

HCL INFOSYSTEMS LTD.

Corporate Office: A-11, Sector 3, NOIDA 201301, U.P., India  
Tel: +91 120 2520977, 2526518, 2526519 Fax: +91 120 2523791  
Registered Office: 806 Siddharth, 96, Nehru Place, New Delhi-110019, India.  
Corporate Identity Number - L72200DL1986PLC023955  
[www.hclinfosystems.in](http://www.hclinfosystems.in)  
[www.hcl.com](http://www.hcl.com)

28<sup>th</sup> August, 2023

To

<b>The General Manager</b> Department of Corporate Relations BSE Limited Sir Phiroze Jeejeebhoy Towers Dalal Street Fort Mumbai 400 001	<b>The Vice President</b> Listing Department The National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai 400 051
---	--

**Sub: Annual Report- FY 2022-23**

**Ref: Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.**

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

Dear Sir/ Madam,

Pursuant to the provisions of Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2022-23 along with the notice convening the 37<sup>th</sup> (Thirty Seventh) Annual General Meeting (AGM) of the members of HCL Infosystems Limited scheduled to held on Wednesday, 20<sup>th</sup> September 2023 at 10:00 A.M. through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM') facility.

The Annual Report is also available on the Company website on the following link  
<https://www.hclinfosystems.in/wp-content/uploads/2023/08/Annual-report-2022-2023.pdf>

Kindly acknowledge the receipt.

Thanking you

**For HCL Infosystems Limited**

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

# HCL INFOSYSTEMS LIMITED

CIN- L72200DL1986PLC023955

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

Telephone: +91-120-2520977, 2526518, 2526519

Website: [www.hclinfosystems.in](http://www.hclinfosystems.in), Email: [cosec@hcl.com](mailto:cosec@hcl.com)

## **NOTICE**

NOTICE is hereby given that the 37<sup>th</sup> (Thirty Seventh) Annual General Meeting of the members of HCL Infosystems Limited ("the Company") will be held on **Wednesday, 20<sup>th</sup> September 2023 at 10:00 A.M. through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM")** to transact the following businesses:

### **ORDINARY BUSINESSES:**

1. To receive, consider and adopt the Audited Financial Statements (both Standalone and Consolidated) of the Company for the financial year ended 31<sup>st</sup> March 2023, including the audited Balance Sheet as of 31<sup>st</sup> March 2023, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon and in this regard, pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** the Audited Financial Statements (both Standalone and Consolidated) of the Company for the financial year ended 31<sup>st</sup> March 2023 including the audited Balance Sheet as of 31<sup>st</sup> March, 2023, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon be and are hereby received, approved, and adopted."

2. To re-appoint Mr. Neelesh Agarwal (DIN 00149856), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Neelesh Agarwal (DIN 00149856) Director retiring by rotation, in accordance with the Articles of Association of the Company and being eligible for re-appointment be and is hereby re-appointed as Director of the Company, liable to retire by rotation."

### **SPECIAL BUSINESSES:**

3. **Appointment of Mr. Kirti Kumar Dawar (DIN: 00392141) as an Independent Director of the Company.**

To consider, and if thought fit, to pass, the following Resolution as **Special Resolution(s)**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, and all other applicable provisions, if any, of the Companies Act, 2013 (Act) read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules 2014 including any other Rules made there under and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("the LODR Regulations") , (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with Articles of Association of the Company, Mr. Kirti Kumar Dawar (DIN: 00392141) , who was appointed as an Additional Director in the capacity of an Independent Director of the Company by the Board of Directors at its meeting held on 10<sup>th</sup> August 2023 pursuant to section 161 of the Act and as recommended by the Nomination and Remuneration Committee and who meets the criteria for independence under Section 149(6) of the Act and the Rules made thereunder and Regulation 16(1)(b) of the LODR Regulations and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as an "Non Executive and Independent Director" of the Company not liable to retirement by rotation, for a first term of five consecutive years , i.e. from 10<sup>th</sup> August 2023 till 9<sup>th</sup> August 2028.

**"RESOLVED FURTHER THAT** any Director, CFO/or Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto to give effect to this resolution and for matter connected therewith or incidental thereto."

4. **Appointment of Mr. Raghu Venkat Chivukula (DIN: 00520704) as an Independent Director of the Company.**

To consider, and if thought fit, to pass, the following Resolution as a **Special Resolution(s)**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, and all other applicable provisions, if any, of the Companies Act, 2013 (Act) read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules 2014 including any other Rules made there under and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("the LODR Regulations"), (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with Articles of Association of the Company, Mr. Raghu Venkat Chivukula (DIN: 00520704), who was appointed as an Additional Director in the

capacity of an Independent Director of the Company by the Board of Directors at its meeting held on 10<sup>th</sup> August 2023 pursuant to section 161 of the Act and as recommended by the Nomination and Remuneration Committee and who meets the criteria for independence under Section 149(6) of the Act and the Rules made thereunder and Regulation 16(1)(b) of the LODR Regulations and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, be and is hereby appointed as an "Non Executive and Independent Director" of the Company not liable to retirement by rotation, for a first term of five consecutive years, i.e. from 10<sup>th</sup> August 2023 till 9<sup>th</sup> August 2028.

**"RESOLVED FURTHER THAT** any Director, CFO/or Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto to give effect to this resolution and for matter connected therewith or incidental thereto."

**5. Approval for the remuneration to be paid to Mr. Raj Kumar Sachdeva, Manager of the Company.**

To consider, and if thought fit, to pass, the following Resolution as a **Special Resolution(s)**:

**"RESOLVED THAT** pursuant to Section 197, 198, Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) and subject to other necessary approval(s), consent(s), or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to pay the remuneration, on the basis of his existing terms and conditions, as recommended by Nomination and Remuneration and the Board of Directors at their respective meetings held on 10<sup>th</sup> August 2023 and as set out in the explanatory statement annexed hereto, to Mr. Raj Kumar Sachdeva, Manager of the Company."

**"RESOLVED FURTHER THAT** the remuneration as set out in the explanatory statement be paid as minimum remuneration to Mr. Raj Kumar Sachdeva notwithstanding that in any financial year of the Company during his tenure as Manager, the Company has made no profits or profits are inadequate."

**"RESOLVED FURTHER THAT** any Director, CFO and/or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be necessary, expedient or incidental for the purpose of giving effect to this resolution and to settle any question or difficulty in connection herewith and incidental hereto."

**By Order of the Board  
For HCL Infosystems Limited**

**Date: 10<sup>th</sup> August, 2023**

**Place: Noida**

**Komal Bathla  
Company Secretary & Compliance Officer  
ICSI Membership No. ACS 41455**

**Notes:**

1. The Ministry of Corporate Affairs, Government of India (the "MCA") vide its General Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 21/2021 dated December 14, 2021, 2/2022 dated May 5 2022 and 10/2022 dated Dec 28, 2022 (hereinafter, collectively referred as the "MCA Circulars") read with the SEBI Circulars No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, No. SEBI/HO/ CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 (hereinafter, collectively referred as the "SEBI Circulars" and together with the MCA Circulars referred as the "Circulars") has allowed companies to conduct their annual general meetings through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), thereby, dispensing with the requirement of physical attendance of the members at their AGMs and accordingly, the 37<sup>th</sup> Annual General Meeting (the "AGM" or the "37<sup>th</sup> AGM" or the "Meeting") of HCL Infosystems Limited (the "Company") will be held through VC or OAVM in compliance with the Circulars, the relevant provisions of the Companies Act, 2013 (as amended) (the "Act") and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the "Listing Regulations"). Members attending the AGM through VC or OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
2. The Company has appointed National Securities Depositories Limited ('NSDL'), who will be providing facility for remote e-voting, participation in the AGM through VC / OAVM and e-voting during the AGM.

**3. IN TERMS OF THE CIRCULARS, THE REQUIREMENT OF SENDING PROXY FORMS TO HOLDERS OF SECURITIES AS PER PROVISIONS OF SECTION 105 OF THE ACT READ WITH REGULATION 44(4) OF THE LISTING REGULATIONS, HAS BEEN DISPENSED WITH. THEREFORE, THE FACILITY TO APPOINT PROXY BY THE MEMBERS WILL NOT BE AVAILABLE AND CONSEQUENTLY, THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE CONVENING THE 37<sup>th</sup> AGM (THE "NOTICE").**

However, in pursuance of Section 113 of the Act, representatives of the corporate members may be appointed for the purpose of voting through remote e-Voting, for participation in the 37<sup>th</sup> AGM through VC/OAVM Facility and e-Voting during the 37<sup>th</sup> AGM. Institutional Shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Power of Attorney / appropriate Authorization Letter together with attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [vkc.pcs@gmail.com](mailto:vkc.pcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), or upload the same by clicking "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login. Further details in this regard are annexed separately and form part of this Notice.

4. Since the 37<sup>th</sup> AGM will be held through VC/OAVM Facility, no Route Map is being provided with the Notice. The deemed venue for the 37<sup>th</sup> AGM shall be the Registered Office of the Company.
5. In case of Joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
6. Statement pursuant to Section 102 of the Act and the rules made thereunder setting out the material facts and the reasons for each item of Special Business is annexed hereto. The recommendation of the Board of Directors of the Company (the "Board") in terms of Regulation 17(11) of the Listing Regulations for each item of Special Business, which are considered unavoidable by the Board, is also provided in the said Statement.

Necessary information of the Directors as required under Regulation 36(3) of the Listing Regulations and the Revised Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) is also appended to the Notice.

**The Statement read together with the Annexures hereto and these notes form an integral part of this Notice.**

7. The Members may join the 37th AGM through VC/OAVM 15 minutes before the scheduled time to start the AGM by following the procedure as mentioned below and the window for joining the VC/OAVM Facility will remain open till the closure of the meeting.
8. Attendance of the members participating in the 37<sup>th</sup> AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. The Register of Members and the Share Transfer Books of the Company shall remain closed from 15<sup>th</sup> September 2023 (Friday) to 20<sup>th</sup> September 2023 (Wednesday) (both days inclusive) for the purpose of Annual General Meeting.
10. All correspondence with regard to share transfers/dividends and matters related therewith may directly be addressed to the Company's Registrar and Share Transfer Agent (RTA) at the address given below:

M/s. Alankit Assignments Limited  
205-208, Anarkali Complex,  
Jhandewalan Extension, New Delhi-110055  
Phone : 011-42541234, 011-23541234  
Email : [rta@alankit.com](mailto:rta@alankit.com)  
Website : [www.alankit.com](http://www.alankit.com)

11. Pursuant to Regulation 40 of the Listing Regulations, the securities of listed companies can be transferred only in the dematerialized mode w.e.f. April 1, 2019, except in case of transmission or transposition of securities. In this regard, SEBI vide its Press Release No. 12/2019 dated March 27, 2019 clarified that the said amendments do not prohibit an investor from holding the shares in physical mode and the investor has the option of holding shares in physical mode even after April 1, 2019. However, any investor desirous of transferring shares which are held in physical mode after April 1, 2019 could do so only after the shares are dematerialized. Further, SEBI vide its Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 7, 2020 fixed March 31, 2021 as the cut-off date for relodgement of transfer deeds. Accordingly, the shares that were re-lodged for transfer (including those requests that are pending with the Company / RTA) were allowed to be issued only in demat mode. In exceptional cases, the transfer of physical shares is subject to the procedural formalities as prescribed under SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139 dated November 6, 2018.

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has now decided that, with immediate effect, listed companies shall issue the securities in dematerialized form only, while processing investor service request pertaining to issuance of duplicate share certificate, claim from Unclaimed Suspense Account,

renewal/ exchange of securities certificates, endorsement, sub-division/splitting/consolidation of share certificates, transmission and transposition. The securities holder/claimant are, accordingly, required to submit duly filled-up Form ISR-4, the format of which along with the said SEBI Circular dated January 25, 2022, can be downloaded from the Company's website, i.e. [www.hclinfosystems.in](http://www.hclinfosystems.in) under the tab "Investor > Shareholder Reference".

Members holding shares in physical form are, accordingly, requested to consider converting their holding to dematerialized form.

Members holding shares in physical form and desirous of making a nomination or cancellation/ variation in nomination already made in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit to the RTA of the Company the prescribed Form SH-13 for nomination and Form SH-14 for cancellation/ variation as the case may be. Members holding shares in demat mode may contact their respective Depository Participant (DP) for availing this facility.

12. Pursuant to applicable provisions of Sections 124 and 125 of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 as amended from time to time, the Company has transferred unpaid/ unclaimed dividend along with the Shares. There is no unpaid/unclaimed dividend pending for transfer to IEPF account.
13. In compliance with the provisions of section 108 of the Act read with Rule 20 of Companies (Management and Administration) Rules 2014 as amended vide Companies (Management and Administration) Amendment Rules 2015 w.e.f. 19<sup>th</sup> March 2015, and the regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the Remote e-voting services provided by NSDL, on all resolutions to be transacted at the 37<sup>th</sup> AGM and facility for those members participating in the 37<sup>th</sup> AGM to cast vote through e-voting services during the 37<sup>th</sup> AGM.
14. Members, seeking any information with regard to the Financial Statements are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
15. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
16. During the 37<sup>th</sup> AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the 37<sup>th</sup> AGM, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the 37<sup>th</sup> AGM and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the closure of the 37<sup>th</sup> AGM.
17. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

#### **18. DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL IDs**

In compliance with Circulars, the Notice along with the Annual Report of the Company for the financial year 2022-23, are being sent only in electronic mode, to Members whose e-mail address is registered with the Company or Share Transfer Agent ("RTA"), M/s. Alankit Assignments Limited or the Depository Participant(s). The Notice of the 37<sup>th</sup> AGM along with the Annual Report for the financial year 2022-23 will be available on the website of the Company at [www.hclinfosystems.in](http://www.hclinfosystems.in). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company's Registrar and Share Transfer Agent ("RTA"), M/s. Alankit Assignments Limited at [info@alankit.com](mailto:info@alankit.com). Members are requested to submit request letter mentioning the Folio No. and Name of Shareholder along with scanned copy of the Share Certificate (front and back) and self-attested copy of PAN card for updation of email address. Members holding shares in dematerialized mode are requested to register / update their email addresses with their Depository Participants.

#### **19. PROCEDURE FOR ATTENDING THE AGM THROUGH VC OR OAVM**

Members will be able to attend the AGM through VC or OAVM or view the live webcast of the AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-Voting login credentials and selecting the EVEN of the Company.

**Further details in this regard are annexed separately and form part of this Notice.**

## **20. PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM**

In accordance with the provisions of Section 108 and other applicable provisions, if any, of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), read together with the MCA Circulars and Regulation 44 of the Listing Regulations, the Company has engaged the services of NSDL to provide remote e-Voting facility and e-Voting facility during the AGM to all the eligible Members to enable them to cast their votes electronically in respect of the businesses to be transacted at the Meeting.

**The instructions to cast votes through remote e-Voting and through e-Voting system during the AGM are annexed separately and form part of this Notice.**

**The remote e-Voting period will commence on Sunday, September 17, 2023 (9:00 A.M. IST) and will end on Tuesday, September 19, 2023 (5:00 P.M. IST).** During this period, the Members of the Company, holding shares either in physical or dematerialized mode, as on the cut-off date, i.e., Wednesday, September 13, 2023, may cast their votes by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter.

Only those Members who are present in the Meeting through VC or OAVM facility and have not cast their votes on resolutions through remote e-Voting and are otherwise not barred from doing so, shall be allowed to vote through e-Voting system during the AGM. However, Members who would have cast their votes by remote e-Voting may attend the Meeting but shall neither be allowed to change it subsequently nor cast votes again during the Meeting and accordingly, their presence shall also be counted for the purpose of quorum under Section 103 of the Act. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Wednesday, September 13, 2023 being the cut-off date**, are entitled to vote on the Resolutions set forth in the Notice. The voting rights of the Members shall be in proportion to their share(s) of the paid-up equity share capital of the Company as on the cut-off date. **A person who is not a member as on the cut-off date, i.e., Wednesday, September 13, 2023 should treat this Notice for information purpose only.**

Mr. Vineet K. Chaudhary, partner of VKC & Associates, Practicing Company Secretary (Membership No. F5327) and in case of his failure, Mr. Mohit K Dixit, Practicing Company Secretary (Membership No. A49021), has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-Voting system during the meeting in a fair and transparent manner.

The Scrutinizer shall after the conclusion of e-Voting at the 37<sup>th</sup> AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, within two (2) working days from the conclusion of the 37<sup>th</sup> AGM, who shall then countersign and declare the result of the voting forthwith.

The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.hclinfosystems.in](http://www.hclinfosystems.in) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of Results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the stock exchanges and depositories. The result shall also be displayed at the registered as well as corporate address of the Company.

**Subject to the receipt of requisite number of votes, the businesses mentioned in the Notice / the resolutions forming part of the Notice shall be deemed to be passed on the date of the AGM, i.e., Wednesday, 20<sup>th</sup> September 2023.**

Members holding shares in physical mode or whose e-mail addresses are not registered, may cast their votes through e-Voting system, after registering their e-mail addresses by sending the following documents to the Company at [cosec@hcl.com](mailto:cosec@hcl.com) or to the RTA at [info@alankit.com](mailto:info@alankit.com):

- (i) Scanned copy of a signed request letter, mentioning the name, folio number / demat account details & number of shares held and complete postal address;
- (ii) Self-attested scanned copy of PAN Card; and
- (iii) Self-attested scanned copy of any document (such as AADHAAR card / latest Electricity Bill / latest Telephone Bill/ Driving License / Passport / Voter ID Card / Bank Passbook particulars) in support of the postal address of the Member as registered against their shareholding.

Members, who hold shares in physical mode and already having valid e-mail addresses registered with the Company/ the RTA, need not take any further action in this regard.

**21. PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS:**

As the AGM is being conducted through VC / OAVM, members are encouraged to express their views /send their queries in advance mentioning their name, DP Id and Client Id/Folio No., e-mail id, mobile number at [cosec@hcl.com](mailto:cosec@hcl.com) to enable smooth conduct of proceedings at the AGM. Questions / Queries received by the Company on or before Wednesday, 13<sup>th</sup> September, 2023 on the aforementioned e-mail id shall only be considered and responded to during the AGM.

Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id / Folio No., PAN, mobile number at [cosec@hcl.com](mailto:cosec@hcl.com) on or before Wednesday, 13<sup>th</sup> September, 2023. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.

The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the AGM.

**22. PROCEDURE FOR INSPECTION OF DOCUMENTS:**

During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act and all the documents referred to in the accompanying Notice of the 37<sup>th</sup> AGM and the explanatory statement shall be available for inspection upon login at NSDL e-voting system at <https://www.evoting.nsdl.com/>.

**23. KYC and Nomination Facility**

In order to enhance the ease of doing business for investors in the securities market, SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021, read together with the SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated December 14, 2021 (hereinafter, collectively referred as the "SEBI KYC Circulars") mandated furnishing of PAN, full KYC details and Nomination by the holders of physical securities. The Company has intimated the concerned security holders about the folios which are incomplete in terms of the SEBI KYC Circulars. The folios wherein the required details are not available shall be frozen in the manner and timelines given in the SEBI KYC Circulars.

Further, in terms of the SEBI KYC Circulars, the securities in the frozen folios shall be eligible for payment including dividend only through electronic mode, in the manner and timelines given therein. The payment shall be made electronically upon complying with the relevant requirements of the SEBI KYC Circulars.

Accordingly, Members are hereby requested to kindly comply with the SEBI KYC Circulars.

**ANNEXURE TO THE NOTICE****Explanatory Statement [Pursuant to Section 102 of the Companies Act, 2013]**

The following explanatory statement sets out all material facts relating to various businesses including Special Business of the accompanying Notice of the Annual General Meeting to be held on Wednesday 20<sup>th</sup> September, 2023.

**ITEM NO. 3 and 4:****Appointment of Mr. Kirti Kumar Dawar (DIN: 00392141) and Mr. Raghu Venkat Chivukula (DIN: 00520704) as Independent Directors of the Company.**

In accordance with the provisions of Section 149, 152, and all other applicable provisions, if any, of the Companies Act, 2013 (Act) read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in the meeting held on 10<sup>th</sup> August 2023 had appointed Mr. Kirti Kumar Dawar and Mr. Raghu on the Board of the Company as additional directors and designated as "Non- Executive Independent Directors".

