Purchase of Fixed Assets	-	-	-	0.05	-	-	-	-	-	-	-	0.05
- HCL Infosystems Limited	-	-	-	0.05	-	-	-	-	-	-	-	0.05
Purchase of Services	-	-	-	-	-	-	-	-	1.99	1.83	1.99	1.83
HCL Technologies Limited	-	-	-	-	-	-	-	-	1.99	1.83	1.99	1.83
Inter Company Deposits (ICD) Refunded/Adjusted	-	-	21.83	699.55	-	-	-	-	-	-	21.83	699.55
- HCL Infosystems Limited $	-	-	21.83	699.55	-	-	-	-	-	-	21.83	699.55
Interest on Inter Company Deposits (ICD) Taken	-	-	0.46	26.36	-	-	-	-	-	-	0.46	26.36
- HCL Infosystems Limited	-	-	0.46	26.36	-	-	-	-	-	-	0.46	26.36
Interest on OCD			0.40								0.40	-
- HCL Infosystems Limited			0.40								0.40	-
Reimbursements towards expenditure	-	-	-	-	-	-	-	-	-	-	-	-
a) Paid	-	-	9.07	12.03	-	-	-	-	-	-	9.07	12.03
HCL Infosystems Limited	-	-	9.07	12.03	-	-	-	-	-	-	9.07	12.03
B. Amount due to / from related parties												
Investment	-	-	-	-	8.41	8.41	-	-	-	-	8.41	8.41
Impairment/Allowance on investment	-	-	-	-	(5.99)	(5.99)	-	-	-	-	-5.99	-5.99
Trade Receivables	-	-	21.54	2.18	-	-	-	-	0.05	0.96	21.59	3.14
Other Receivables	-	-	2.26	3.64	-	-	-	-	-	-	2.26	3.64
Current Borrowings	-	-	0.00	21.83	-	-	-	-	-	-	0.00	21.83
Trade Payables	0.03	0.01	0.26	8.65	-	-	-	-	2.79	1.98	3.08	10.64
Liability of Optionally Convertible Debentures (OCD) §	-	-	0.36	18.92	-	-	-	-	-	-	0.36	18.92

* 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 [illegible] crores against subscription of [illegible] (forty lakhs) [illegible] Optionally Convertible Debentures (OCD) [illegible] face value [illegible] each and interest [illegible] of [illegible] crores. (Refer Note [illegible])

§ OCD [illegible] at Fair value [illegible] underlying [illegible] of [illegible] and [illegible] 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 [illegible])

(This space has been intentionally left blank)

HCL Infotech Limited

B S R & Associates LLP Gurugram

42 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 relate 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 therefrom

₹/Crores

	As at 31.03.2022	As at 31.03.2021
Deductible temporary differences	392.45	360.84
Unused tax losses	388.81	546.56
Total temporary differences and unused tax losses	781.25	907.40
Potential tax benefit @ 22.88 (FY2021 - 22.88%)	178.75	207.61
Unutilised tax credit	-	-
Total Potential tax benefit @ 22.88 (FY2021 - 22.88%)	178.75	207.61

(c) Income tax expenses

This note provides an analysis of the company's income tax expense and how the tax expense is affected by non-assessable and non-deductible items.

₹/Crores

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	Year ended 31.03.2022	Year ended 31.03.2021
Loss before income tax expense	(27.80)	(111.96)
Tax at the Indian tax rate of 22.88% (2021 – 22.88%)	(6.36)	(25.62)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	-	-
Disallowances for which deferred tax not created		
Temporary differences on which no DTA recognised	3.71	-
Current year tax loss for which no deferred tax assets has been recognised	2.65	25.62
Income tax expense	-	-

The option u/s 115BAA has been exercised for the current financial year i.e. 2020-21. Since the MAT provisions are not applicable from the year in which such option is exercised, no provision has been made during the current financial year i.e. 2021-22 for the liability under MAT.