The Company has received notices under Section 160 of the Act proposing the candidature of Mr. Dawar and Mr. Raghu for the office of Director of the Company from a member. Mr. Dawar and Mr. Raghu are not disqualified from being appointed as a Director in terms of Section 164 of the Act and have given their consent to act as a Director. The Company has received declaration from them that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Mr. Dawar and Mr. Raghu fulfil the conditions for their appointment as Independent Director as specified in the Act and the Listing Regulations. Mr. Dawar and Mr. Raghu are independent of the management and possess appropriate skills, experience and knowledge. Details

of Mr. Dawar and Mr. Raghu are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copies of letters of appointment of Mr. Dawar and Mr. Raghu setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company. As per Regulation 25 of Listing Regulations, the appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution.

In the opinion of the Board, Mr. Raghu and Mr. Dawar fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations. Mr. Raghu and Mr. Dawar are independent of the management.

None of the Directors except Mr. Raghu and Mr. Dawar / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 3 & 4 of this Notice.

The Board recommends the Special Resolutions set out in Item No. 3 & 4 of this Notice for approval of Members.

#### **Brief Profile of Mr. Raghu Venkat Chivukula to be appointed is given below**

Mr. Raghu was the Group General Counsel (Global Role), Motherson Group. He drove the Legal, Secretarial, Regulatory, Compliance and Governance processes across the globe for the Group. He has rich and varied experience for nearly over three decades in the legal domain that encompasses a diverse set of industries including large business conglomerates like the Max Group, American Express, Hindustan Unilever. He has served on several Boards & Committees since 1998 and also been on the Advisory Board of various Institutions. He holds bachelor's degree in science from Utkal University, Cuttack, LLB from Delhi University and P.G. Diploma in industrial relation and personnel management from Sardar Patel College of communication & Management, New Delhi.

#### **Brief Profile of Mr. Kirti Kumar Dawar to be appointed is given below**

Mr. Kirti Kumar Dawar worked in the Corporate Sector with Shriram Refrigeration Ltd., now SIEL a Charatram Group Co. and Mohan Export, international trading company, from 1974 to 1983. Afterwards, he became an entrepreneur and is currently managing Jaishree Exports, a Star Export House, exporting rice and other products. He has over 45 years of rich experience in international trade, finance, and investment management. He has an excellent mix of corporate & entrepreneurship world. He holds a master's degree in economics from Delhi University and LLB from Faculty of Law, Delhi University.

#### **ITEM NO. 5**

##### **Approval for the Remuneration to be paid to Mr. Raj Kumar Sachdeva, Manager of the Company.**

The Board of Directors, in the meeting held on 10<sup>th</sup> August 2023, on the recommendation of Nomination and Remuneration Committee, given its approval to revise the remuneration as stated below, of Mr. Raj Kumar Sachdeva, Manager of the Company, under the applicable provisions of Companies Act, 2013, subject to approval of members of the Company. The Board had also approved to pay this remuneration as minimum remuneration in case of inadequacy of profits and no profits:

(Amount in ₹)

(a)	<b>Particulars</b>	<b>From 1st July 2022 till 30th June, 2023</b>	<b>Proposed remuneration from 1<sup>st</sup> July 2023</b>
	<b>Basic Salary</b>	86,938/- per month	93,023/- per month
	<b>House Rent Allowance</b>	50% of Basic	50% of Basic
	<b>Flexible Benefit Basket</b>	3,14,480/- per month	3,36,787/- per month
	<b>Performance Linked Bonus</b>	13,91,000/-per annum	14,88,372/- per annum
	<b>Contribution to Provident Fund</b>	12% of the Basic Salary, as per the provision of the Employees Provident Fund and Miscellaneous Provision Act, 1952	12% of the Basic Salary, as per the provision of the Employees Provident Fund and Miscellaneous Provision Act, 1952
	<b>Contribution to Superannuation Fund</b>	NA	NA
	<b>Contribution to National Pension Scheme</b>	NA	NA
	<b>Gratuity</b>	As per the provisions of the Payment of Gratuity Act, 1972	As per the provisions of the Payment of Gratuity Act, 1972
	<b>Medical Insurance</b>	79,360/- per annum	87,912/- per annum

<b>Company Car leased Scheme</b>	NA	NA
<b>Long Term Incentive Plan (Enterprise Value Creator)</b>	20 lakhs 50% i.e 10 lakhs Tranche I- Payable in July 2022 50% i.e 10 lakhs Tranche II- Payable in July 2023	10 lakhs (one time) payable in July, 2024
<b>Company driver has been Provided</b>	NA	NA

(All the above perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.)

- (b) Any increment in salary, perquisites, allowances and remuneration by way of incentives/bonus/performance linked incentive payable to Mr. Sachdeva, as per the policy/practice of the Company, shall be in addition to Remuneration under (a) above.
- (c) **Reimbursement of expenses:** Expenses incurred for travelling, boarding and lodging during business trips and other facilities for performance of official duties shall be reimbursed at actuals and not considered as perquisites.

#### **MINIMUM REMUNERATION**

The above remuneration (including perquisites) shall be paid to Mr. Raj Kumar Sachdeva, Manager of the Company as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company during the tenure of Mr. Raj Kumar Sachdeva, Manager of the Company.

#### **OTHER TERMS AND CONDITIONS**

- a) He is not entitled to any sitting fees for attending Board/ Committee Meetings.
- b) The appointment may be terminated by the Company or by Mr. Raj Kumar Sachdeva, Manager of the Company, by giving not less than two months' prior notice in writing.

The Company is in compliance with the following conditions stipulated under Clause (B) of Section II of Part II of Schedule V of Companies Act, 2013.

1. Mr. Sachdeva was not having any interest in the capital of the Company or any of its subsidiary companies directly or indirectly or through any other statutory structures and was not having any direct or indirect interest or related to the directors or promoters of the Company or its holding company or any of its subsidiary companies at any time during the last two years before or on the date of appointment; and
2. Mr. Sachdeva is commerce graduate from Delhi University and a Chartered Accountant and has expert and specialized knowledge in the field of his profession

The information required under Clause (B) of Section II of Part II of Schedule V of Companies Act, 2013 is annexed hereto as Annexure – A.

The Board of Directors recommends the resolution as set out in Item No. 5 as a Special Resolution for the approval of the Members. Save and except Mr. Sachdeva and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5.

#### **Annexure: A**

#### **Statement of information for the Members pursuant to Section II of Part II of Schedule V of Companies Act, 2013:**

##### **1. GENERAL INFORMATION**

- a) Nature of the industry: HCL Infosystems is an IT System Integration and Solutions company.
- b) Date or expected date of commencement of commercial production: The Company is in business since 1986.
- c) In case of new companies, expected date commencement of activities as per project approved by financial institutions appearing in the prospectus: NA

- d) Financial performance based on given indicators as per audited financial results for the year ended 31<sup>st</sup> March 2023:

<b>Mar'23</b>	<b>INR in Crores</b>
<b>Standalone basis</b>	
Sales & Other Income	19.75
Profit after tax as per Profit & Loss Account	-38.37
Retained Earnings	-1,900.48
Net worth	-255.15
<b>Consolidated basis</b>	
Sales & Other Income	54.80
Profit after tax as per Profit & Loss Account	-38.39
Retained Earnings	-1,741.45
Net worth	-253.50

- e) Foreign investments or collaborations, if any: The Company has two overseas step-down subsidiary companies. The names and other financial details about these subsidiaries have been disclosed in Schedules to the Balance Sheet forming part of Annual Report of the Company.

## 2. INFORMATION ABOUT MR. RAJ KUMAR SACHDEVA

- a) Background details: Mr. Sachdeva has been associated with HCL Infosystems since 2019. As a global finance leader with 27 years of industry experience, Mr. Sachdeva has extensive experience with global companies including corporate governance, establishing a solid foundation of compliances and internal controls, mergers and acquisitions, financial operations, financial accounting and reporting. He has a proven track record of being a business partner, partnering with IT experts, implementing digital tools. He is a commerce graduate from Delhi University and a Chartered Accountant.
- b) Past Remuneration: As mentioned above
- c) Job Profile and his suitability, award and recognition: The role of Mr. Sachdeva as Manager of the Company includes overall responsibility for day-to-day business activity of the Company. He is instrumental in deliverables of existing projects and collection of receivables from customers. Keeping in view his working with the Company he is eminently suitable for the present position. He is the key person in strategic decision making.
- e) Remuneration proposed & reasons and justification for payment of remuneration beyond the said limit: The terms of the remuneration proposed to be paid to Mr. Sachdeva have been specified in the explanatory statement of the resolution.
- f) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person. The remuneration proposed to be paid to Mr. Sachdeva is in line with remuneration of Managers of other companies, keeping in view his job profile, the size and operations of the Company.
- g) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Mr. Sachdeva is not related to any Director or Managerial Personnel of the Company. He does not have any pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than drawing his remuneration from the Company in the capacity of Manager.

## 3. OTHER INFORMATION

- a) Reasons of loss or inadequate profits: Our System Integration and Solutions business continued to face delays in customer acceptance and sign-offs on project completion from certain customers, resulting in delays in recovering receivables. As a result, the Company had to resort to legal action by initiating arbitration proceedings against a number of customers for recovery of dues. Due to multiple legal arbitration proceedings and legacy issues, significant effort and cost is being incurred on legal and legacy matters. Also, as the company continues to provide support to these customers, the Company is incurring higher cost which is increasing the operational losses.
- b) Steps taken or proposed to be taken for improvement: Focus of the Company is to take actions/ initiatives that can help reduce operational losses.
- c) Expected increase in productivity and profits in measurable terms: Presently focus of the Company is on reduction of operational cost wherever possible.

## HCL INFOSYSTEMS

### Details of Directors seeking Appointment/ Re-appointment at the Annual General Meeting

In pursuance of Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and Secretarial Standard-2 on General Meetings:

Name of Director/ Manager	Mr. Neelesh Agarwal (Director)	Mr. Raj Kumar Sachdeva (Manager)	Mr. Kirti Kumar Dawar (Independent Director)	Mr. Raghu Venkat Chivukula (Independent Director)
Director Identification Number (DIN)	00149856	NA	00392141	00520704
Date of Birth (age in years)	59	51	68	59
Date of first Appointment	01/04/2022	01/05/2021	10/08/2023	10/08/2023
Nationality	Indian	Indian	Indian	Indian
Qualification(s)	Chartered Accountant	Chartered Accountant	LLB, BA(Hons) and M.B.E	LLB, B.SC and P.G. Diploma
Experience	Over three decades	Around 27 years	Around 45 years	Over three decades
Details of shareholding in the Company (In case of listed entity including shareholding as beneficial owner)	Nil	Nil	Nil	Nil
Expertise in specific functional areas / brief resume	Mr. Neelesh Agarwal has expertise in corporate tax planning and efficiency, corporate restructuring and business integration, accounts, corporate laws & regulatory compliances	Mr. Sachdeva is working as Manager of HCL Infosystems Limited. He has been associated with HCL Infosystems since 2019. As a global finance leader with 27 years of industry experience, Raj has extensive experience with global companies including corporate governance, establishing a solid foundation of compliances and internal controls, mergers and acquisitions, financial operations, financial accounting and reporting. He has a proven track record of being a business partner, partnering with IT experts, implementing digital tools. Raj is a commerce graduate from Delhi University and a Chartered Accountant.	Mr. Kirti Kumar Dawar worked in the Corporate Sector with Shriram Refrigeration Ltd., now SIEL a Charatram Group Co. and Mohan Export, international trading company, from 1974 to 1983. Afterwards, he became an entrepreneur and is currently managing Jaishree Exports, a Star Export House, exporting rice and other products. He has over 45 years of rich experience in international trade, finance, and investment management. He has an excellent mix of corporate & entrepreneurship world. He holds a master's degree in economics from Delhi University and LLB from Faculty of Law, Delhi University.	Mr. Raghu was the Group General Counsel (Global Role), Motherson Group. He drove the Legal, Secretarial, Regulatory, Compliance and Governance processes across the globe for the Group. He has rich and varied experience for nearly over three decades in the legal domain that encompasses a diverse set of industries including large business conglomerates like the Max Group, American Express, Hindustan Unilever. He has served on several Boards & Committees since 1998 and also been on the Advisory Board of various Institutions. He holds bachelor's degree in science from Utkal University, Cuttack, LLB from Delhi University and P.G. Diploma in

<b>Name of Director/ Manager</b>	<b>Mr. Neelesh Agarwal (Director)</b>	<b>Mr. Raj Kumar Sachdeva (Manager)</b>	<b>Mr. Kirti Kumar Dawar (Independent Director)</b>	<b>Mr. C.V. Raghu (Independent Director)</b>
				industrial relation and personnel management from Sardar Patel College of communication & Management, New Delhi.
Other Directorship(s)	<ul style="list-style-type: none"> <li>- VGA Computers Private Limited</li> <li>- HCL Infotech Limited</li> <li>- Vama Sundari Investments (Pondi) Private Limited</li> <li>- SSN Incubation Foundation</li> </ul>	Nil	Nil	<ul style="list-style-type: none"> <li>- Field Motor Private Limited</li> <li>- Quintessentially Lifestyle Services (India) Private Limited</li> <li>- LH Consulting Private Limited</li> <li>- CEE VEE Agrience Private Limited</li> <li>- Teamonk Global Foods Private Limited</li> <li>- Flyblade (India Private Limited)</li> </ul>
Chairman/Member of the Committee of the Board of Directors of Company	- Member of Stakeholders Relationship Committee	Nil	Nil	Nil
Committee Positions in other Public Companies	Nil	Nil	Nil	Nil
Number of Board meetings attended	4 out of 5	5 out of 5	NA	NA
Remuneration drawn / terms & conditions of appointment	NA	As mentioned above	Entitled for sitting fees	Entitled for sitting fees
Relationships between Directors inter-se and other Key Managerial Personnel	Not related to any Director/Manager and other KMP	Not related to any Director and other KMP	Not related to any Director/Manager and other KMP	Not related to any Director/Manager and other KMP
Name of Listed Companies from which resigned during last 3 years	NIL	Nil	NIL	NIL
In case of Independent Director Skills & Capabilities required for the role & the manner in which the proposed person meets such requirements	NA	NA	Expertise in international trade, finance and investment management	Expertise in Legal, Secretarial, Regulatory, Compliance and Governance Processes

**THE FOLLOWING INSTRUCTIONS SHOULD BE READ IN CONJUNCTION WITH THE NOTICE OF 37<sup>TH</sup> ANNUAL  
GENERAL MEETING OF HCL INFOSYSTEMS LIMITED**

**INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period begins on Sunday, September 17, 2023 at 9:00 A.M. and ends on Tuesday, September 19, 2023 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Wednesday, September 13, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Wednesday, September 13, 2023.

Any person who acquires equity shares of the Company and becomes a Member after dispatch of the Notice of the AGM and holds shares as on the cut-off date i.e. Wednesday, September 13, 2023, may obtain the login Id and password for e-Voting, by sending a request to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Company at [cosec@hcl.com](mailto:cosec@hcl.com).

Members who are already registered with NSDL for e-Voting, can use their existing password for login.

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"><li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "<b>Beneficial Owner</b>" icon under "<b>Login</b>" which is available under '<b>IDeAS</b>' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "<b>Access to e-Voting</b>" under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li><li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "<b>Register Online for IDeAS Portal</b>" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li><li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li></ol>

Type of shareholders	Login Method
	<p>4. Shareholders/Members can also download NSDL Mobile App "<b>NSDL Speede</b>" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdsindia.com">www.cdsindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</p> <p>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdsindia.com">www.cdsindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</p> <p>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdsindia.com">www.cdsindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

#### **Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdsindia.com">helpdesk.evoting@cdsindia.com</a> or contact at toll free no. 1800 22 55 33

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.****How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.****How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional/Body Corporate Shareholders (i.e. other than individuals/HUF, NRI etc.) are required to send a scanned copy (PDF/JPG Format) of the board resolution/ authorization letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to attend the AGM through VC/OAVM on its behalf and to vote, to the scrutinizer by e-mail through its registered e-mail address to [vkc.pcs@gmail.com](mailto:vkc.pcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on 022 - 4886 7000 and 022 - 2499 7000 or send a request to or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Ms Pallavi Mhatre Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, at the designated email IDs: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone nos. : +91-22-24994360 or +91-22-24994545 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company's email address [cosec@hcl.com](mailto:cosec@hcl.com).

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [cosec@hcl.com](mailto:cosec@hcl.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [cosec@hcl.com](mailto:cosec@hcl.com). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively, shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with

Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [cosec@hcl.com](mailto:cosec@hcl.com). The same will be replied by the company suitably.
6. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id / Folio No., PAN, mobile number at [cosec@hcl.com](mailto:cosec@hcl.com) on or before Wednesday, 13<sup>th</sup> September, 2023. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.



# Annual Report 2022-2023

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chairman

Nikhil Sinha

### Manager

Raj Kumar Sachdeva

### Directors

Kaushik Dutta

Pawan Kumar Danwar

Ritu Arora

Sangeeta Talwar

Neelesh Agarwal

Raghu Venkat Chivukula

Kirti Kumar Dawar

## CHIEF FINANCIAL OFFICER

Alok Sahu

## COMPANY SECRETARY

Komal Bathla

## AUDITORS

BSR & Associates LLP, Gurugram

## BANKERS

State Bank of India

ICICI Bank Ltd.

Standard Chartered Bank

Axis Bank Limited

IDFC First Bank Ltd.

## REGISTERED OFFICE

806, Siddharth, 96

Nehru Place, New Delhi - 110 019

## CORPORATE OFFICE

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

## CORPORATE IDENTITY NUMBER

L72200DL1986PLC023955

# CONTENTS

<b>03</b>	Chairman Message
<b>04</b>	Management Discussion & Analysis
<b>14</b>	Board Report
<b>24</b>	Report on Corporate Governance
<b>44</b>	Secretarial Audit Report
<b>50</b>	Standalone Financial Statements
<b>109</b>	Consolidated Financial Statements
<b>170</b>	Statement under Section 129(3) of the Companies Act, 2013 in form AOC-1 relating to subsidiaries



## CHAIRMAN MESSAGE



Dear Shareholders,

During the financial year 2022-23, the Company continued to undertake various initiatives to reduce its debt and losses such as monetization of properties, realization of tax refunds etc. As a result, the Company prepaid all of its external loans, which has helped to reduce the finance cost.

Our System Integration and Solutions business continued to face delays in customer acceptance and sign-offs on project completion from certain customers, resulting in delays in recovering receivables. As a result, the Company had to resort to legal action by initiating arbitration proceedings against a number of customers for recovery of dues. Due to multiple legal arbitration proceedings and legacy issues, significant effort and cost is being incurred on legal and legacy matters.

In FY 21, the Board and the shareholders of the Company had taken a strategic decision to divest the entire shareholding in HCL Infotech Ltd to Novezo Consulting Pvt. Ltd, after certain carve outs. However, despite best efforts, the closing of the Share Purchase Agreement could not take place and in the meanwhile, the objective and purpose for which the parties executed the Share Purchase Agreement were completely changed, frustrating the object and purpose of executing the Share Purchase Agreement. Accordingly, in March 2023, the Company issued a letter intimating Novezo that the Share Purchase Agreement has been frustrated. HCL Infotech will continue to be operated as in the ordinary course of business.

Digilife Distribution and Marketing Services Limited and HCL Learning Limited, wholly owned subsidiaries, have been merged with the Company as approved by the Hon'ble National Company Law Tribunal.

To assist the Company in meeting its financial obligations, the Promoter Company has been extending financial support to the Company from time to time.

Despite all the efforts to minimize debts & losses, and the promoter's financial support from time to time, the Company has no ability to invest in any new business line or expand its current operations.

I would like to thank and express my gratitude to our shareholders for the commitment to the Company.

With Warm Regards,  
Nikhil Sinha

# Management Discussion and Analysis

## **Focus on reduction of outstanding debt and losses**

In the FY 23, the Company continued to focus on its initiatives such as monetization of properties, realization of tax refunds in order to reduce the debt and losses. As a result, the Company prepaid entire external loans, which helped to reduce the finance cost.

In FY 22, we reported revenue from continuing operations of ₹ 69.44 Crores while in FY23 our revenue decreased to ₹ 31.41 Crores.

## **Businesses Performance & Highlights**

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

Business Category	Lines of Business
Distribution Business	Residual annual maintenance contracts related to Enterprise Distribution Customers
System Integration and Solutions	System Integration projects

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

### **System Integration (SI) & Solutions Business**

The SI and Solutions business reported revenue of ₹ 25.74 Crores in FY23 with a focus on project execution and recovery of outstanding receivables from customers.

During the financial year, 5 (five) SI projects have come to a close.

Though the business was able to realise ₹ 34.38 Crores from customers, our System Integration and Solutions business continued to face delays in customer acceptance and sign-offs on project completion from certain customers resulting in delays in recovering receivables. Over time the number of contracts that are coming to closure have increased without any considerable progress on release of money against receivables by customers.

As a result, the Company has initiated arbitration proceedings against a number of customers as per the terms of the contracts with them in an effort to obtain final sign-offs and recovery of overdue receivables. Due to multiple legal and arbitration proceedings and legacy issues, significant effort and cost are being incurred on compliance, legal and legacy matters. Hence our legal cost has increased considerably, and other operational costs including manpower costs continue to remain at the existing level for these contracts, thereby incurring higher costs which are increasing our operational losses as reflected in the financials.

During the year, ₹ 1.80 Crores has been provided on account of such receivables.

### **Distribution Business**

In FY23, the Distribution business reported a revenue of ₹ 5.67 Crores. As stated earlier, as per the direction of the Board, the Distribution business has been scaled down. However, certain maintenance contracts of enterprise distribution customers are still under execution.

### **Other Updates**

In FY 21, the Board and the shareholders of the company

had taken a strategic decision to divest the entire shareholding in HCL Infotech Ltd to Novezo Consulting Pvt. Ltd, (Novezo) after certain carve outs. However, despite rigorous and best efforts for closure of the deal, the Conditions Precedents were not fulfilled even after lapse of a considerable period from the date of execution of the Share Purchase Agreement.

The objective and purpose of the transaction completely changed and given that the changed circumstances created a fundamentally different situation which the Parties never envisaged or agreed to in the first place, the Share Purchase Agreement got frustrated as the object and purpose of executing the Share Purchase Agreement cannot be met and has undergone a fundamental change beyond the contemplation of the parties. Accordingly, the Company, in March 2023, issued a letter intimating Novezo that the Share Purchase Agreement has been frustrated. HCL Infotech Limited will continue to be operated in the ordinary course of business.

The Company had initiated a scheme of amalgamation of Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning), wholly owned subsidiaries, with and into HCL Infosystems Limited (HCLI). The rationale for this is to consolidate multiple entities into a single entity to simplify the corporate structure and reduce administrative costs. The Scheme of Amalgamation has been approved by the Hon'ble National Company Law Tribunal.

During the FY 23, the Company has sold 4 properties for a total consideration of ₹ 18.73 Crores.

As at March 31, 2023, the Group has accumulated losses and its net worth has been fully eroded, the Group's current liabilities exceeded its current assets by ₹ 470.41 crores for the period ended March 31, 2023 (March 31, 2022 - ₹ 411.70 crores). The losses are primarily as a result of delayed receipts on certain system integration contracts, historical low margin contracts, large litigations and their costs which are at different stages of progression. The management of the Company, is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business, sale of certain non-core properties and reduction in outstanding debts. To ensure the necessary

## Management Discussion and Analysis

financial support for its operations, the Board of Directors of HCL Corporation Private Limited has approved support in the form of corporate guarantees to banks of ₹ 330.35 crores and interest free unsecured loans of ₹ 355.00 crores to the Company out of total authorized limit of ₹ 1500.00 crores. This had been approved by the shareholders of the Company, vide their resolution dated September 14, 2017. Considering the above support, the Company's management and the Board of Directors have a reasonable expectation that the Group will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, the consolidated financial results have been prepared on a going concern basis.

Despite all these efforts to reduce debt & losses, the Company continues to face very challenging financial conditions. As a consequence, the Company cannot invest in any new businesses or in expanding its current operations and consequently, the business of the Company will continue to contract for the foreseeable future.

### **COVID – 19 Impact**

In evaluating the impact of COVID-19 on its ability to continue as a going concern and the possible impact on its financial position, the management has assessed the impact of macro-economic conditions on its business and the carrying value of its major assets comprising of property, plant and equipment (PPE), trade receivables and other balances recoverable. In this regard, the management has carefully considered the circumstances and risk exposures arising from the COVID-19 situation for developing the

estimates based on available information in its assessment of the impact thereof on its financial reporting.

Based on the aforesaid assessment, management believes that the Group will continue as a going concern and will be able to meet all of its obligations as well as recover the carrying amount of its aforesaid assets as of March 31, 2023. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Group will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognised in the financial statements, as and when these material changes to economic conditions arise.

### **Business Risks & Mitigation Measures**

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

Sl. No.	Category	Risk Item	Risk Description	Risk Management Strategy/Update
01	Litigation	Sustainability	<ul style="list-style-type: none"> <li>Non-Cooperation of Client in Project sign off and payments.</li> <li>Increasing support and finance cost to continuously run the Operations without corresponding collections (BR)</li> <li>Arbitration increases the additional cost burden</li> </ul>	<ul style="list-style-type: none"> <li>The subject is under Arbitration</li> <li>This has shown some positive results in terms of movement in collections as well as a positive movement in Arbitration.</li> </ul>
02	Litigation	Operational	<ul style="list-style-type: none"> <li>Disputed billed receivables due to Project deliverable issues</li> </ul>	<ul style="list-style-type: none"> <li>Contesting the matters on the basis of judicial precedents in the cases</li> <li>Case to case basis, strategically handled</li> <li>Trying to mitigate the issue of delay based on established precedents. In case, the same does not chart out, we plan to bifurcate our claims with the intent to go ahead with clean claims and forego the time barred claims.</li> <li>Provisions are made on a case-to-case basis based on management assessment of the legal cases.</li> </ul>

## Management Discussion and Analysis

<b>Sl. No.</b>	<b>Category</b>	<b>Risk Item</b>	<b>Risk Description</b>	<b>Risk Management Strategy/Update</b>
03	Financial	Continuity	<ul style="list-style-type: none"> <li>Continuity challenges in "Going Concern" status</li> <li>As of March 31 2023, Group's net worth has been fully eroded</li> </ul>	<ul style="list-style-type: none"> <li>The company continues to derive revenue from ED AMC &amp; SI Projects.</li> <li>Promoter has been supporting the company from time to time by extending loans and Corporate Guarantees.</li> </ul>
04	Operational	Financial risk	<ul style="list-style-type: none"> <li>Delay in getting the IT Refund</li> </ul>	<ul style="list-style-type: none"> <li>Subject is under litigation and is likely to take time</li> </ul>
05	Financial	Treasury	<ul style="list-style-type: none"> <li>Treasury Risk – Continuation of BG issued to various customers.</li> </ul>	<ul style="list-style-type: none"> <li>Support from the promoter company in the form of loans and Corporate Guarantees.</li> </ul>
06	Operational	Human Capital	<ul style="list-style-type: none"> <li>Loss of human capital in critical operations</li> </ul>	<ul style="list-style-type: none"> <li>Management is continuously exploring alternative sources for resources including outsourcing to address the attrition.</li> <li>Retention plans are in place for identified critical resources.</li> </ul>
07	Operational	Compliances	<ul style="list-style-type: none"> <li>Legacy litigations in labour cases in HR practices</li> </ul>	<ul style="list-style-type: none"> <li>Cases are being addressed to mitigate the risk for the Company.</li> </ul>
08	Operational	Compliances	<ul style="list-style-type: none"> <li>Risk of compliance gaps due to operational scale down, resultant organizational structural changes and attrition of resources</li> </ul>	<ul style="list-style-type: none"> <li>Periodic review of processes and alignment with organizational structure and compliance requirements.</li> <li>Risk assessment before delegating the authority.</li> <li>The financial authorities delegated are capped, within the framework of Board approved delegation.</li> <li>Stringent exception approval process and close monitoring of adherence to Delegation of Authority and Segregation of Duty.</li> </ul>
09	Operational	Compliance	<ul style="list-style-type: none"> <li>Code of conduct (COC) &amp; Ethical issues</li> </ul>	<ul style="list-style-type: none"> <li>Independent Whistle Blower Mechanism</li> <li>Strict actions on violations</li> <li>Continuous emphasis on the company's Code of conduct policy</li> <li>Annual / Quarterly certification on compliance</li> <li>Periodic Internal Audit</li> <li>Quarterly Statutory Audit</li> </ul>
10	Operational	Compliance	<ul style="list-style-type: none"> <li>Risk of shared services agency opting out and continuity issues in the finance &amp; accounting process</li> </ul>	<ul style="list-style-type: none"> <li>Retention of key resources as part of HCL's Governance team.</li> <li>Management is evaluating alternative agencies.</li> </ul>

## Management Discussion and Analysis

Sl. No.	Category	Risk Item	Risk Description	Risk Management Strategy/Update
11	Outsourcing risks	Compliance	<ul style="list-style-type: none"> <li>Governance in Finance, Accounts, HR and IT function can get complicated with Multiple outsourced vendors (activity/manpower) dependency</li> </ul>	<ul style="list-style-type: none"> <li>Documented SOP's</li> <li>Retention of key resources</li> <li>Close supervision</li> <li>Internal audits</li> <li>Statutory audits</li> </ul>
12	Operational risks	Financial	<ul style="list-style-type: none"> <li>Legacy data is available in older versions of IT applications and requires specialized skills for extracting data (skill set issue due to organization downsizing)</li> </ul>	<ul style="list-style-type: none"> <li>Data retention requirements for the old legacy application will be reviewed.</li> <li>Alternative methods for data availability shall be reviewed considering the data retention requirements of the older applications.</li> </ul>
13	Indirect tax	Compliance	<ul style="list-style-type: none"> <li>Authorities claim cannot be foreseen without any time-limit</li> </ul>	<ul style="list-style-type: none"> <li>The relevant data/documents are generally available in Accounts / IDT repository as well as ERP system.</li> <li>Document retention policies in the company aligned with the statutory requirements and for open transactions (legally or otherwise)</li> <li>Required documents are statutorily maintained as per retention policies</li> <li>Wherever required, suitable follow-ups with the parties for necessary documentation / confirmation.</li> </ul>
14	Indirect tax	Compliance	<ul style="list-style-type: none"> <li>Actual liability could be more due to unsuccessful trials</li> <li>Insufficient funds to meet unsuccessful litigations</li> <li>Risk arising due to adverse decision of Apex Court on controversial issues involving interpretation of Law</li> </ul>	<ul style="list-style-type: none"> <li>The Company has settled high risk cases without payment of interest and penalty under Service tax, Excise and Sales Tax by opting for amnesty schemes, wherever applicable.</li> <li>Necessary provisions have been made for balance/open high-risk cases in books of account on the basis of IDT assessment and also corresponding amounts deposited with tax authorities to save the interest.</li> <li>High value litigation matters were opined in the company's favour by expert advocates</li> <li>In most of the cases except where provision has been created, Indirect Tax team has assessed the cases in consultation with the expert advocates and is of the view that, the company has a fairly good chance of success both on factual as well as technical grounds.</li> <li>Examination with the expert consultants and implementation of necessary steps to mitigate the liability, if any, on a case-to-case basis.</li> </ul>

## Management Discussion and Analysis

### **Internal Control Systems and their adequacy**

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

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

### **Human Resource Development**

As of March 31, 2023, the employee strength of the Company stood at 179, while on March 31, 2022, it was

208. Besides full-time employees, the Company also engaged with over 62 associates for various short-term projects across different timelines during the year. The reduction in headcount was due to organizational rightsizing.

### **DISCLAIMER**

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

# Management Discussion and Analysis

## **FINANCIAL COMMENTS ON CONSOLIDATED OPERATIONS FOR THE YEAR ENDED MARCH 31, 2023**

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

The Management Discussion and Analysis on Financial performance relates to Consolidated Financial statements of the Company and its subsidiaries. This should be read in conjunction with the financial statements and related notes to the consolidated accounts for the year ended March 31, 2023.

### **RESULTS OF OPERATIONS**

	₹ Crores	
Particulars	<b>FY 23</b>	<b>FY 22</b>
<b>Revenue</b>	<b>31.41</b>	<b>69.44</b>
Cost of sales	(18.67)	(45.66)
<b>Gross margin from continuing operations</b>	<b>12.74</b>	<b>23.78</b>
Employee benefits expense	(20.39)	(26.67)
Administration, selling and others	(61.68)	(68.18)
Depreciation and amortization expense	(0.58)	(1.47)
Gain on foreign exchange fluctuation	0.99	0.80
Provisions/liabilities no longer required written back	10.91	19.06
<b>Operating Profit/(loss) from continuing operations before doubtful debts provision</b>	<b>(58.01)</b>	<b>(52.68)</b>
Provision for doubtful debts and other current assets	(4.13)	(31.07)
Interest income on discounted receivables	0.47	2.44
Investment & other Income	11.02	19.24
Finance costs	(1.93)	(13.70)
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>	<b>(52.58)</b>	<b>(75.77)</b>
Exceptional Items gain/ (loss)	13.84	101.51
Tax expense	(0.05)	(1.22)
<b>Profit/(loss) after tax from continuing operations</b>	<b>(38.79)</b>	<b>24.52</b>
Other comprehensive income	0.40	0.45
<b>Total comprehensive income/(loss) for the year</b>	<b>(38.39)</b>	<b>24.97</b>

#### **Revenue**

Consolidated Revenues decreased to ₹ 31.41 Crores in FY 23 as compared to ₹ 69.44 Crores in FY 22. The decline in revenue is majorly in System Integration business.

#### **Gross Margin**

Gross Margin was ₹ 12.74 Crores in FY 23 as against ₹ 23.78 Crores in FY 22

#### **Employee Benefits Expense**

Employee Benefits Expense was ₹ 20.39 Crores in FY 23 as against ₹ 26.67 Crores in FY 22 due to reduction in headcount in FY 23.

#### **Administration, Selling and Other Expenses**

Administration, Selling & other expenses were ₹ 61.68 Crores in FY 23 as against ₹ 68.18 Crores in FY 22. The details of administration, selling & other expenses is as follows:

Particulars	₹ Crores	FY 23	FY 22
Legal, Professional and Consultancy Charges*	25.09	27.36	
Technology Cost	3.40	4.17	
Outsourcing cost	1.14	2.21	
Rates and Taxes	2.72	6.93	
Retainership Expenses	7.15	8.40	
Bank Charges	2.08	2.07	
Rent	0.73	1.34	
Travelling and Conveyance	1.03	0.73	
Office Electricity and Water	0.55	1.04	
Net provision for Input Tax Credit**	13.12	8.98	
Others	4.67	4.95	
<b>Total</b>	<b>61.68</b>	<b>68.18</b>	

\* We are pursuing legal options by invoking arbitrations to recover our dues from customers. This is leading to high legal cost as reflected in legal ,professional and consultancy expenses (FY 23-₹ 17.33 crores and FY 22- ₹ 16.13 crores)

\*\* The unutilised /accumulated GST ITC has been provided for in books of accounts (FY 23- ₹ 13.12 crores and FY 22- ₹ 8.98 crores) to the extent Company does not foresee business opportunities in near future wherein amount can be utilised and against amount outstanding for those particular locations where GST registration has been surrendered.

#### **Depreciation**

Depreciation was ₹ 0.58 Crore in FY 23 as against ₹ 1.47 Crores FY 22.

#### **Provisions/Liabilities no longer required written back**

Provisions/Liabilities no longer required written back were ₹ 10.91 Crores in FY 23 as against ₹ 19.06 Crores in FY 22.

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

Operating Profit/ (Loss) from continuing operations before Doubtful Debts provision was ₹ (58.01) Crores in FY 23 as against ₹ (52.68) Crores in FY 22. Operating loss is higher in FY 23 mainly on account of scaling down of businesses resulting in reduction in gross margin by ₹ 11.04 Crores as compared to FY 22. Though there is reduction in indirect expenses in comparison to previous year, same has been offset by one time GST ITC provision of ₹ 7.75 Crores.

## Management Discussion and Analysis

Share Purchase Agreement (SPA) for sale of the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited to Novezo Consulting Pvt. Ltd. was frustrated during the year and was intimated in March 2023. The unutilised /accumulated GST ITC of HCL Infotech Limited has been provided for in books of accounts to the extent Company does not foresee business opportunities in near future wherein amount can be utilised.

### **Provision for Doubtful Debts and other Current Assets**

Provisions for doubtful debts and other current assets were ₹ 4.13 Crores in FY 23 as against ₹ 31.07 Crores in FY 22, mainly in System Integration business. Provision for doubtful debts and other current assets created due to inordinate delays with certain customer acceptances and payments thereof.

### **Investment & Other Income**

Investment & other income was ₹ 11.02 Crores in FY 23 as against ₹ 19.24 Crores in FY 22.

FY 22 Investment and other income was higher mainly on account of receipt of interest income from Income tax authorities of ₹ 12.76 Crores.

### **Finance Costs**

Finance costs was ₹ 1.93 Crores in FY 23 as against ₹ 13.70 Crores in FY 22, mainly due to substitution and repayment of external borrowings in FY 23. The Company had availed interest free loan from promoter entity as on 31<sup>st</sup> March 2023 of ₹ 355.00 Crores which is the main reason for reduction of finance cost.

### **Exceptional Items**

Gain from Exceptional items was ₹ 13.84 Crores in FY 23 as against ₹ 101.51 Crores in FY 22 (net gain on sale of properties)

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

Profit/ (Loss) after Tax from continuing operations was ₹ (38.79) Crores in FY 23 as against ₹ 24.52 Crores in FY 22.

FY 22 profit was higher primarily due to higher Gain from Exceptional items in FY 22 (₹ 101.51 Crores in FY 22 as against ₹ 13.84 Crores in FY 23) offset by lower provision for doubtful debts and other current assets in FY 23 (₹ 4.13 Crores in FY 23 as against ₹ 31.07 Crores in FY 22).

### **FINANCIAL CONDITION**

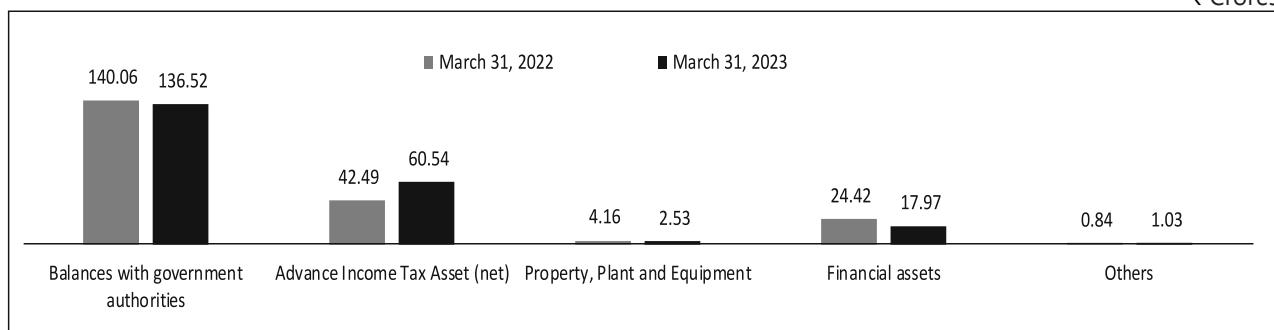
₹ Crores

Particulars	March 31, 2023	March 31, 2022
<b>ASSETS</b>		
Non-current assets	218.59	211.97
Current assets	284.18	272.38
Assets held for sale	3.13	6.90
<b>Total</b>	<b>505.90</b>	<b>491.25</b>
<b>EQUITY AND LIABILITIES</b>		
Net worth	(253.50)	(215.11)
Non-current liabilities	1.68	15.38
Current liabilities	757.72	690.98
<b>Total</b>	<b>505.90</b>	<b>491.25</b>

### **Non-Current Assets**

Non-current assets were ₹ 218.59 Crores as at March 31, 2023 as compared to ₹ 211.97 Crores as at March 31, 2022. The details are as follows:

₹ Crores

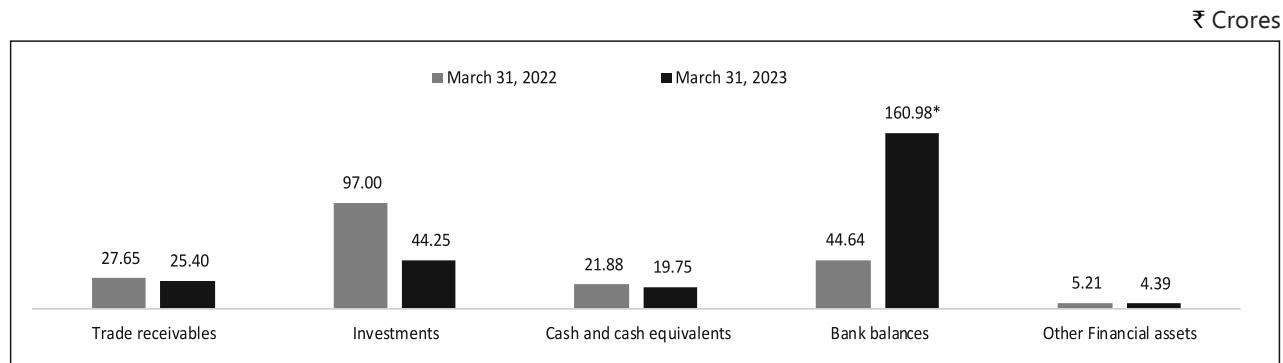


## Management Discussion and Analysis

### Current Assets

Current assets were ₹ 284.18 Crores as at March 31, 2023 as compared to ₹ 272.38 Crores as at March 31, 2022. The details are as follows:

- Inventories were ₹ 0.39 Crore as at March 31, 2023 as compared to ₹ 0.51 Crore as at March 31, 2022.
- Financial Assets were ₹ 254.77 Crores as at March 31, 2023 as compared to ₹ 196.38 Crores as at March 31, 2022. The details are as follows:



- Other Current Assets were ₹ 29.02 Crores as at March 31, 2023 as compared to ₹ 75.49 Crores as at March 31, 2022.