The unused tax losses and depreciation that are not likely to be utilised due to lack of reasonable certainty of future taxable income. The losses can be carried forward as per details below:

₹/Crores

Expiry Date	As at 31.03.2022	As at 31.03.2021
31.03.2022	-	115.38
31.03.2023	95.89	95.89
31.03.2024	116.12	116.12
31.03.2025	98.75	98.75
31.03.2027	68.80	68.80
31.03.2028	-	57.30
31.03.2029	4.97	-
31.03.2030	9.77	-
No limit	93.51	66.32
Total	388.81	546.56

43 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 any amount on CSR activities during the year as per Section 135 of the Companies Act, 2013 as average net profit for the last three financial year is negative.

44 As at March 31, 2021, the Company has accumulated losses and its net worth has been fully eroded. The Company has a net loss during the current and previous year and the Company's current liabilities exceeded its current assets by ₹ [illegible] crores (2021 - ₹ [illegible] crores) as at the balance sheet date. The losses are primarily as a result of delayed receipts on certain system integration contracts, certain historical loss making contracts and finance costs. However, the Company's management is pursuing strategies which include recovery of outstanding debtors and obtaining financial support from its parent company i.e. HCL Infosystems Limited. HCL Infosystems Limited (which in turn has obtained financial support from a significant promoter shareholder), has issued a support letter to the Company. Considering the above support, the Company's management and the Board of Directors have a reasonable expectation that the Company will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the foreseeable future in the normal course of business. Accordingly, the financial statements have been prepared on a going concern basis.

(This space has been intentionally left blank)

HCL Infotech Limited

B S R & Associates LLP
Gurugram

45 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 ICDs advanced to the Company by its Holding Company, HCL Infosystems Limited (HCL) as well as the interest outstanding on the same. Hence, the Board of Directors of the HCL in its meeting held on 23rd March, 2021 approved to issue letter for waiver of interest of ₹ 228.58 Crores to the Company. Therefore, the Company has disclosed gain of ₹ 228.58 Crores under "Other Equity" in the Balance Sheet as at March 31, 2021. (refer note 15)

46 The Board of Directors of the Holding Company in its meeting held on March 23, 2021, had consented to adjust the unsecured loan advanced to the Company, amounting to ₹ 400 crores (out of total outstanding amount of ₹ 421.82 crores), against the subscription money payable by the Holding Company to the Company, for subscription of the 40,00,000 (forty lakhs) 0.1% Optionally Convertible Debentures (OCD) of a face value of ₹1000 each (Indian Rupees One thousand only) issued, on private placement basis to the Holding Company, pursuant to terms of OCD Subscription Agreement dated March 31, 2021 between the Holding Company and the Company. As legally advised, the issuance of 0.1% OCDs does not meet the definition of loan as envisaged under Section 186 of the Companies Act, 2013 and accordingly the Holding Company is of the view that the above transaction is outside the purview of the aforesaid section.

Further, the company has recognised gain of ₹ 381.08 crores under "Other Equity" in the Balance Sheet as at March 31, 2021 on account of conversion of face value of ₹ 400 Crores of unsecured loan into OCD at fair value of ₹ 18.92 Crores as at March 31, 2021. (refer note 15)

47 The Holding Company and the Company, has agreed that the OCDs as mentioned in note 46, 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 these 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. Therefore, the outstanding balance of specified books receivables of ₹ 18.92 crores (including an amount of ₹ 8.67 crores of the contract assets) has been derecognized in the financial statements of the Company and recognised by the Holding Company against the value of OCDs as on March 31, 2021. During the current year, the company collected ₹ 5.30 crores from specified receivables and transferred to the holding company.

48 The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 had approved to sell the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited at "Net Asset Value" as on closing date after acquiring the undertaking which shall comprise of the business relating to two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte , Singapore & its step down subsidiary through a share purchase agreement. Unaudited net asset value of HCL Infotech Limited post this carve out as on September 30, 2020 is ₹ 147 Crs. The sale will be made to Naveen Consulting Pvt. Ltd based on the terms and conditions as specified in share purchase agreement dated February 10, 2021. One of the key customer of the company's defense project, which is forming part of the transaction has asked the company to novate the project to either HCL Infosystems Limited or a third party service provider acceptable to the customer, instead of transferring the said project as part of HCL Infotech Limited sale. The company is currently in discussion with the customer and some of the prospective third party service providers. This exercise has resulted in a significant delay in closing the transaction sale of HCL Infotech to Naveen. Currently In addition, some of the terms of the Share Purchase Agreement are being renegotiated with Naveen and there are several unresolved issues. The revised SPA which, if resolved, will require be subject to approval of the Board and the Shareholders of the Company.