\* In an Appeal under the Arbitration & Conciliation Act filed by MTNL (in CWG Project), an adhoc amount of ₹ 120.21 Crores has been released by the Hon'ble High Court of Delhi to HCL Infotech Limited against a Bank Guarantee which is included in bank balances as at March 31, 2023.

### Net Worth

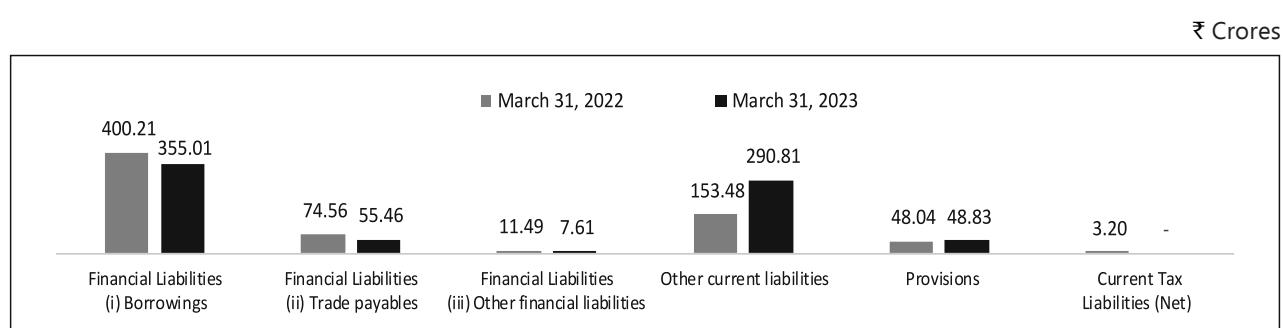
The Net-worth of the company was ₹ (253.50) Crores as at March 31, 2023 as against ₹ (215.11) Crores as at March 31, 2022.

### Non-Current Liabilities

Non-current liabilities were ₹ 1.68 Crores as at March 31, 2023 as compared to ₹ 15.38 Crores as at March 31, 2022 mainly due to decrease in non-current borrowings by ₹ 13.83 Crores.

### Current Liabilities

Current liabilities were ₹ 757.72 Crores as at March 31, 2023 as compared to ₹ 690.98 Crores as at March 31, 2022. The details are as follows:



- **Financial Liabilities (iii) Other Financial Liabilities** includes Employee benefits payable, Deposits, Interest accrued but not due on borrowings, etc.
- **Other Current Liabilities** includes amount received on account of MTNL CWG project (refer note given above under head current assets), deferred revenue, advances received from customers, statutory dues payable, etc.

## Management Discussion and Analysis

### Net Borrowings

Net borrowings were ₹ 118.80 Crores as at March 31, 2023 as compared to ₹ 232.80 Crores as at March 31, 2022.

Particulars	₹ Crores	
	March 31, 2023	March 31, 2022
Borrowings	355.01	414.04
Less : Cash, Bank & Investments	236.21	181.24
<b>Net Borrowings</b>	<b>118.80</b>	<b>232.80</b>

### CASH FLOW STATEMENT

A summary of cash statement is given below:

Particulars	₹ Crores	FY 23	FY 22
Opening balance of cash and cash equivalents	21.88	38.82	
Net cash flow from operating activities	73.57	100.70	
Net cash flow from investing activities	(15.21)	20.78	
Net cash flow from financing activities	(61.88)	(138.62)	
Effect of foreign exchange on cash and cash equivalents	1.39	0.21	
<b>Cash and cash equivalents at the end of the year</b>	<b>19.75</b>	<b>21.88</b>	

Figures in brackets indicate cash outflow.

### Cash flow from operations

In FY 23, the Company generated ₹ 73.57 Crores from operations as against ₹ 100.70 Crores in FY 22.

Particulars	₹ Crores	FY 23	FY 22
Operating profit before changes in operating assets and liabilities	(53.78)	(56.54)	
Changes in operating assets and liabilities	116.01	100.56	
Cash generated from operations	62.23	44.02	
Net tax refund/(paid)	11.34	56.68	
Net cash generated/(used) in operating activities	73.57	100.70	

Figures in brackets indicate cash outflow.

### Cash flow from investing activities

In FY 23, the Company used ₹ 15.21 Crores from investing activities as compared to cash generation of ₹ 20.78 Crores in FY 22. The cash utilization in FY 23 was mainly comprised of purchase of current investments ₹ 291.00 Crores, Investment in Bank Deposits ₹ 112.27 Crores, purchase of property, plant & equipment ₹ 0.43 Crore offset by proceeds from sale of current investments ₹ 347.62 Crores, proceeds from sale of properties ₹ 33.69 Crores, Interest income ₹ 4.76 Crores and movement in margin money account ₹

2.42 Crores as against FY 22 mainly comprised of receipt of business consideration on sale of investment in subsidiaries ₹ 15.80 Crores, proceeds from sale of properties ₹ 139.92 Crores, Interest income ₹ 1.91 Crores utilised by purchase of current investments ₹ 95.63 Crores, Investment in Bank Deposits ₹ 40.92 Crores, purchase or property, plant & equipment ₹ 0.20 Crore and movement in margin money account ₹ 0.10 Crore.

### Cash flow from financing activities

In FY 23, the Company used ₹ 61.88 Crores for financing activities (mainly for loan repayment and interest payment) as against cash used of ₹ 138.62 Crores in FY 22.

### SEGMENT PERFORMANCE

#### Segment Revenue

Particulars	₹ Crores	
	FY 23	FY 22
- Hardware Products and Solutions	25.74	60.96
- Distribution	5.67	8.48
Less : Intersegment Eliminations	-	-
<b>Total</b>	<b>31.41</b>	<b>69.44</b>

#### Hardware Products and Solutions

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

Segment revenue in FY 23 was ₹ 25.74 Crores as against ₹ 60.96 Crores in FY 22.

Segment PBIT in FY 23 was ₹ (32.50) Crores as against ₹ (30.48) Crores in FY 22.

Segment assets were ₹ 248.95 Crores as at March 31, 2023 as against ₹ 170.26 Crores as at March 31, 2022 and Segment liabilities were ₹ 351.40 Crores as at March 31, 2023 as against ₹ 225.47 Crores as at March 31, 2022. There is increase in segment assets and segment liabilities in FY 23 as compared to FY 22 mainly due to amount received on account of MTNL CWG project (refer note given above under head current assets).

#### Distribution

The distribution segment consists of Residual annual maintenance contracts related to Enterprise Distribution Customer. This business has been gradually scaled down starting from FY 21.

## Management Discussion and Analysis

Segment revenue in FY 23 was ₹ 5.67 Crores as against ₹ 8.48 Crores in FY 22. Revenue primarily includes Enterprise Distribution AMC revenue.

Segment PBIT in FY 23 was ₹ 1.80 Crores as against ₹ 2.45 Crores in FY 22.

Segment assets were ₹ 105.46 Crores as at March 31, 2023 as against ₹ 100.78 Crores as at March 31, 2022 and Segment liabilities were ₹ 30.18 Crores as at March 31, 2023 as against ₹ 24.16 Crores as at March 31, 2022.

### **Learning**

Segment revenue in FY 23 and FY 22 was Nil.

Segment PBIT in FY 23 was ₹ (0.07) Crore as against ₹ 0.51 Crore in FY 22.

Segment assets were ₹ 0.91 Crore as at March 31, 2023 as against ₹ 0.79 Crore as at March 31, 2022 and Segment liabilities were ₹ 0.78 Crore as at March 31, 2023 as against ₹ 0.59 crore as at March 31, 2022.

### **KEY FINANCIAL RATIOS**

Particulars	FY 23	FY 22
Debtors Turnover (Days)	295.16	146.26
Inventory Turnover (Days)	4.53	2.70
Current Ratio (times)	0.38	0.39
Operating Profit Margin (%)	-184.70%	-76.71%
Net Profit Margin (%)	-123.48%	35.64%

- Debtors Turnover days were at 295.16 as at March 31, 2023 as against 146.26 as at March 31, 2022 due to lower revenue on account of scaling down of business.
- Inventory Turnover days were 4.53 as at March 31, 2023 as against 2.70 as at March 31, 2022 mainly due to lower revenue in FY 23.
- Debt Equity Ratio was negative as at March 31, 2023 and March 31, 2022 due to negative Net-worth.
- Operating Profit Margin was at (184.70%) as at March 31, 2023 as against (76.71%) as at March 31, 2022 mainly on account of lower revenue due to scaling down of businesses resulting in reduction in gross margin by ₹ 11.04 Crores as compared to FY 22. Though there is reduction in indirect expenses in comparison to previous year, same has been offset by one time GST ITC provision of ₹ 7.75 Crores (refer note given above under head Operating Profit/ (Loss) from continuing operations before Doubtful Debts provision).
- Interest coverage was negative on account of negative EBIT in FY23 & FY22.
- Net Profit Margin was (123.48%) for FY23 as against 35.64% for FY22 majorly due to higher gain on property sale in FY22.

# Board Report

## Dear Shareholders,

Your Board of Directors are pleased to present the Thirty Seventh (37<sup>th</sup>) Annual Report on the Business and Operations of the Company, together with the audited Financial Statements, both standalone and consolidated, for the financial year ended March 31, 2023.

## Financial Highlights

The summary of the financial performance of the Company for the Financial Year ended March 31, 2023, as compared to the previous year is as below:

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2022-23	2021-22	2022-23	2021-22
Net Sales and other income	<b>54.80</b>	110.98	<b>19.75</b>	38.70
Loss before exceptional items Interest, depreciation and tax	(50.06)	(60.60)	(21.20)	(33.62)
Finance charges	<b>1.93</b>	13.70	<b>1.53</b>	12.64
Depreciation and amortization	<b>0.58</b>	1.47	<b>0.57</b>	1.35
Exceptional items	<b>13.84</b>	101.51	(15.08)	73.14
Profit/(Loss) before tax	(38.74)	25.74	(38.37)	25.52
Provision for taxation: current	<b>0.05</b>	1.22	-	-
<b>Net Profit/(loss) after tax</b>	<b>(38.79)</b>	24.52	<b>(38.37)</b>	25.52

## State of Company's Affairs/Performance

The consolidated net revenue and other income of the Company for the financial year ended March 31, 2023, was ₹ 54.80 crores as against ₹ 110.98 crores during the previous financial year ended March 31, 2022. The consolidated loss before tax for the financial year ended, March 31, 2023, was ₹ 38.74 crores as against profit of ₹ 25.74 crores during the previous financial year ended March 31, 2022.

The net revenue and other income on standalone basis for the financial year ended, March 31, 2023, was ₹ 19.75 crores as against ₹ 38.70 crores during the previous financial year ended March 31, 2022. The loss before tax for the financial year ended, March 31, 2023, was ₹ 38.37 crores as against profit of ₹ 25.52 crores during the previous financial year ended March 31, 2022.

## Recommendation of Dividend

Your Board of Directors do not recommend any dividend for the financial year 2022-23.

## Operations

A detailed analysis and insight into the financial performance and operations of your Company for the year ended March 31, 2023, is provided in the Management Discussion and Analysis, forming part of the Annual Report.

## Material Change and Commitments

In FY 21, the Board and the shareholders of the company had taken a strategic decision to divest the entire shareholding in HCL Infotech Ltd to Novezo Consulting Pvt. Ltd, (Novezo) after certain carve outs. However, despite

rigorous and best efforts for closure of the deal, the Conditions Precedents were not fulfilled even after lapse of a considerable period from the date of execution of the Share Purchase Agreement.

The objective and purpose of the transaction completely changed and given that the changed circumstances created a fundamentally different situation which the Parties never envisaged or agreed to in the first place, the Share Purchase Agreement got frustrated as the object and purpose of executing the Share Purchase Agreement cannot be met and has undergone a fundamental change beyond the contemplation of the parties. Accordingly, the company in March 2023, issued a letter intimating Novezo that the Share Purchase Agreement has been frustrated. HCL Infotech Limited will continue to be operated in the ordinary course of business.

## Share Capital

As on March 31, 2023, the authorized share capital of the Company stands at INR 1,756,000,000 (One Hundred Seventy-Five Crores Sixty Lakhs Only) divided into (i) 853,000,000 (Eighty-Five Crores and Thirty Lakhs) equity shares having a nominal value of INR 2/- each and (ii) 500,000 (Five Lakhs) Preference Shares having a nominal value of INR 100/- each.

As on March 31, 2023, the issued and subscribed share capital stands at INR 658,421,856 (Indian Rupees Sixty-Five Crores Eighty-Four Lakhs Twenty-One Thousand Eight Hundred and Fifty-Six only) divided into 329,210,928 (Thirty-Two Crores Ninety-Two Lakhs Ten Thousand Nine Hundred and Twenty-Eight) equity shares of INR 2/- each.

# Board Report

As on March 31, 2023, paid up equity share capital stands at INR 658,419,856 (Indian Rupees Sixty-Five Crores Eighty-Four Lakhs Nineteen Thousand Eight Hundred and Fifty-Six only) divided into 329,209,928 (Thirty-Two Crores Ninety-Two Lakhs Nine Thousand Nine Hundred and Twenty-Eight) equity shares of INR 2/- each.

## Transfer to Reserves

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

## Details of Amalgamation / Restructuring

Your Company initiated a scheme of amalgamation of Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning), wholly owned subsidiaries, with and into HCL Infosystems Limited (HCLI). The rationale for this is to consolidate multiple entities into a single entity to simplify the corporate structure and reduce administrative costs.

Hon'ble National Company Law Tribunal, New Delhi Bench (Court – V) vide its order dated 10<sup>th</sup> August 2022 read with corrigendum dated 12<sup>th</sup> September 2022 has sanctioned the Scheme of Amalgamation. The order has been filed with ROC. The same has been noted in ROC records on 10<sup>th</sup> Oct 2022. The appointed date of the scheme of amalgamation is 1<sup>st</sup> April 2022.

## Credit Rating

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

## Deposits

Your Company has not accepted/renewed any deposits from the public during the year and there were no deposits outstanding either at the beginning or at the end of the year.

## Listing

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

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

The Company has paid the listing fee for the year 2023-2024 to BSE and NSE.

## Directors and Key Managerial Personnel (KMP)

Mr. Dilip Kumar Srivastava, Non- Executive and Non-

Independent Director of the Company resigned from the directorship of the Company w.e.f. the closing hours of 31<sup>st</sup> March 2022 to pursue other passion.

To fill the vacancy caused by his resignation, the Board of Directors has appointed Mr. Neelesh Agarwal as an additional director designated as Non- Independent and Non- Executive Director w.e.f. 1<sup>st</sup> April 2022. This has been approved by the shareholders of the Company.

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

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

## Committees of Board

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

## Composition of Accounts and Audit Committee

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

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

The Board had accepted all the recommendations of the Accounts and Audit Committee during the financial year 2022-23.

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

Pursuant to the provisions of Section 178 and 134 read with Schedule IV of the Companies Act, 2013 and Regulation 17(10) of Securities and Exchange Board of India (Listing

## Board Report

Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors conducted a formal annual performance evaluation of its own performance, the Committees of the Board, and each individual Director.

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

Independent Directors in their separate meeting held on 8<sup>th</sup> February 2023 have reviewed the performance of Non-Independent Directors and the Board as a whole. They also reviewed the performance of the Chairperson of the Company.

### **Criteria/Policy on Appointment and Remuneration**

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

[https://www.hclinfosystems.in/wp-content/uploads/2020/05/Appointment-and-Remuneration\\_policy.pdf](https://www.hclinfosystems.in/wp-content/uploads/2020/05/Appointment-and-Remuneration_policy.pdf)

### **Board Meetings**

During the financial year 2022-23, 5 (Five) Board Meetings were held and the gap between two meetings did not exceed one hundred and twenty days. The details of Board Meetings held are stated in the Corporate Governance Report which forms part of the Annual Report.

### **Corporate Social Responsibility (CSR)**

The Company has a policy on CSR which includes the major area in which the Company engages itself with the CSR activities/projects and the manner of implementation and monitoring the activities/projects, which is available on the Company's website at the following web link:

<https://www.hclinfosystems.in/wp-content/uploads/2021/05/CSR-Policy.pdf>

As per the provisions of Section 135 of the Companies Act, 2013 read with rules made thereunder as amended, the Company has duly constituted the CSR Committee. The Composition of CSR Committee is as follows:

Name	Category
Ms. Sangeeta Talwar (Chairperson)	Independent & Non-executive
Mr. Pawan Kumar Danwar (Member)	Non-Independent & Non-executive
Mr. Neelesh Agarwal* (Member)	Non-Independent & Non-executive

\*Mr. Neelesh Agarwal appointed as member of the Committee w.e.f. 1<sup>st</sup> April 2022.

Since the Company has incurred losses during the last three years, the Company was not required to spend any amount on CSR during the financial year 2022-23. A report on Corporate Social Responsibility (CSR) is attached as Annexure - A to this Report.

### **Corporate Governance**

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

### **Directors' Responsibility Statement**

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

- (a) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on the financial year ended 31<sup>st</sup> March 2023 and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws

## Board Report

and that such systems were adequate and operating effectively.

### Statement on Declaration given by Independent Directors

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

### Particulars of Employees and related disclosures

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

- (a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and the key parameters for any variable component of remuneration availed by the directors:** NA\*

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

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

S. No.	Name	Designation	Remuneration paid (2022-23)* (in ₹)
1.	Mr. Alok Sahu	Chief Financial Officer	1,02,47,359
2.	Mr. Raj Sachdeva	Manager	79,94,578
3.	Ms. Komal Bathla	Company Secretary	14,22,237

\* Includes variable & incentives

Note: Increase in remuneration was not comparable due to payment of one-time incentives, hence not stated

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

There was an increase of 2.6% in the median remuneration of the employees in the financial year 2022-23.

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

The number of permanent employees on the rolls of the Company and its subsidiaries at the end of the financial year was 146.

- (e) Average percentile increases already made in the salaries of employees other than the managerial**

**personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentage increases in the salaries of employees in the FY 2022-23 was 7%.

The annual increase in salary of manager is not comparable due to payment of one-time incentive.

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

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

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

### Particulars of Loans, Guarantees or Investments

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

### Related Party Transactions

During the financial year 2022-2023, all the related party transactions entered into by the Company were in the ordinary course of business and at arm's length basis. The Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. The Company has employed an external firm of Chartered Accountants to review and evaluate the basis of such agreements and opine on their fairness.

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

[https://www.hclinfosystems.in/wp-content/uploads/2016/09/Related-Party-transaction\\_policy.pdf](https://www.hclinfosystems.in/wp-content/uploads/2016/09/Related-Party-transaction_policy.pdf)

The details of the related party transactions as required under the Act and the Rules are attached in Form AOC-2 as Annexure 2.

### Internal Control Systems and their adequacy

The Company has put in place controls commensurate with the size and nature of operations. These have been designed to provide reasonable assurance with regards to recording and providing reliable financial and operational information,

## Board Report

complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance with corporate policies.

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

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

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

### **Vigil Mechanism/Whistle Blower Policy**

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

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

<https://www.hclinfosystems.in/wp-content/uploads/2016/09/Whistleblower%20Policy%20new.pdf>

### **Risk Management Policy**

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

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

### **Auditors & Auditors' Report**

#### **Statutory Auditors**

As per Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company in its 36<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September 2022 approved the reappointment of M/s BSR & Associates LLP, Chartered Accountants (FRN – 116231W/W-100024), as the Statutory Auditors of the Company for second term of 5 years i.e. from the conclusion of 36<sup>th</sup> Annual General Meeting till the conclusion of 41<sup>st</sup> Annual General Meeting of the Company.

The Report given by M/s BSR & Associates LLP, Chartered Accountants, on the financial statements of the Company for the financial year 2022-23 is part of the Annual Report. There was no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors did not report any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) of the Act.

#### **Secretarial Audit Report**

The secretarial audit as per Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 was carried out by M/s. V K C & Associates, Practicing Company Secretaries for the financial year 2022-23. The Report given by the Secretarial Auditor of the Company and its material subsidiary HCL Infotech Limited forms an integral part of this Board's Report. There was no qualification, reservation or adverse remark or disclaimer in their Report.

During the year under review, the Secretarial Auditors did not report any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) of the Act. In terms of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Accounts & Audit Committee recommended, and the Board of Directors appointed M/s. V K C & Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company in relation to the financial year 2023-24. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder.

#### **Certification from Company Secretary in Practice**

A certificate has been received from M/s. V K C & Associates, Practicing Company Secretaries, Company Secretaries in practice that none of the Directors on the Board of the Company had been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI, Ministry of Corporate Affairs or any such other Statutory/ Regulatory authority.

# Board Report

## Material Unlisted Subsidiary

In terms of the provisions of the SEBI Listing Regulations, your Company has a policy for determining 'Material Subsidiary' and the said policy is available on the Company's website at

<https://www.hclinfosystems.in/wp-content/uploads/2019/04/Material-subsidiary-policy.pdf>

(In Crores)

Particulars	Amount for F.Y. 2022-23
Foreign exchange earnings	-
Foreign exchange outgo	0.06

## Compliance with Secretarial Standards

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

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

### A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy; Although the operations of the Company are not energy-intensive, the management has been highly conscious of the criticality of conservation of energy at all the operational levels and efforts are being made in this direction on a continuous basis. Adequate measures have been taken to reduce energy consumption, whenever possible, by using energy efficient equipment.
- (ii) the steps taken by the company for utilizing alternate sources of energy; NA
- (iii) the capital investment on energy conservation equipment's; NA

### B) Technology absorption-

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

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

### D) Foreign exchange earnings and Outgo-

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

## Consolidated Financial Statement

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

## Subsidiaries, Joint Ventures and Associate Companies

During the year under review there is no change in the Joint Ventures and Associate Companies of the Company. However, during the year, pursuant to order of Hon'ble National Company Law Tribunal, Digilife Distribution and Marketing Services Limited and HCL Learning limited (wholly owned subsidiaries of the Company) merged with the Company.

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

## Annual Return

Pursuant to the provisions of Section 134(3)(a) r/w/ Section 92(3) of the Act, the Annual Return is put up on the Company's website and can be accessed at:

<https://www.hclinfosystems.in/wp-content/uploads/2023/05/Annual-Return-2022-23.pdf>

## Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been duly constituted to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the Financial year 2022-23, no complaints were received by the Company related to sexual harassment.

## Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which

## Board Report

dividend has not been paid or claimed by the shareholders for seven consecutive years or more have also been transferred to the demat account created by the IEPF Authority.

There were no unclaimed and unpaid dividends amount / the corresponding shares which were due to be transferred to IEPF/ IEPF suspense account during the FY 2022-23.

### **Insider Trading Code**

The Code of Conduct to Regulate, Monitor and Report by Designated Persons and Immediate Relatives' is in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended ('the PIT Regulations'). The said Code lays down guidelines for Designated Persons on the procedures to be followed and disclosures to be made in dealing with the securities of the Company and cautions them on consequences of non-compliances.

The Code of Practices and Procedures of Fair Disclosures of Unpublished Price Sensitive Information including a Policy for determination of legitimate purposes is also in line with the PIT Regulations. Further, the Company has put in place an adequate and effective system of internal controls including maintenance of structured digital database, standard processes to ensure compliance with the requirements of the PIT Regulations to prevent insider trading.

### **General**

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

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

going concern status and company's operations in future.

5. Details of the Employees Stock Option Scheme Section as required under Section 62(1)(b) of the Act read with rule 12(9) of Companies (Share capital and debentures) Rules, 2014.
6. There is no change in the nature of the business of the Company.
7. The company is not required to maintain cost records as per sub section (1) of Section 148 of the Companies Act, 2013.
8. No application was made or pending against the Company under Insolvency and Bankruptcy Code, 2016 (IBC).
9. There has been no case of one time settlement with Bank or Financial Institution during the year as per rule Companies (Accounts) Rules, 2014 hence no requirement to provide the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

### **Acknowledgements**

The Directors place on record their appreciation for the continued co-operation extended by all stakeholders including various departments of the Central and State Government, Shareholders, Investors, Bankers, Financial Institutions, Customers, Dealers and Suppliers.

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

**On behalf of the Board of Directors**

**Nikhil Sinha  
(Chairman)**

**Place: Noida  
Date: 22<sup>nd</sup> May 2023**

# Annual Report On Corporate Social Responsibility Activities

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

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

## 2. Composition of CSR committee:

The composition of the committee is as under:

S. No.	Name of the Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the financial year 2022-23	Number of meetings of CSR Committee attended during the financial year 2022-23
1.	Ms. Sangeeta Talwar (Chairperson)	Independent & Non-Executive Director	Not Applicable	Not Applicable
2.	Mr. Pawan Kumar Danwar (Member)	Non-Independent & Non-Executive Director	Not Applicable	Not Applicable
3.	Mr. Neelesh Agarwal (Member)*	Non-Independent & Non-Executive Director	Not Applicable	Not Applicable

\*Mr. Neelesh Agarwal appointed as member of the Committee w.e.f. 1<sup>st</sup> April, 2022

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

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

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

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

## 4. Executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, : Not Applicable

### 5. (a) Average net profit of the company as per sub-section (5) of section 135: Negative

(b) Two percent of average net profit of the company as per sub-section (5) of section 135:

Not Applicable

### (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years:

Not Applicable

### (d) Amount required to be set-off for the financial year, if any: Not Applicable

### (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: Not Applicable

## 6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Not Applicable

### (b) Amount spent in Administrative Overheads: Not Applicable

### (c) Amount spent on Impact Assessment, if applicable : Not Applicable

### (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: Not Applicable

### (e) CSR amount spent or unspent for the Financial Year (2022-23):

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

**(f) Excess amount for set-off, if any:**

S. No.	Particular	Amount (In ₹)
(1)	(2)	(3)
i.	Two percent of average net profit of the company as per sub-section (5) of section 135	Negative
ii.	Total amount spent for the Financial Year	Not Applicable
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	Not Applicable
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Not Applicable
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Not Applicable

**7. Details of Unspent CSR amount for the preceding three financial years:**

1	2	3	4	5	6	7	8
Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under sub section(6) of section 135 (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub section(5) of section 135,if any.	Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Amount (in ₹).	Date of transfer	
1	FY-1				Not Applicable		
2	FY-2				Not Applicable		
3	FY-3				Not Applicable		

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

- Yes
- No

If Yes, enter the number of Capital assets created/ acquired: - Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity/Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

**9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per sub –section (5) of Section 135: Not Applicable**

Date : 22<sup>nd</sup> May, 2023  
Place : Noida

Mr. Pawan Kumar Danwar  
Director

Ms. Sangeeta Talwar  
Chairperson (CSR Committee)

**FORM NO. AOC.2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

- Details of contracts or agreements or transactions not at arm's length basis:** Not applicable, there were no transactions or arrangements which were not at arm's length and which were not in the ordinary course of business during financial year 2022-23. The Company has laid down policies and processes/ procedures so as to ensure compliance to the Act. In addition, the transactions are placed before the Audit Committee on a quarterly basis.

Sr. No.	Name (s) of Related party	Nature of Transactions/ contracts/ arrangements	Duration of transactions/ contracts/ arrangements	Salient Features of transactions/ contracts/ arrangements	Transactions Value	Justification for transactions/ contracts/ arrangements	Date(s) of approval by the Board	Amount paid as advance	Date of special resolution
Not Applicable									

- Details of material contracts or agreements or transactions at arm's length basis:** Not Applicable, there were no material contracts or arrangements with related parties during financial year 2022-23.

Sr. No.	Name (s) of Related party	Nature of Relationship	Nature of transactions/ contracts/ arrangements	Duration of the transaction/ contracts/ arrangements	Salient terms of contracts/ arrangements/ Transaction including Value, if any	% of consol revenue	Date (s) of approval by the Board, if any.	Amount paid as advance, if any.
Not Applicable								

**On behalf of the Board of Directors  
of HCL Infosystems Limited**

**Nikhil Sinha  
(Chairman)**

**Place : Noida  
Date : 22<sup>nd</sup> May 2023**

# Report on Corporate Governance

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

## 2. BOARD OF DIRECTORS

- (i) As on 31<sup>st</sup> March 2023, the Board of Directors of the Company comprises six Directors, out of which, four are Independent Directors, including two women Directors. The composition of the Board is in conformity with Regulation 17(1) and 17(A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (ii) None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees as specified in Regulation 26(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 across all the public companies in which he is a director. Necessary disclosures regarding Committee position in other public companies as on 31<sup>st</sup> March 2023 have been made by the Directors.
- (iii) All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013 (Act). In the opinion of the Board, all the Independent Directors fulfil the conditions specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management. The maximum tenure of Independent Directors is in accordance with the Act.
- (iv) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2022-23 and the last Annual General Meeting, and the number of directorship and committee chairmanship/membership held by them in other public companies is given below. Other directorship does not include that of private limited companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013. Chairmanship/membership of Board Committees includes only Audit Committee and Stakeholders' Relationship Committee.

Names	Category	No. of Board Meetings during 2022-23		Whether attended last AGM held on 21 <sup>nd</sup> September, 2022	No. of Directorships in other public companies as on 31 <sup>st</sup> March, 2023	Name of other listed company and the category of Directorship as on 31 <sup>st</sup> March, 2023	No. of Committee positions held in other public companies as on 31 <sup>st</sup> March, 2023	
		Held	Attended				Chairman	Member
Dr. Nikhil Sinha (Chairman)	Independent & Non-executive Director	5	5	Yes	1	-	-	-
Mr. Kaushik Dutta	Independent & Non-executive Director	5	5	Yes	3	1. Newgen Software Technologies Limited (Independent Director) 2. PB Fintech Limited (Independent Director) 3. Zomato Limited (Independent Director)	2	3
Ms. Ritu Arora	Independent & Non-executive Director	5	5	Yes	4	-	-	2

## Report on Corporate Governance

Names	Category	No. of Board Meetings during 2022–23		Whether attended last AGM held on 21 <sup>nd</sup> September, 2022	No. of Directorships in other public companies as on 31 <sup>st</sup> March, 2023	Name of other listed company and the category of Directorship as on 31 <sup>st</sup> March, 2023	No. of Committee positions held in other public companies as on 31 <sup>st</sup> March, 2023	
		Held	Attended				Chairman	Member
Ms. Sangeeta Talwar	Independent & Non-executive Director	5	5	Yes	5	1. TCNS Clothing Co. Limited (Independent Director) 2. Castrol India Limited (Independent Director) 3. Mahindra Holidays & Resorts India Limited (Independent Director)	1	7
Mr. Pawan Kumar Danwar	Non-independent & Non-executive Director	5	5	Yes	-	-	-	-
Mr. Neelesh Agarwal*	Non-independent & Non-executive Director	5	4	Yes	1	-	-	-

\*Mr. Neelesh Agarwal appointed as Additional Director, designated as Non-Independent and Non-Executive Director, w.e.f. 1<sup>st</sup> April, 2022. Appointment of Mr. Neelesh Agarwal has been regularized by shareholders of the Company through postal ballot.

- (v) Five Board Meetings were held during the financial year 2022–23 and the gap between the two meetings did not exceed 120 days. The dates on which the Board Meetings were held are as follows:

28 <sup>th</sup> May 2022	9 <sup>th</sup> August 2022	14 <sup>th</sup> September 2022
8 <sup>th</sup> November 2022	8 <sup>th</sup> February 2023	

- (vi) Inter-se Relationship among Directors: None of the Director is a relative of another Director(s).  
 (vii) Necessary information as mentioned in Part A of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the Board for their consideration.

Some of the items discussed at the Board/Board Committees meetings are listed below:

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

## Report on Corporate Governance

### 3. COMMITTEES OF THE BOARD

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

- a. The Accounts and Audit Committee of the Company was constituted in August' 1998.
- b. The Committee is governed by a Charter.
- c. The brief description of the terms of reference of the Audit Committee inter-alia include the following:
  1. Recommending to the Board, the appointment, re-appointment, remuneration and terms of appointment and, if required, the replacement or removal of the auditors of the Company.
  2. Approval of payment to statutory auditors for any other services rendered by them.
  3. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
  4. To review and monitor the auditor's independence and performance, and effectiveness of audit process.
  5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report under Companies Act, 2013.
    - Changes, if any, in accounting policies and practices and reasons for the same.
    - Major accounting entries involving estimates based on the exercise of judgement by management.
    - Significant adjustments made in the financial statements arising out of audit findings.
    - Compliance with listing and other legal requirements related to financial statements.
    - Disclosure of any related party transactions.
    - Modified opinion(s) in the draft audit report.
  6. Review, with the management, the quarterly financial statements before submission to the Board for approval.
  7. Examination of the financial statements and the auditors' report thereon.
  8. Evaluation of internal financial controls and risk management systems.
  9. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  10. Reviewing and monitoring, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  11. Approval or any subsequent modification of transactions of the company with related parties.
  12. Scrutiny of inter-corporate loans and investments.
  13. Valuation of undertakings or assets of the Company, wherever necessary.
  14. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  15. Discussion with internal auditors of any significant findings and follow-up thereon.
  16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  19. To review the functioning of the Whistle Blower mechanism.

## Report on Corporate Governance

20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, background, etc. of the candidate.
21. To review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
23. The Audit Committee shall mandatorily review the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief internal auditor.
  - Statement of deviations:
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
24. To perform any other function as may be assigned by the Board from time to time.
- d. The composition, powers, roles and the terms of reference of the Committee are in terms of the requirement of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Committee members have reasonable knowledge of finance and accounting, and two members possess financial and accounting expertise.
- e. The composition of the Accounts and Audit Committee and details of meetings attended by its Chairman/members are given below:

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

- f. The Audit Committee met Five (5) times during the financial year 2022-23 on the following dates:
 

28 <sup>th</sup> May 2022	9 <sup>th</sup> August 2022	14 <sup>th</sup> September 2022
8 <sup>th</sup> November 2022	8 <sup>th</sup> February 2023	
- g. The previous Annual General Meeting of the Company was held on 21<sup>st</sup> September 2022 and it was attended by the Chairman of the Committee.
- h. The Company Secretary of the Company acts as Secretary to the Committee.
- i. The Board had accepted all the recommendations of the Audit committee of the board during the financial year 2022-23.

### (ii) NOMINATION AND REMUNERATION COMMITTEE:

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

# Report on Corporate Governance

## **Charter of the Committee:**

The purpose of the Committee is to:

1. Manage the following set of activities with respect to members of the Board of Directors of the Company:
  - Appointment of Directors
    - Formulate the criteria for determining qualification, positive attributes and independence of Directors
    - Review and recommend potential candidates to the Board for appointment with due consideration to Board diversity
  - Evaluation of performance of the Directors of the Board
    - Establish criteria for evaluation of Director's performance
    - Conduct evaluation and submit the report to the Chairman of the Board (if necessary, the Committee may seek external consulting assistance in this matter)
  - Remuneration of Directors including Executive and Non-executive Directors
    - Recommend policy for approval by the Board
2. Manage the following set of activities with respect to key managerial personnel viz., Executive Directors, Managing Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary of the Company and in future, such persons as recommended by the Board:
  - Establish and review the performance scorecard for key managerial personnel for each financial year
  - Review and recommend compensation, incentive and bonus plans for MD/CEO and other key managerial personnel based on performance evaluation outcomes
  - The committee should also review, guide, and finalize succession planning for key managerial personnel
3. Manage the following set of activities with respect to the senior management of the Company:
  - Review the performance scorecard for the senior management for each financial year
  - Review and recommend to the Board the compensation, incentive, and bonus plans for the senior management as proposed by the HR Head/Manager/CFO based on his / her evaluation of the performance outcomes of the senior management.
  - The Committee should also review, guide, and finalize succession planning for senior management.
4. Devising a policy on diversity of Board of Directors.
5. To identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
6. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
7. Recommend to the board, all remuneration, in whatever form, payable to senior management.
8. Other activities:
  - Wherever considered necessary, the committee may review matters such as Organizational Structure, HR Charter, proposal from the HR Head/Manager/CFO on annual compensation plan, pay hikes and budgets across organization for all employees globally etc.
  - In case considered appropriate the Board may recommend a review of any other areas considered critical to performance of Business

## Report on Corporate Governance

- d. The composition of the Nomination and Remuneration Committee and the details of meetings attended by its chairperson/members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Ms. Sangeeta Talwar (Chairperson)	Independent & Non-executive	4	4
Dr. Nikhil Sinha (Member)	Independent & Non-executive	4	3
Mr. Pawan Kumar Danwar*(Member)	Non-independent & Non-executive	4	4

\*Mr. Pawan Kumar Danwar appointed as member of committee w.e.f. 1<sup>st</sup> April, 2022.

- e. The Committee met Four (4) times during the financial year 2022-23 on the following dates:

28 <sup>th</sup> May 2022	22 <sup>nd</sup> July 2022	9 <sup>th</sup> August, 2022
8 <sup>th</sup> November 2022		

- f. The Board had accepted all the recommendations of the Nomination and Remuneration Committee during the financial year 2022-23.

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

Within the ceiling of 1% of the net profits of the Company computed under the applicable provisions of the Companies Act, 2013 and after obtaining the approval of the shareholders, the Non-executive Directors are paid a commission, the amount whereof is determined based on the policy adopted by the Company laying down the criteria relating to their positions on the Board and the various Board Committees. However, in view of the losses incurred by the Company during the year ended 31<sup>st</sup> March 2023, no commission be paid to Non-executive Directors for the year ending 31<sup>st</sup> March 2023.

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

- h. **Details of remuneration paid / payable to all the Directors for the period from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023**

(₹/lakh)

Name	Salary & Allowances	Perquisites	Performance Linked Bonus	Commission	Sitting Fees
Dr. Nikhil Sinha	NIL	NIL	NIL	NIL	10.50
Ms. Sangeeta Talwar	NIL	NIL	NIL	NIL	12.75
Mr. Kaushik Dutta	NIL	NIL	NIL	NIL	10.50
Ms. Ritu Arora	NIL	NIL	NIL	NIL	10.50
Mr. Pawan Kumar Danwar	NIL	NIL	NIL	NIL	NIL
Mr. Neelesh Agarwal*	NIL	NIL	NIL	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>44.25</b>

\*Mr. Neelesh Agarwal appointed as Director w.e.f. 1st April, 2022.

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

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

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

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

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

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

- l. As on 31<sup>st</sup> March 2023, Mr. Kaushik Dutta was holding 4,000 shares in the Company. No other Director was holding any shares of the Company as on 31<sup>st</sup> March 2023.

## **Report on Corporate Governance**

### **(iii) STAKEHOLDERS RELATIONSHIP COMMITTEE:**

- a. The Stakeholders Relationship Committee was constituted to oversee and review all matters connected with the transfer and transmission of shares of the Company and the matters related thereto and redressal of shareholders/investors' complaints.
- b. The role of the committee shall inter-alia include the following:
  - 1. To Resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
  - 2. To review the communication received from shareholders and how the issues has been addressed by the Company/RTA.
  - 3. To approve share transfers or delegate the same to an officer or a committee or to the registrar and share transfer agent who will attend to share transfer formalities at least once in a fortnight.
  - 4. To authorize RTA to have frequent meeting for transfer of shares in physical form submit the report to the Company on share transferred, rejection cases of transfer.
  - 5. To review and approve to release new share certificates without surrender of the corresponding old share certificates which are reported lost and not traceable and to transmit the shares, if requested.
  - 6. To review the details of shareholders and shareholding on a periodical basis and report in the stakeholders relationship meeting.
  - 7. To review the adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent and note the Certificate issued by the RTA of the Company on various compliances related to maintenance of shareholders data and connected matters like share transfer, split, dematerialization, re-materialization etc.
  - 8. To review the shareholding pattern including change in shareholding of promoters, if any.
  - 9. To review the details of dealing in shares by Directors/Designated Employees.
  - 10. Review of measures taken for effective exercise of voting rights by shareholders.
  - 11. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- c. The composition of the Stakeholders Relationship Committee and the details of meetings attended by its Chairperson/members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Ms. Sangeeta Talwar (Chairperson)	Independent & Non-executive	2	2
Mr. Pawan Kumar Danwar (Member)	Non-independent & Non-executive	2	2
Mr. Neelesh Agarwal* (Member)	Non-independent & Non-executive	2	2

\*Mr. Neelesh Agarwal appointed as member of committee w.e.f. 1<sup>st</sup> April, 2022

- d. The Committee met two times during the financial year 2022–23 on the following dates:

28 <sup>th</sup> May 2022	9 <sup>th</sup> August 2022
---------------------------	-----------------------------

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

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

## Report on Corporate Governance

### f. Investor Grievances / Complaints

The details of the Investor Complaints during the Financial Year ended 31<sup>st</sup> March 2023 are as follows:

Opening Balance	Number of shareholders' complaints received	No. of Complaints Resolved	Number not solved to the satisfaction of shareholders	Number of pending complaints.
0	6	6	0	0

### (iv) OTHER COMMITTEES

#### a. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

Name	Category
Ms. Sangeeta Talwar (Chairperson)	Independent & Non-executive
Mr. Pawan Kumar Danwar (Member)	Non-Independent & Non-executive
Mr. Neelesh Agarwal* (Member)	Non-Independent & Non-executive

\*Mr. Neelesh Agarwal appointed as member of committee w.e.f. 1<sup>st</sup> April, 2022

Since the Company has incurred losses during the last three years, the Company was not required to spend any amount on CSR during the financial year 2022-23. Therefore, no meeting of CSR Committee was conducted during the financial year 2022-23.