49 HCL Infosystems Limited ("the Company") was appointed as the Managed Service Provider ("MSP") by Unique Identification Authority of India ("UIDAI") vide the contract dated 6 August 2012 to implement and manage the Central Identities Data Repository (CIDR). The said contract originally ended on 6 August 2019 and then was unilaterally extended by the UIDAI. The Company challenged this unilateral extension of the MSP contract by UIDAI before the Hon'ble Arbitral Tribunal. The Company and UIDAI entered into consent terms dated 5 May 2020 (which also formed part of the consent order dated 11 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 Company, the Company has completed performance of services as per the terms of the MSP Contract without prejudice to its rights and contentions in the arbitration proceedings, till 6 April 2021 (including knowledge transfer period of 3 months) and the annual maintenance contract and software licenses for the period till 6 August 2021. The Hon'ble Arbitral Tribunal on 19 June 2021 passed the liability award wherein it held that the extension of the MSP contract by UIDAI is not valid, and also stipulates that the Company is entitled to receive the consideration for its services during the period covered by the consent terms i.e. from May 2020 to August 2021, at the current market value.
Pending determination of the current market value through arbitration, revenue is measured by the Company at existing contract price for the period May 2020 to August 2021. The differential revenue on the basis of current market value will be recognised once the same has been determined by the Hon'ble Arbitral Tribunal in the future. Further, the costs have been recognized based on the revised rates agreed during negotiations in the last year with the vendors.

(This space has been intentionally left blank)

HCL Infotech Limited

S R & Associates LLP Gurugram

HCL Infotech Limited
Notes to the Financial Statements

50 Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021

S.No	Ratio	Numerator	Denominator	31.03.2022	31.03.2021	% Variance	Reason for Variance
a	Current Ratio	Current Assets	Current Liabilities	[illegible]	[illegible]	[illegible]	N.A
b	Debt-Equity Ratio	Total Debt	Shareholder's Equity	[illegible]	[illegible]	[illegible]	Repayment of debt obligations resulted in improvement of ratio
c	Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	N.A	N.A	N.A	No Cash Profit
	*Earnings available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.						
	*Debt Service = Interest & Lease Payments + Principal Repayments						
d.	Return on Equity Ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	[illegible]	[illegible]	[illegible]	Reduction of loss resulted in improvement of ratio
e.	Inventory turnover ratio	Sales	Average Inventory	[illegible]	[illegible]	[illegible]	N.A
f.	Trade Receivables turnover ratio	Net Credit Sales	Avg. Accounts Receivable	[illegible]	[illegible]	[illegible]	N.A
g.	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	[illegible]	[illegible]	[illegible]	Payment to vendors resulted in improvement of ratio
h.	Net capital turnover ratio	Net Sales	Working Capital*	[illegible]	[illegible]	[illegible]	Efficiency of working capital resulted in improvement of ratio
	*Working Capital = Current Assets - Current Liabilities						
i.	Net profit ratio	Net Profit	Net Sales	[illegible]	[illegible]	[illegible]	Reduction of loss resulted in improvement of ratio
j.	Return on Capital employed	Earning before interest and taxes	Capital Employed*	[illegible]	[illegible]	[illegible]	Operating losses resulted in declining of ratio
	*Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability						
k.	Return on investment	Income on investments	Cost of investments	[illegible]	[illegible]	[illegible]	N.A

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

HCL Infotech Limited *

B S R & Associates LLP Gurugram *

51 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 ₹ 0.41 Crores, for the year ended March 31, 2022 (2021: ₹ 52.67 Crores), on account of write back of certain old payables and provisions.

52 The Company is facing delays in receipts from the customers, primarily in the power sector, due to which the Company has charged ₹ 3.61 Crores, in the Statement of Profit and Loss for the year ended March 31, 2022 (2021: ₹ 89.11 Crores) on account of provision for certain receivable balances.

53 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.

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

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

Girish Arora
Partner
Membership Number - 098652

New Delhi: May 27, 2022

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

Neelesh Agarwal
Director
DIN - 00199856

Rita Gupta
Director
DIN - 00859290

Noida: May 27, 2022