#### b. FINANCE COMMITTEE

1. The Company constituted a Committee of Director in 1999 and renamed as Finance Committee in 2011.
2. The Committee is governed by a Charter.
3. The terms of reference of the Committee inter alia includes: -
  - Capital structure plans and specific equity and debt financings.
  - Review the Corporate Guarantee/bonds provided by the Company either directly or through banks in connection with the Company's business, to any third parties and recommend to the Board.
  - Approve opening / closing of bank accounts of the Company and change in signatories for operating the bank accounts.
  - The Committee shall review annual budgets and other financial estimates and provide its recommendations to the Board.
  - The Committee shall on a quarterly basis review the actual performance of the Company against the plans.
  - Capital expenditure plans and specific capital projects.
  - Evaluate the performance of and returns on approved capital expenditure.
  - Customer financing.

## Report on Corporate Governance

- Mergers, acquisitions, buy backs, demerger and divestitures .
  - Evaluate the performance of acquisitions.
  - Fresh/further Investment in subsidiaries / JVs / Branches.
  - Evaluate the performance of subsidiaries / JVs / branches.
  - Plans and strategies for managing the foreign exchange exposure.
  - Investment of surplus funds.
  - The Committee shall recommend dividend policy to the Board.
  - Insurance coverage and program.
  - Perform any other activities or responsibilities assigned to the Committee by the Board of Directors from time to time.
  - Delegate authorities from time to time to the executives/authorized persons to implement the decisions of the Committee within the powers authorized above.
  - Review of the total BG issued V/s BG Limits.
4. The composition of the Finance Committee and the details of meetings attended by its chairperson/members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Kaushik Dutta (Chairperson)	Independent & Non-executive	3	3
Mr. Pawan Kumar Danwar (Member)	Non-Independent & Non-executive	3	3
Ms. Ritu Arora (Member)	Independent & Non-executive	3	3

5. The board had accepted all the recommendations of the Finance Committee, which was mandatorily required, during the financial year 2022-23.

### 4. Independent Directors' Meeting

During the year under review, the Independent Directors' meeting was conducted on 8<sup>th</sup> February 2023, to discuss the following:

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

All Independent Directors attended the meeting.

### 5. Familiarization Programme for Independent Directors

During the year under review, no Independent Director was inducted on the Board of the company.

The details of familiarization programmes are posted on the website of the company and can be accessed at

[https://hclinfosystems.in/wp-content/uploads/2016/09/Familiarisation\\_programme\\_For\\_Independent\\_Directors-1.pdf](https://hclinfosystems.in/wp-content/uploads/2016/09/Familiarisation_programme_For_Independent_Directors-1.pdf)

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

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

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

## Report on Corporate Governance

S. No	Area of Expertise/skills/competence	Dr. Nikhil Sinha	Mr. Kaushik Dutta	Ms. Sangeeta Talwar	Ms. Ritu Arora	Mr. Pawan Kumar Danwar	Mr. Neelesh Agarwal*
1.	<b>Strategy</b> (Experience in developing and implementing business strategy)	✓	✓	✓	✓	✓	✓
2.	<b>Leadership</b> (Leadership experience and corporate leadership positions held)	✓	✓	✓	✓	✓	✓
3.	<b>Financial and Risk Management</b> (Experience in financial accounting, corporate finance, risk management and internal controls)	✓	✓	✓	✓	✓	✓
4.	<b>Governance and Board</b> (Experience as corporate Board member or membership of industry or other governance bodies)	✓	✓	✓	✓	✓	✓
5.	<b>Technology</b> (Significant background in or knowledge of technology including its impact on business models and strategy)	✓	-	-	-	-	-

Note: \*Mr. Neelesh Agarwal appointed as additional director of the Company w.e.f. 1<sup>st</sup> April 2022

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

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

<https://hclinfosystems.in/wp-content/uploads/2020/05/Appointment-and-Remuneration-policy.pdf>

### 8. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors conducted a formal annual performance evaluation of its own performance, the Committees of the Board, and each individual Director.

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

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

## **Report on Corporate Governance**

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

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

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

### **10. UNLISTED SUBSIDIARY COMPANIES:**

The Company has four unlisted subsidiaries as on 31<sup>st</sup> March 2023 as under:

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

**Note:** Hon'ble National Company Law Tribunal, New Delhi Bench (Court – V) vide its order dated 10th August 2022 read with corrigendum dated 12th September 2022 has sanctioned the Scheme of amalgamation. Consequent to this Digilife Distribution and Marketing Services Limited and HCL Learning Limited has been merged with HCL Infosystems Limited.

The Audit Committee reviewed the financial statements of the unlisted subsidiary companies. The Minutes of the Board and Committee meetings of the unlisted subsidiary companies are regularly placed before the Board. The Board also reviewed the statement of all significant transaction and arrangement entered by the unlisted subsidiary companies. Presently, the company is having a policy on material subsidiaries which is posted on the website of the Company and can be accessed at <https://hclinfosystems.in/wp-content/uploads/2019/04/Materail-subsidiary-policy.pdf>

### **11. MATERIAL SUBSIDIARY COMPANY:**

The Company has one material subsidiary as on 31<sup>st</sup> March 2023 as under:

Name of the Company	Date and place of Incorporation	Name and date of appointment of statutory auditors
HCL Infotech Limited	28 <sup>th</sup> September 2012 Delhi	M/s BSR & Associates LLP, Chartered Accountants appointed for second term for 5 years in Annual General Meeting held on 9 <sup>th</sup> September, 2022.

### **12. RELATED PARTY TRANSACTIONS**

All the related party transactions as defined under the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered during the financial year 2022–23 were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the financial year 2022–23. The Company has not entered any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Board of Directors of the Company has on the recommendation of the Audit Committee, adopted a Related Party Transactions Policy in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. The said policy is posted on the website of the Company and can be accessed at <https://hclinfosystems.in/wp-content/uploads/2016/09/Related-Party-transaction-policy.pdf>

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

### **13. VIGIL MECHANISM/WHISTLE BLOWER POLICY**

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had adopted a Vigil Mechanism/ Whistle Blower Policy for Directors and employees to report concerns about unethical

## Report on Corporate Governance

behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. No person has been denied access to the Chairman of the Audit Committee. The said Policy is posted on the website of the company and can be assessed at [https://hclinfosystems.in/wp-content/uploads/2016/09/Whistleblower\\_Policy.pdf](https://hclinfosystems.in/wp-content/uploads/2016/09/Whistleblower_Policy.pdf)

### 14. GENERAL BODY MEETINGS:

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

<b>Financial Year</b>	<b>Date</b>	<b>Time</b>	<b>Mode/Location</b>
2021-22	21 <sup>st</sup> September, 2022	10:00 a.m.	Video Conference ("VC")/Other Audio Visual Means ("OAVM") (Deemed venue: 806, Siddharth, 96, Nehru Place, New Delhi-110 019)
2020-21	22 <sup>nd</sup> September, 2021	10:00 a.m.	Video Conference ("VC")/Other Audio Visual Means ("OAVM") (Deemed venue: 806, Siddharth, 96, Nehru Place, New Delhi-110 019)
2019-20	29 <sup>th</sup> September, 2020	10:00 a.m.	Video Conference ("VC")/Other Audio Visual Means ("OAVM") (Deemed venue: 806, Siddharth, 96, Nehru Place, New Delhi-110 019)

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

#### **AGM held on 21<sup>st</sup> September 2022**

- Approval for the Remuneration to be paid to Mr. Raj Kumar Sachdeva, Manager of the Company.

#### **AGM held on 22<sup>nd</sup> September 2021**

- Appointment of Mr. Raj Sachdeva as Manager of the Company
- Confirmation for appointment of Mr. Vinod Pulyani as Manager of the Company

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

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

### 15. Postal Ballot

Pursuant to Section 110 and 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the Company had initiated the process of postal ballot vide Postal Ballot Notice dated 14<sup>th</sup> May 2022 for seeking approval of the members of the Company by way of Ordinary Resolution for:

- Appointment of Mr. Neelesh Agarwal (DIN: 00149856) as Non-Independent and Non- Executive Director of the Company liable to retire by rotation.

#### Procedure for postal ballot

- Mr. Vineet K Chaudhary, partner of VKC & Associates, Practicing Company Secretary (Membership No. F5327) was appointed as Scrutinizer by the Board of Directors to conduct the postal ballot process in a fair and transparent manner.
- The Company had engaged the services of National Securities Depository Limited (NSDL) for providing remote e- voting facility to all its members. The e-voting period commences on Thursday, 19<sup>th</sup> May 2022 (09:00 A.M. IST) and ends on Friday, 17<sup>th</sup> June 2022 (05:00 P.M. IST).
- In accordance with the MCA & SEBI Circulars, physical copy of the Postal Ballot Notice along with Postal Ballot Forms and pre-paid business reply envelope had not been sent to the shareholders for the Postal Ballot and the shareholders were required to communicate their assent or dissent through the remote e-voting system only.
- The Company had completed the electronic transmission of the Postal Ballot Notice on May 18, 2022, to the members whose names appeared on the Register of Members/ list of Beneficial Owners as on the cut-off date

## Report on Corporate Governance

i.e., Friday, May 13, 2022 and who had registered their email addresses with the Company/RTA or Depository/Depository Participants.

- The newspaper advertisement regarding completion of dispatch of Postal Ballot Notice was published by the Company in English "Business Standard" and in Hindi "Business Standard" on May 19, 2022.
- The Scrutinizer after carrying out the scrutiny of all votes had compiled the results and submitted his consolidated report dated June 20, 2022

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

**Resolution: Appointment of Mr. Neelesh Agarwal (DIN: 00149856) as Non-Independent and Non-Executive Director of the Company**

Mode	Total Valid Votes		Votes in Favour			Votes Against		
	Voters	No. of Votes	Voters	No. of Votes	%	Voters	No. of Votes	%
<b>Postal Ballot (Remote e-voting)</b>	911	208,027,438	843	207,906,124	99.942	68	121,314	0.058

Based on the Scrutinizer's consolidated report dated June 20, 2022, on the voting on the resolution mentioned in the postal ballot notice, Ms. Komal Bathla, Company Secretary of the Company, duly authorized by the Chairman of the Company, signed, and announced the results of voting on June 20, 2022. The result was intimated to the National Stock Exchange of India Limited (NSE), the Bombay Stock Exchange of India Limited (BSE), National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and was also posted on the website of the Company at [www.hclinfosystems.in](http://www.hclinfosystems.in) and NSDL website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The result was duly displayed on the notice board at the Registered Office at 806, Siddharth, 96 Nehru Place, New Delhi -110019 as well as at the Corporate Office of the Company at A-11, Sector 3, Noida, U.P.-201301. Based on the above postal ballot results, the resolution set out in the Postal Ballot Notice dated May 14, 2022, was passed with requisite majority on June 17, 2022, being the last date of e-voting. With declaration of the result as above and with posting of the same on the website of the Company and intimation to the Stock Exchanges & Depositories, the process of postal ballot was duly completed in a fair and transparent manner.

### 16. MANAGER/CFO CERTIFICATION:

The Certificate as stipulated in Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the Board along with the financial statements for the financial year ended 31<sup>st</sup> March 2023 and the Board reviewed the same. Copy of certificate is attached to this report.

### 17. DISCLOSURES:

- (i) The Company has complied with the requirements of the stock exchanges/SEBI/any statutory authority on all matters related to capital markets during the last three years except error as mentioned below:
  - Delay of 2 days in furnishing prior intimation about the meeting of the board of directors held on 2<sup>nd</sup> November 2021 in the financial year 2021-22 for which fine has been paid to NSE/BSE under Standard Operating Procedures (SOP) guidelines of SEBI
  - one error in composition of the Nomination & Remuneration Committee (NRC) Committee in the financial year 2019–20, which has been compounded by payment of fee to NSE/BSE under Standard Operating Procedures (SOP) guidelines of SEBI.
- (ii) A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The report confirms that the issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- (iii) The Board of the Company has adopted a risk management policy for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis, including aligning the internal audit function to areas of key risks.
- (iv) Pursuant to Section 204 of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit has been done by M/s VKC & Associates, a firm of practicing company secretaries for financial year 2022-23.

## Report on Corporate Governance

- (v) The Company has fulfilled all the Mandatory requirements as per Listing Regulations and the following non-mandatory requirements as prescribed in Part E of Schedule II r/w Regulation 27(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:
  - a. The Company has appointed non-executive independent director to the post of chairperson and not related to executive officer of the Company.
  - b. The statutory financial statements of the Company are unqualified.
  - c. Internal Auditor can directly report to the Audit Committee.
- (vi) The company has complied with corporate governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vii) The Company has taken a certificate from M/s VKC & Associates, a firm of practicing Company Secretaries confirming that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed herewith as '**Annexure-A**'.
- (viii) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part: During the period under review, the total fees of ₹ 49.50 Lacs has been paid to the statutory auditors for the audit/certification of the Company and its subsidiaries. This fee excludes applicable taxes and out-of-pocket expenses.
- (ix) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as under:
  - a. Number of compliant filed during the financial year: 0
  - b. Number of compliant disposed of during the financial year: 0
  - c. Number of compliant pending as on the end of the financial year: 0

### 18. MEANS OF COMMUNICATION:

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

The quarterly financial results during the financial year 2022–23 was published as detailed below:

<b>Quarter (FY 2022-23)</b>	<b>Date of Board Meeting</b>	<b>Date of Publication</b>	<b>Name of the Newspaper</b>
1.	28 <sup>th</sup> May 2022	30 <sup>th</sup> May 2022	Business Standard
2.	9 <sup>th</sup> August 2022	10 <sup>th</sup> August 2022	Business Standard
3.	8 <sup>th</sup> November 2022	9 <sup>th</sup> November 2022	Business Standard
4.	8 <sup>th</sup> February 2023	9 <sup>th</sup> February 2023	Business Standard

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

## Report on Corporate Governance

### 19. GENERAL SHAREHOLDERS' INFORMATION:

(i) Annual General Meeting:

Date : Wednesday 20<sup>th</sup>, September 2023

Time : 10:00 A.M.

Mode : Video Conference ("VC")/Other Audio-Visual Means ("OAVM")

(Deemed Venue: 806, Siddharth, 96, Nehru Place, New Delhi - 110019)

(ii) The Company follows April to March year end.

(iii) Dividend Payment date: Not Applicable

(iv) Date of Book Closure: 15<sup>th</sup> September 2023 (Friday)—20<sup>th</sup> September 2023 (Wednesday) (both days inclusive)

(v) Listing on Stock Exchanges:

a) National Stock Exchange of India Limited (Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051)

b) BSE Limited (Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001)

Annual listing fee for the Financial Year 2023-24 has been paid to the BSE Limited and the National Stock Exchange of India Limited.

(vi) Plant Locations: NA

(vii) Stock Codes/Symbol:

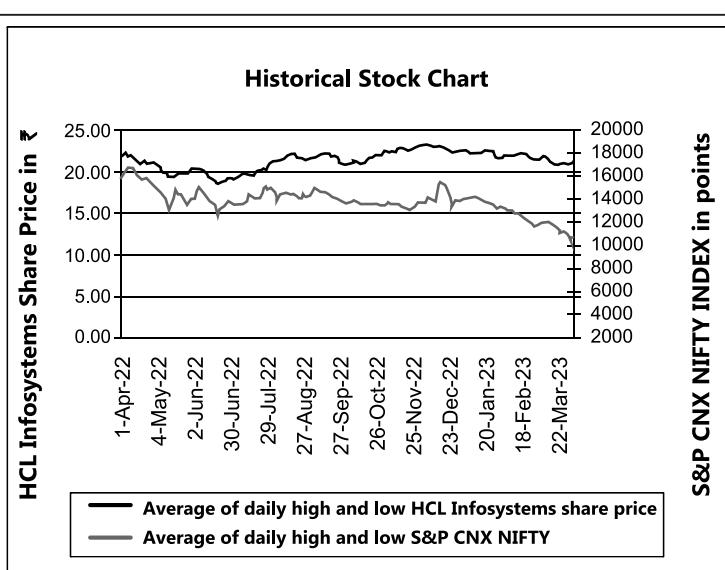
National Stock Exchange of India Limited:HCL-INSYS

BSE Limited : Physical Form–179

: Demat Form–500179

(viii) Market Price Data:

Month	Company's Share Price	
	High(₹)	Low(₹)
April, 2022	20.95	17.60
May, 2022	18.20	14.90
June, 2022	19.05	13.55
July, 2022	19.00	15.70
August, 2022	18.50	14.55
September, 2022	19.05	15.95
October, 2022	16.90	15.60
November, 2022	16.80	15.20
December, 2022	19.70	15.05
January, 2023	17.60	15.20
February, 2023	16.40	13.10
March, 2023	14.35	11.15



(Source: The National Stock Exchange of India Ltd.)

(ix) Registrar and Transfer Agents (RTA):

Name & Address : M/s. Alankit Assignments Limited  
205-208, Anarkali Complex

Jhandewalan Extension, New Delhi-110055

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

Phone No. : 011-42541234, 23541234

Fax : 011-23552001

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

## Report on Corporate Governance

(x) Share Transfer System:

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

The Company has also sent letters to all physical shareholders w.r.t. dematerialization of shares.

During the year, the Company had obtained, a certificate, from a Company Secretary in Practice, certifying that all certificates have been issued within thirty days of the date of lodgement for change of name/transmission, consolidation etc. under Regulation 40(9) of the Listing Regulations and filed a copy of the said certificate with the Stock Exchanges. Trading in equity shares of the Company is permitted only in dematerialised form. Transfer of dematerialized shares is done through the depositories with no involvement of the Company.

(xi) Shareholders' Referencer:

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

(xii) Distribution of Shareholding as on 31<sup>st</sup> March 2023:

No. of equity shares	Shareholders		Total Shares	
	Number	(%)	Number	(%)
Upto 500	1,57,562	82.60	1,71,27,689	5.20
501-1000	15,784	8.27	1,31,11,828	3.98
1001-2000	8,574	4.49	1,31,77,766	4.01
2001-3000	3,068	1.61	79,27,048	2.41
3001-4000	1,464	0.77	53,01,050	1.61
4001-5000	1,279	0.67	61,05,198	1.85
5001-10000	1,795	0.94	1,33,99,228	4.07
10001 and above	1,235	0.65	25,30,60,121	76.87
<b>Total</b>	<b>1,90,761</b>	<b>100.00</b>	<b>32,92,09,928</b>	<b>100.00</b>

(xiii) Shareholding pattern as on 31<sup>st</sup> March 2023:

Category	No. of shares	Percentage (%)
Promoters / Promoters Group	20,70,31,161	62.89
Mutual Funds/Alternate Investment Funds	5,500	0.00
NBFCs	2,56,750	0.08
Foreign Portfolio Investors	2,08,652	0.06
Insurance Companies	5,00,097	0.15
Financial Institutions / Banks	7,440	0.00
Bodies Corporate	1,27,49,391	3.87
Indian Public	10,00,11,093	30.38
NRI / Trust/HUF/others	75,38,717	2.29
Central Government (IEPF Fund)	9,01,127	0.28
<b>TOTAL</b>	<b>32,92,09,928</b>	<b>100.00</b>

(xiv) Dematerialization of shares and liquidity:

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the depositories in India i.e., NSDL & CDSL. As on 31<sup>st</sup> March 2023, 99.35% equity shares of the Company were held in dematerialized form.

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

## Report on Corporate Governance

Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 236A01020.

(xv) The Company has not issued any GDRs/ADRs. There are no outstanding warrants or convertible instruments as on 31<sup>st</sup> March 2023.

**(xvi) Address for Correspondence:**

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

The Compliance Officer  
HCL Infosystems Limited  
A-11, Sector-3,  
NOIDA (U.P.) – 201301.  
Tel. No.: 0120-2520977, 2526518, 2526519  
Email: [cosec@hcl.com](mailto:cosec@hcl.com)

**(xvii) Credit Rating**

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

**(xviii) Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount: NIL**

**(xix) Company Website:**

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

---

### Code of Conduct

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

It is further confirmed that all the Directors and Senior Management have affirmed their compliance with the Code for the year ended 31<sup>st</sup> March 2023.

**(Raj Kumar Sachdeva)  
Manager**

Place : Noida  
Date : 17<sup>th</sup> May, 2023

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

This is to certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March 2023 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and Audit Committee, and steps have been taken to rectify these deficiencies.
- (d) There have been no significant changes in internal controls over financial reporting and in accounting policies during the year requiring disclosure in the notes to the financial statements and we are not aware of any instance of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**(Raj Kumar Sachdeva)**  
**Manager**

**(Alok Sahu)**  
**Chief Financial Officer**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To

The Members of

**HCL INFOSYSTEMS LIMITED****CIN:** L72200DL1986PLC023955

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

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

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr No.	Name of the Directors	Director Identification Number (DIN)	Date of appointment in the Company
1.	Ms. Sangeeta Talwar	00062478	11/02/2014
2.	Dr. Nikhil Sinha	01174807	29/07/2009
3.	Mr. Kaushik Dutta	03328890	11/02/2014
4.	Mr. Neelesh Agarwal	00149856	01/04/2022
5.	Mr. Pawan Kumar Danwar	06847503	21/03/2014
6.	Ms. Ritu Arora	07019164	06/04/2015

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

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

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

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

**CS Mohit K Dixit**  
*Partner*

FCS No.: 12361  
CP No.: 17827

**UDIN:** F012361E000282686

**Peer Review Cer. No.:** 1955/2022

**Date: 10.05.2023**  
**Place : New Delhi**

# Corporate Governance Certificate

## INDEPENDENT AUDITORS'

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

#### TO THE MEMBERS OF HCL INFOSYSTEMS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated 10 October 2022 and addendum to the engagement letter dated 08 May 2023.
2. We have examined the compliance of conditions of Corporate Governance by HCL Infosystems Limited ("the Company"), for the year ended 31 March 2023 as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

#### Management's Responsibility

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

#### Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2023.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

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

#### Restriction on use

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

For **B S R & Associates LLP**

Chartered Accountants

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

**Girish Arora**

Partner

Membership No:098652

UDIN: 23098652BGYZLO1628

Place : New Delhi  
Date : 22 May 2023

# Secretarial Audit Report

## **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2023**

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

To,

The Members,

**HCL INFOSYSTEMS LIMITED**

CIN L72200DL1986PLC023955

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

### **We report that:**

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

### **Company's Responsibilities**

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

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

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

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

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

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

### **Limitations**

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

Further, we conducted the secretarial audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. received via electronic means. The management has confirmed that the records submitted to us are the true and correct.

### **Basis of opinion**

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

# Secretarial Audit Report

## Report on Secretarial Records and Compliances made thereunder

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

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

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

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

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

## **Secretarial Audit Report**

### **We further report that**

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

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

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

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

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

1. The Hon'ble National Company Law Tribunal (NCLT) at New Delhi vide its order dated August 10, 2022 read with corrigendum dated September 12, 2022 has approved the Scheme of Amalgamation between Digilife Distribution and Marketing Services Limited ('DDMS' or Transferor Company – 1) and HCL Learning Limited (Transferor Company – 2), its wholly owned subsidiaries along with and into the Company ("Amalgamated Company" or "Transferee Company") with April 01, 2022 as Appointed Date.
2. HCL Infotech Limited, wholly owned subsidiary of the Company has provided a fixed Deposit as security of ₹ 51.45 Crores and Corporate Guarantee of ₹ 65 Crores to Axis Bank for Bank Guarantee on behalf of the Company.
3. The Board of Directors of the Company in its meeting held on 10th February, 2021 approved the sale of HCL Infotech Limited, a wholly owned subsidiary of the Company, to Novezo Consulting Pvt. Ltd. as per the terms & conditions of the share purchase agreement entered into between HCL Infosystems Limited and Novezo Consulting Pvt. Ltd. The transaction is subject to statutory approvals of authorities and closure of certain conditions precedent. This transaction excludes;
  - A. UIDAI and Rajasthan Power Projects;
  - B. Residual Business (assets and liabilities, which consist of completed SI Projects and other discontinued and closed projects of HCL Infotech Limited);
  - C. HCL Investments Pte. & its step-down subsidiary, Nurture Technologies FZE.

However, as per the information made available to us by the management during the audit period, despite best efforts of the management for the execution of the Share Purchase Agreement, the conditions precedent were not fulfilled even after lapse of a Considerable period from the date of execution. The objective and purpose of the transaction completely changed and given that the changed circumstances created a fundamentally different situation which the parties never envisaged or agreed in first place, the share purchase agreement got frustrated as time was the essence of agreement. Hence the Company, in March 2023, has issued a letter intimating Novezo Consulting Pvt. Ltd that the Share Purchase Agreement has been frustrated. HCL Infotech Limited will continue to be operated in Ordinary Course of Business.

**FOR VKC & ASSOCIATES**

*(Company Secretaries)*

*Unique Code: P2018DE077000*

**CS Mohit K Dixit**

*Partner*

FCS No. 12361

C P No. 17827

**UDIN:** F012361E000342097

**Peer Review Certificate No.:** 1955/2022

**Date: May 22, 2023**

**Place: New Delhi**

# Secretarial Audit Report

## **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2023**

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

To,

The Members,

**HCL INFOTECH LIMITED**

CIN: U72200DL2012PLC242944

**Registered office address:** - 806, Siddharth

96 Nehru Place New Delhi South Delhi-110019 India

### **We report that:**

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

### **Company's Responsibilities**

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

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

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

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

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

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

### **Limitations**

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

Further, we conducted the secretarial audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. have been received via electronic means. The management has confirmed that the records submitted to us are the true and correct. We have also relied upon representation given by the management of the Company for certain areas which otherwise requires physical verification.

### **Basis of opinion**

We have followed the audit practices, secretarial auditing standards and processes as were applicable and appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification in some cases were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes

## **Secretarial Audit Report**

and practices, we followed provide a reasonable basis for our opinion. We also believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Report on Secretarial Records and Compliances thereof**

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

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

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

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

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

### **We further report that:**

The Board of Directors of the Company has been constituted by Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period under review.

## Secretarial Audit Report

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

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

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

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

1. The Board of Directors of the HCL Infosystems Limited (Holding Company) has entered into a Share Purchase Agreement (SPA) executed between Holding Company and Novezo Consulting Pvt. Ltd (Novezo) dated 10<sup>th</sup> February, 2021 for the sale of the shareholding of the Company by Holding Company to Novezo, subject to statutory approvals of authorities and closure of certain conditions precedent. This transaction excludes;
  - A. UIDAI and Rajasthan Power Projects;
  - B. Residual Business (assets and liabilities, which consist of completed HCL Infosystems SI Projects and other discontinued and closed projects of the Company);
  - C. HCL Investments Pte. & its step-down subsidiary, Nurture Technologies FZE.

However, as per the information made available to us by the management during the audit period, despite best efforts of the management for the execution of the Share Purchase Agreement, the conditions precedent were not fulfilled even after lapse of a Considerable period from the date of execution. The objective and purpose of the transaction completely changed and given that the changed circumstances created a fundamentally different situation which the parties never envisaged or agreed in first place, the share purchase agreement got frustrated as time was the essence of agreement. Hence the Board of Directors of the Holding Company, in March 2023, has issued a letter intimating Novezo Consulting Pvt. Ltd that the Share Purchase Agreement has been frustrated and the Company will continue to be operated in Ordinary Course of Business.

2. The Company has provided a Fixed Deposit as security of ₹ 51.45 Crores and Corporate Guarantee of ₹ 65 Crores to Axis Bank for Bank Guarantee on behalf of the HCL Infosystems Limited (Holding Company).
3. The Company has appointed Ms. Apoorva Jain as a Company Secretary of the Company w.e.f. 07.02.2023 and the respective e-forms has been filed after the closure of financial year.

**FOR VKC & ASSOCIATES**  
(Company Secretaries)  
Unique Code: P2018DE077000

**CS Mohit K Dixit**  
*Partner*  
FCS No. 12361  
C P No. 17827

**UDIN:** F012361E000342121

**Peer Review Certificate No.:** 1955/2022

**Date:** May 22, 2023  
**Place:** New Delhi

# Independent Auditor's Report

---

## To the Members of HCL Infosystems Limited

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

#### Opinion

We have audited the standalone financial statements of HCL Infosystems Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of 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 standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Material Uncertainty Related to Going Concern

We draw attention to note 56 of the standalone financial statements, which states that the Company has accumulated losses as at 31 March 2023 and its net worth is fully eroded as at that date. Further, the Company's current liabilities exceed its current assets as at 31 March 2023. These conditions, along with other matters set forth in note 58, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern i.e., whether the Company will be able to realise its assets and discharge all its contractual obligations and liabilities as they fall due in near future in the normal course of the business. However, based upon the measures as set forth in the note 56 including necessary financial support from a significant promoter shareholder, the management and the Board of Directors of the Company have a reasonable expectation that the Company will be able to operate as a going concern in the near future. Accordingly, management has prepared the standalone financial statements on a going concern basis.

Our opinion is not modified in respect of this matter.

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

#### 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 auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

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

## Independent Auditor's Report

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

## Independent Auditor's Report

auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. The going concern matter described in the Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 36 to the standalone financial statements.
  - b. The Company have long-term contracts for which there are no material foreseeable losses. The Company did not have any long-term derivative contracts as on 31 March 2023.
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

## Independent Auditor's Report

- d. (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 59 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 59 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
  - e. The Company has neither declared nor paid any dividend during the year.
  - f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

**For B S R & Associates LLP**

*Chartered Accountants*

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

**Girish Arora**

*Partner*

Membership No. : 098652

ICAI UDIN:23098652BGYZLJ3823

Place : New Delhi

Date : 22 May 2023

# Annexure A To Independent Auditor's Report

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

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

Description of property	Gross carrying value in INR Crore	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Land and Building at Ambattur, Chennai	5.58	M/s. HCL Peripherals Limited	Refer note below	Since 01-Jul-98	Refer note below

**Note:** Ambattur, Chennai immovable property held in the name of HCL Peripherals Limited, which was a wholly owned subsidiary of HCL Corporation Limited ("the Parent Company") and got merged with the parent company in the year 2010. The company acquired aforesaid immovable property from HCL Peripherals Limited in the year 1998 as part of Business Transfer Transaction. There is no dispute as to title of the property. As per the Business Transfer Agreement, in the event the company dispose off the property, HCL Peripherals Limited and the company shall jointly execute and register sale deed in favour of the purchaser to convey a valid title to the purchaser.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering services related to value-added distribution of technology, mobility and consumer electronic products. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(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 been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company, except for the quarter ended 31 March 2023 which is not yet due for submission.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments in companies, firms, limited liability partnership or any other parties. The Company has granted loans to Companies during the year in respect of which the requisite information is as below. The Company has not provided any guarantee or security and advances in the nature of loans to any Companies during the year. The Company has not provided any guarantee or security, granted any loans or advances in the nature of loans, secured or unsecured, to limited liability partnership or any other parties during the year.

## Annexure A To Independent Auditor's Report

- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to the Company as below:

Particulars	Guarantees	Security	Loans	₹ in crore Advances in nature of loans
Aggregate amount during the year – Subsidiary*	-	-	<b>0.02</b>	-
Balance outstanding as at balance sheet date – Subsidiary*	-	-	<b>0.02</b>	-

\*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the terms and conditions of the grant of loans during the year are, *prima facie*, not prejudicial to the interest of the Company
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of following loans given, there is no stipulation of schedule of repayment of principal and payment of interest since these loans are either repayable on demand or as and when the surplus fund would be available with the respective parties. Accordingly, we are unable to comment on the regularity of repayment of principal and payment of interest.

Name of the entity	Amount (₹ in crore)	Remarks
Pimpri Chinchwad e Services Ltd.	0.02	There is not stipulation of schedule of repayment of principal or payment of interest since these loans are either repayable on demand or as and when the surplus fund would be available with the respective parties.

Further, the Company has not given any advance in the nature of loan to any party during the year.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in case of loans of ₹ 0.02 crore given to Pimpri Chinchwad e Services Ltd., the schedule for repayment of principal and payment of interest have not been stipulated and accordingly we are unable to comment on the amount overdue for more than ninety days. Further, the Company has not given any loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties. Also, refer to our comments in sub clause 3(iii)(c) and (d) above.
- (f) 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 the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans to its related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

	All Parties	Promoters	Related Parties*
Aggregate of loans/advances in nature of loan	-	-	-
- Repayable on demand (A)	-	-	-
- Agreement does not specify any terms or period of Repayment (B)**	0.02	-	0.02
<b>Total (A+B)</b>	<b>0.02</b>	-	<b>0.02</b>
Percentage of loans/advances in nature of loan to the total loans	100%	0%	100%

\*Given to the subsidiary.

\*\* Also refer to comment in sub clause 3 (iii) (c) above.

## **Annexure A To Independent Auditor's Report**

- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

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

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

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

<b>Name of Statute</b>	<b>Nature of dues</b>	<b>Amount of demand ₹ in crores)</b>	<b>Amount of deposit ₹ in crores)</b>	<b>Period to which it relates</b>	<b>Forum where the dispute is pending</b>
Central Excise Act, 1944	Excise	0.49	0.02	2006-07 to 2008-09, 2010-11	Commissioner Appeals
Customs Act, 1962	Excise	0.2	-	2008-09	Commissioner (Appeals)
Customs TariffAct, 1975	Customs	40.47	5.00	2005-2009	CESTAT
Finance Act, 1994	ServiceTax	351.86	13.25	2006-2009, 2010-2015	CESTAT
Finance Act, 1994	ServiceTax	70.94	5.00	2003-06, 2010-11 to 2013-14	High Court
Central Sales Tax, 1956	CST	2.42	1.44	2002-03 to 2015-16	Tribunal
Central Sales Tax, 1956	CST	14.86	3.55	2004-05 to 2017-18	Upto Commisioner (Appeals)
Entry Tax Act	Entry Tax	0.12	0.01	2012-14	High Court
Entry Tax Act	Entry Tax	0.05	-	2013-14	Tribunal
Entry Tax Act	Entry Tax	2.13	0.94	2008-09 to 2017-18	Upto Commisioner (Appeals)
Goods & Service Tax, 2017	GST	0.16	-	2017-18	Upto Commisioner (Appeals)
Sales Tax/ Value added tax under various states	Sales tax	19.36	53.55	2005-06 to 2015-16	High Court
Sales Tax/ Value added tax under various states	Sales tax	5.73	1.81	2002-03 to 2015-16	Tribunal
Sales Tax/ Value added tax under various states	Sales tax	75.76	14.28	2004-05 to 2017-18	Upto Commisioner (Appeals)

## Annexure A To Independent Auditor's Report

Name of Statute	Nature of dues	Amount of demand ₹ in crores)	Amount of deposit ₹ in crores)	Period to which it relates	Forum where the dispute is pending
Income tax act, 1961	Income tax	10.75	-	2005-06, 2006-07, 2011-12 and 2017-18	Commissioner of Income Tax (Appeals)
Income tax act, 1961	Income tax	19.95	-	2006-07 and 2013-14	Income tax Appellate tribunal

- (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 standalone financial statements of the Company, we report that the Company has taken funds from following entities and persons on account of or to meet the obligations of its subsidiary (as defined under the Act) as per details below:

Nature of fund taken	Name of lender	Amount involved ₹ in Crore)	Name of the relevant subsidiary	Relationship	Nature of transaction for which funds utilised	Remarks, if any
Short term loan (Unsecured)	HCL Corporation Pvt Ltd.	0.02	Pimpri Chinchwad e Services Ltd.	Subsidiary company	Working capital requirements	Funds were taken for day-to-day operational requirement.

- (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.

## Annexure A To Independent Auditor's Report

- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.  
(b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.  
(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.  
(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.  
(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one CIC.
- (xvii) The Company has incurred cash losses of ₹ 8.50 crores in the current financial year; however, company has not incurred any cash losses 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 56 to the standalone financial statements, which indicates that the Company has incurred a net loss of ₹ 38.37 crores during the year ended 31 March 2023 and, as of that date, the Company's net worth is fully eroded and that the current liabilities exceed its current assets by ₹ 430.81 crores. On the basis of the above and according to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone 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, the significant promoter shareholder, has given a letter that it would continue to provide financial support to the Company in the foreseeable future to meet its obligations.
- (xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

**For B S R & Associates LLP**

*Chartered Accountants*

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

**Girish Arora**

*Partner*

Membership No. : 098652

ICAI UDIN:23098652BGYZLJ3823

Place : New Delhi

Date : 22 May 2023

# Annexure B To Independent Auditor's Report

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

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

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

## **Opinion**

We have audited the internal financial controls with reference to financial statements of HCL Infosystems Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## **Management's and Board of Directors' Responsibilities for Internal Financial Controls**

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

## **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to 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 standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

## **Annexure B To Independent Auditor's Report**

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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

ICAI UDIN:23098652BGYZLJ3823

Place : New Delhi  
Date : 22 May 2023

# Standalone Balance Sheet as at March 31, 2023

	Notes	As at 31.03.2023 ₹/Crores		As at 31.03.2022 ₹/Crores Restated*
<b>I. ASSETS</b>				
(1) <b>Non-current assets</b>				
Property, plant and equipment	3 (a)	2.52		4.14
Capital work-in-progress	3(b)	-		0.09
Intangible assets	4	0.34		0.04
Financial Assets				
(i) Investments	5	0.04		0.04
(ii) Other financial assets	7	15.88		22.85
Advance income tax (net)	8	26.99		27.91
Other non-current assets	9	130.82	176.59	133.19
				188.26
(2) <b>Current assets</b>				
Inventories	10	-		0.02
Financial Assets				
(i) Investments	6	25.22		78.96
(ii) Trade receivables	11	1.17		1.12
(iii) Cash and cash equivalents	12	13.93		10.79
(iv) Bank balances other than (iii) above	13	21.92		18.43
(v) Loans	14	0.02		0.00
(vi) Other financial assets	15	6.66		3.69
Other current assets	16	4.51		22.64
Assets held for sale	49	3.13	76.56	6.90
				142.55
<b>Total Assets</b>			253.15	330.81
<b>II. EQUITY AND LIABILITIES</b>				
(1) <b>Equity</b>				
Equity share capital	17	65.84		65.84
Other equity	18	(320.99)	(255.15)	(282.64)
				(216.80)
(2) <b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	19	-		13.83
Provisions	20	0.93	0.93	0.78
				14.61
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings	21	355.00		400.20
(ii) Trade payables	22	0.08		2.63
(a) Total outstanding dues of micro enterprises and small enterprises		22.63		48.22
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		4.20		7.16
(iii) Other financial liabilities	23	22.38		8.26
Other current liabilities	24	103.08	507.37	66.52
Provisions	25			533.00
<b>Total Equity and Liabilities</b>			253.15	330.81
* Refer note 53				
<b>Significant Accounting Policies</b>	2			

The notes referred to above form an integral part of the Standalone 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

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

**Pawan Kumar Danwar**  
*Director*  
 DIN - 06847503

**Kaushik Dutta**  
*Director*  
 DIN - 03328890

**Alok Sahu**  
*Chief Financial Officer*

**Raj Kumar Sachdeva**  
*Manager*

**Komal Bathla**  
*Company Secretary*

# Standalone Statement of Profit and Loss

for the year ended March 31, 2023

	Notes	Year ended 31.03.2023 ₹/Crores	Year ended 31.03.2022 ₹/Crores Restated*
<b>Income :</b>			
Revenue from operations	26	<b>6.08</b>	9.19
Other income	27	<b>13.67</b>	29.52
<b>Total income</b>		<b>19.75</b>	38.70
<b>Expenses :</b>			
Purchase of services		<b>4.53</b>	7.21
Changes in inventories of stock-in -trade	28	<b>0.02</b>	0.53
Other direct expense		<b>1.50</b>	0.62
Employee benefits expense	29	<b>8.67</b>	6.68
Finance costs	30	<b>1.53</b>	12.64
Depreciation and amortization expense	3,4	<b>0.57</b>	1.35
Other expenses	31	<b>26.22</b>	57.28
<b>Total expenses</b>		<b>43.04</b>	86.32
Loss before exceptional items and tax		<b>(23.29)</b>	(47.61)
Exceptional items	35	<b>(15.08)</b>	73.14
Profit/(Loss) before tax		<b>(38.37)</b>	25.52
Income tax expense:			
Current tax		-	-
Deferred tax	47	-	-
Profit/(Loss) for the year		<b>(38.37)</b>	25.52
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
(i) Gain/(loss) on remeasurement of defined benefit plan	44	<b>0.02</b>	(0.25)
(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		-	(0.25)
<b>Total comprehensive Profit /(loss) for the year</b>		<b>(38.35)</b>	25.27
Earnings per share (in ₹)	42		
- Basic and diluted (of ₹ 2/- each)		<b>(1.17)</b>	0.78
<b>Significant accounting policies</b>	2		

\* Refer note 53

The notes referred to above form an integral part of the Standalone 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

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

**Pawan Kumar Danwar**

*Director*

DIN - 06847503

**Kaushik Dutta**

*Director*

DIN - 03328890

**Alok Sahu**

*Chief Financial Officer*

**Raj Kumar Sachdeva**

*Manager*

**Komal Bathla**

*Company Secretary*

New Delhi: May 22, 2023

Noida: May 22, 2023

# Standalone Statement of Changes in Equity for the year ended March 31, 2023

a. Equity Share Capital	₹/Crores				
<b>Balance as at April 1, 2022</b>					
65.84	<b>Changes in equity share capital during the year</b>				
	<b>Balance as at March 31, 2023</b>				
	<b>65.84</b>				
<b>Balance as at April 1, 2021</b>					
65.84	<b>Changes in equity share capital during the year</b>				
	<b>Balance as at March 31, 2022</b>				
	<b>65.84</b>				
b. Other Equity	₹/Crores				
Particulars	Securities Premium Reserve	Capital Reserve (refer note 53)	General Reserve	Retained Earnings	Total
<b>Balance as at 01.04.2021</b>	<b>1,194.38</b>	<b>169.29</b>	<b>215.83</b>	<b>(1,887.41)</b>	<b>(307.91)</b>
Profit for the year	-	-	-	25.52	<b>25.52</b>
Other comprehensive loss for the year	-	-	-	(0.25)	<b>(0.25)</b>
<b>Balance as at 31.03.2022</b>	<b>1,194.38</b>	<b>169.29</b>	<b>215.83</b>	<b>(1,862.14)</b>	<b>(282.64)</b>
<b>Balance as at 01.04.2022</b>	<b>1,194.38</b>	<b>169.29</b>	<b>215.83</b>	<b>(1,862.14)</b>	<b>(282.64)</b>
Loss for the year	-		-	(38.37)	<b>(38.37)</b>
Other comprehensive income for the year	-		-	0.02	<b>0.02</b>
<b>Balance as at 31.03.2023</b>	<b>1,194.38</b>	<b>169.29</b>	<b>215.83</b>	<b>(1,900.48)</b>	<b>(320.99)</b>

**Securities Premium :**

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

**General Reserve :**

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

**Retained Earnings:**

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

**Capital Reserve:**

Capital Reserve represents amounts arising from merger of wholly owned subsidiaries, Digilife Distribution & Marketing Services Ltd. and HCL Learning Ltd with HCL Infosystems Ltd accounted for as common control transactions as per Approved Scheme of Arrangement (refer note 53).

As per our report of even date attached

**For B S R & Associates LLP**

*Chartered Accountants*

ICAI Registration Number-116231W/W-100024

*For and on behalf of the Board of Directors of*

**HCL Infosystems Limited**

**Girish Arora**

*Partner*

Membership Number - 098652

**Pawan Kumar Danwar**

*Director*

DIN - 06847503

**Kaushik Dutta**

*Director*

DIN - 03328890

**Alok Sahu**

*Chief Financial Officer*

**Raj Kumar Sachdeva**

*Manager*

**Komal Bathla**

*Company Secretary*

**New Delhi: May 22, 2023**

**Noida: May 22, 2023**

# Standalone Cash Flow Statement

for the year ended March 31, 2023

		<b>Year ended 31.03.2023</b> ₹/Crores	<b>Year ended 31.03.2022</b> ₹/Crores Restated*
<b>1. Cash Flow from Operating Activities:</b>			
Profit/(Loss) before tax		<b>(38.37)</b>	25.52
<b>Adjustments for:</b>			
Depreciation and amortisation expense	<b>0.57</b>	1.35	
Finance cost	<b>1.53</b>	12.64	
Interest income	<b>(1.78)</b>	(2.06)	
Interest on income tax refund	-	(10.27)	
Net gains on fair value changes on investments	<b>(0.20)</b>	(0.97)	
Net profit on sale of properties	<b>(13.85)</b>	(104.94)	
Property, plant and equipment written-off	<b>0.18</b>	0.06	
Gain on sale of investment carried at FVTPL	<b>(1.17)</b>	(0.37)	
Impairment of property	-	3.33	
(Reversal) / Provision against inter company deposits given to subsidiaries	-	(22.22)	
Provision for Loss in subsidiary	<b>28.92</b>	50.59	
Gain on foreign exchange fluctuation	<b>(0.71)</b>	(0.63)	
Provision for doubtful debts	<b>1.34</b>	2.24	
Provision for change in fair value of Optionally convertible debentures	-	15.56	
Net provisions for Input tax credit	<b>2.25</b>	8.89	
Provisions for doubtful other current assets	<b>0.78</b>	2.77	
Provisions/liabilities no longer required written back	<b>(7.56)</b>	<b>10.30</b>	(12.28)
<b>Operating (loss)/ profit before working capital changes</b>		<b>(28.07)</b>	(30.77)
<b>Changes in operating assets and liabilities</b>			
Decrease/(Increase) in trade receivables	<b>(1.38)</b>	11.28	
Decrease in non-current assets	<b>2.34</b>	35.65	
Increase in current assets	<b>(2.45)</b>	(0.70)	
Decrease in inventories	<b>0.02</b>	0.54	
(Decrease)/increase in non current liabilities	<b>0.15</b>	(0.06)	
(Decrease)/increase in current liabilities	<b>(15.70)</b>	<b>(17.02)</b>	15.87
<b>Cash (used in) / generated from operations</b>		<b>(45.09)</b>	62.58
Net tax refund		<b>15.51</b>	31.82
<b>Net cash (used in)/ generated from operating activities</b>	<b>(A)</b>	<b>(29.58)</b>	9.42
			41.24
<b>2. Cash flow from investing activities:</b>			
Purchase of properties plant and equipments and intangible assets	<b>(0.53)</b>	(0.25)	
Capital work-in-progress (including intangible assets under development)	<b>0.09</b>	0.09	
Proceeds from sale of properties	<b>33.42</b>	139.66	
Proceeds from sale of investments	<b>211.06</b>	-	
Purchase of current investments	<b>(155.99)</b>	(78.00)	
Interest received	<b>1.78</b>	2.06	
Redemption/maturity of bank deposits (net)	<b>3.52</b>	(14.64)	
Gain on sale of investment carried at FVTPL	-	0.37	
Inter corporate deposits given	<b>(0.02)</b>	-	
Inter corporate deposits received back	-	22.95	
Receipt of business consideration	-	<b>93.33</b>	15.79
<b>Net cash generated from investing activities</b>	<b>(B)</b>	<b>93.33</b>	88.04
			88.04

# Standalone Cash Flow Statement

for the year ended March 31, 2023 (Contd.)

		Year ended 31.03.2023 ₹/Crores	Year ended 31.03.2022 ₹/Crores Restated*
<b>3. Cash Flow from Financing Activities:</b>			
Proceeds from loans and borrowings		355.00	0.36
Repayment of loans and borrowings		(414.04)	(124.20)
Interest paid		(2.45)	(14.12)
<b>Net cash used in financing activities</b>	(C)	<b>(61.49)</b>	<b>(137.96)</b>
<b>Net (Decrease) /Increase in cash and cash equivalents</b>	(A+B+C)	<b>2.26</b>	<b>(8.67)</b>
Opening balance of cash and cash equivalents		10.79	19.51
Exchange difference on translation of foreign currency cash and cash equivalent		0.88	(0.03)
Closing balance of cash and cash equivalents		13.93	10.79
<b>Cash and cash equivalents comprise of</b>		<b>13.93</b>	<b>10.79</b>
Cash in hand		0.00	-
Balances with banks on current accounts		11.93	10.79
Balances with banks on deposits accounts		2.00	-

**Notes:**

Figures in brackets indicate cash outflow.

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

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

\* Refer note 53

As per our report of even date attached

**For B S R & Associates LLP**  
Chartered Accountants

ICAI Registration Number-116231W/W-100024

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

**Girish Arora**  
Partner  
Membership Number - 098652

**Pawan Kumar Danwar**  
Director  
DIN - 06847503

**Kaushik Dutta**  
Director  
DIN - 03328890

New Delhi: May 22, 2023

Noida: May 22, 2023

**Alok Sahu**  
Chief Financial Officer

**Raj Kumar Sachdeva**  
Manager

**Komal Bathla**  
Company Secretary

# Notes to the Standalone Financial Statements

## 1. Corporate information

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

The Company is primarily engaged in annual maintenance contracts related to Enterprise Distribution Customers.

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

## 2. Significant accounting policies

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

### 2.1 Basis of preparation and measurement

#### (i) Basis of preparation

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

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

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

#### (ii) Basis of measurement

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

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

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

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

#### IndAS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

#### Ind AS 12 – Income Taxes

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

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

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in

## Notes to the Standalone Financial Statements

financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

### 2.3 Use of estimates

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

### 2.4 Critical accounting estimates, assumptions and judgements

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

#### a) Property, plant and equipment

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

#### b) Intangibles

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

#### c) Income taxes

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant 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 trade receivable, unbilled revenue, contract assets and advances

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

#### f) Liquidated damages

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

#### g) Impairment of investments

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

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

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

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

## Notes to the Standalone Financial Statements

### h) Revenue recognition

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

### 2.5 Current versus non-current classification

The Company classifies an asset as current asset when:

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

All other assets are classified as non-current.

A liability is classified as current when –

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

All other liabilities are classified as non-current.

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

## Notes to the Standalone Financial Statements

### 2.6 Property, plant and equipment

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

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

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

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

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

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

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

### 2.7 Intangible assets

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

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

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

#### Software's

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

Intangible Assets are amortised at straight line basis as follows:

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

### 2.8 Leases

#### As a lessee

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

## Notes to the Standalone Financial Statements

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

### **As a lessor**

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

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

### **2.9 Financial instruments**

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

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

#### **B. Financial assets**

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

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

###### **Debt instrument**

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

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

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

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

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

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

# Notes to the Standalone Financial Statements

reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

## **Investment in subsidiaries**

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

## **Equity instruments**

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

### 2. Derecognition

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

## **C. Financial liabilities**

### 1. Subsequent measurement

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

#### Financial liabilities measured at amortised cost

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

### 2. Derecognition

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

## **D. Offsetting financial instruments**

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

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

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

## **F. Fair value measurement**

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

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

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

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

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

## Notes to the Standalone Financial Statements

### 2.10 Income tax

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

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

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

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

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

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

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

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

### 2.11 Inventories

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

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

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

### 2.12 Trade receivables

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

### 2.13 Cash and cash equivalents

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

## Notes to the Standalone Financial Statements

### 2.14 Impairment of assets

#### a. Financial assets

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

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

#### b. Non-financial assets

##### Intangible assets and property, plant and equipment

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

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

#### c. Investment in subsidiaries

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

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

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

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

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

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

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

If the criteria stated by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as

## Notes to the Standalone Financial Statements

held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

### 2.16 Trade and other payables

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

### 2.17 Borrowings

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

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

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

### 2.18 Provisions, contingent liabilities and contingent assets

#### a) Provisions

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

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

#### b) Contingencies

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

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

### 2.19 Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's operations are

# Notes to the Standalone Financial Statements

primarily in India. The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

## (ii) Transactions and balances

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

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

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

## 2.20 Revenue recognition

Revenue from contracts with the customers

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

### **Sale of products**

#### Timing of recognition

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

#### Measurement of revenue

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

### **Revenue from services**

#### Timing of recognition

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

#### Measurement of revenue

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

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

### **Interest income**

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

## Notes to the Standalone Financial Statements

### 2.21 Employee benefits

#### Defined benefit plans

##### Gratuity

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

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

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

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

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

##### Provident Fund

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

##### Defined contribution plans

Contributions to the employees' state insurance fund, provident fund administered by the prescribed government authorities, are made in accordance with the Employees' State Insurance Act, 1948 and Employees' Provident Funds and Miscellaneous Provisions Act, 1952 respectively and are recognised as an expense on an accrual basis.

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

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

##### Other benefits

##### Compensated absences

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

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

##### Long term employee benefits

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

### 2.22 Borrowing costs

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

## Notes to the Standalone Financial Statements

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

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

### **2.23 Earnings per share**

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

#### (ii) Diluted earnings per share

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

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

### **2.24 Exceptional items**

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

## Notes to the Standalone Financial Statements

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

The changes in carrying value of property, plant and equipment

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 01.04.2022	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2023	As at 01.04.2022	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2023	
Leasehold land	0.00	-	-	0.00	-	-	-	-	0.00
Freehold land	0.06	-	-	0.06	-	-	-	-	0.06
Buildings	3.26	-	1.31	1.95	0.05	0.07	0.02	0.10	1.85
Plant and machinery	0.01	-	-	0.01	0.01	-	-	0.01	-
Furniture and fixtures	0.05	-	0.00	0.05	-	0.03	-	0.03	0.02
Computers	3.20	0.16	0.03	3.33	2.40	0.39	0.05	2.74	0.59
<b>Total</b>	<b>6.60</b>	<b>0.16</b>	<b>1.34</b>	<b>5.40</b>	<b>2.46</b>	<b>0.49</b>	<b>0.07</b>	<b>2.88</b>	<b>2.52</b>

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 01.04.2021	Additions/ Adjustment	Disposal/ Adjustment*	As at 31.03.2022 Restated	As at 01.04.2021	Additions/ Adjustment	Disposal/ Adjustment*	As at 31.03.2022 Restated	
Leasehold land	8.02	-	8.02	0.00	0.53	0.09	0.62	0.00	0.00
Freehold land^	2.60	-	2.54	0.06	-	-	-	-	0.06
Buildings^	25.70	-	22.44	3.26	4.07	0.56	4.58	0.05	3.21
Plant and machinery	1.48	-	1.47	0.01	1.26	0.06	1.31	0.01	0.00
Furniture and fixtures	4.26	-	4.21	0.05	2.72	0.29	3.01	0.00	0.05
Office equipment	1.26	-	1.26	- 0.00	0.72	-	0.72	- 0.00	0.00
Computers	5.20	0.26	2.25	3.20	4.10	0.31	2.01	2.40	0.81
<b>Total</b>	<b>48.52</b>	<b>0.26</b>	<b>42.20</b>	<b>6.60</b>	<b>13.40</b>	<b>1.31</b>	<b>12.25</b>	<b>2.46</b>	<b>4.14</b>

\* Refer note 49, for disclosure related to "Assets held for sale".

^Land and Building at Ambattur amounting to ₹ 3.08 crores (2021 - ₹ 3.08 crores) are pending for registration in the name of the Company.

### Title deeds of Immovable Property not held in name of the Company

₹/Crores

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/ director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Land and buildings at Ambattur, Chennai (classified as held for sale)	D12 & D12-B SIDCO Ambattur Industrial Estate Chennai- 600058	5.58	HCL Peripherals Ltd	Refer note below	July 1, 1998	Refer note below

There is no immovable properties not held in the name of the company other than disclosed above ,further the above mentioned property is held for sale as on March 31, 2023 (refer note 49)

Ambattur, Chennai immovable property held in the name of HCL Peripherals Limited, which was a wholly owned subsidiary of HCL Corporation Private Limited and got merged with Parent Company in the year 2010. The company acquired aforesaid immovable property from HCL Peripherals Limited in the year 1998 as part of Business Transfer Transaction. There is no dispute as to title of the property. As per the Business Transfer Agreement, in the event the company dispose off the property, HCL Peripherals Limited and the company shall jointly execute and register sale deed in favour of the purchaser to convey a valid title to the purchaser.

## Notes to the Standalone Financial Statements

### 3(b) Capital work-in-progress

₹/Crores

Particulars	As at 01.04.2022	Addition	Capitalisation	As at 31.03.2023
Capital work-in-progress	0.09	-	0.09	-

₹/Crores

Particulars	As at 01.04.2021	Addition	Capitalisation	As at 31.03.2022 Restated
Capital work-in-progress	0.16	0.09	0.16	0.09

### CWIP Ageing Schedule as on year ended March 31, 2023 and March 31, 2022

₹/Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Project in progress	- (0.09)	-	-	-	- (0.09)

Note: Previous year figures are given in brackets.

### 4 Intangible Assets

The changes in carrying value of intangible assets

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	As at 01.04.2022	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2023	As at 01.04.2022	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2023	
Software	2.50	0.38	-	2.88	2.46	0.08	-	2.54	0.34
<b>Total</b>	<b>2.50</b>	<b>0.38</b>	<b>-</b>	<b>2.88</b>	<b>2.46</b>	<b>0.08</b>	<b>-</b>	<b>2.54</b>	<b>0.34</b>

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	As at 01.04.2021	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2022 Restated	As at 01.04.2021	Additions	Disposal/ Adjustment	As at 31.03.2022 Restated	
Software	2.50	-	-	2.50	2.42	0.05	-	2.46	0.04
<b>Total</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>2.50</b>	<b>2.42</b>	<b>0.05</b>	<b>-</b>	<b>2.46</b>	<b>0.04</b>

**Notes to the Standalone Financial Statements**

Particulars	As at 31.03.2023		As at 31.03.2022 Restated	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores
<b>5 Non-current investments</b>				
<b>Unquoted</b>				
<b>Investments in equity instruments of subsidiaries (At cost)</b>				
Pimpri Chinchwad eServices Limited			42,500	0.04
HCL Infotech Limited		2,20,300	668.46	668.46
Less: Impairment in the value of investment *			668.50	668.50
<b>Total investments in equity instruments of subsidiaries</b>			668.46	668.46
* Impairment allowances for investment in subsidiaries			0.04	0.04
- HCL Infotech Limited			668.46	668.46
<b>Aggregate book value of unquoted investments (net of impairment)</b>			668.46	668.46
<b>Aggregate amount of impairment in the value of investments</b>			0.04	0.04
<b>6 Current investments</b>			668.46	668.46
<b>Unquoted (Others)</b>				
<b>Investment in mutual funds at FVTPL</b>				
<b>Growth options</b>				
UTI Liquid Cash Plan	-		51,937	18.01
Aditya Birla Sun Life Savings Fund		1,30,927	4,62,002	20.34
HDFC Ultra Short Term Fund		70,19,054	1,65,36,258	20.30
ICICI Pru Ultra Short Term Fund - Growth		42,67,200	90,59,195	20.31
<b>Total current investments</b>			25.22	78.96
<b>Aggregate amount of unquoted investments</b>			25.22	78.96
<b>7 Other non-current financial assets</b>				
<b>Considered Good</b>				
Security deposits		0.15		0.11
Balance with bank- margin money*		9.24		16.25
Business consideration receivable		6.49		6.49
*Balances held as margin money towards obtaining Bank Guarantees.		15.88		22.85
<b>7A Deferred tax assets (net)</b>				
Deferred tax assets (refer note 47)		-		-
<b>8 Advance income tax asset (net of provisions)</b>				
Advance income tax		26.99		27.91
[Provision for income tax of ₹ 46.65 crores (2022 - ₹ 46.65 crores)]		26.99		27.91
<b>9 Other non-current assets</b>				
Deposits with tax authorities		130.81		133.16
Others		0.01		0.01
		130.82		133.19

## Notes to the Standalone Financial Statements

Particulars	As at 31.03.2023		As at 31.03.2022 Restated	
	Amount ₹/Crores		Amount ₹/Crores	
<b>10 Inventories</b> Stock-in-trade [Including in-transit ₹ Nil (2022 - ₹ Nil)]		-		0.02
		-		<b>0.02</b>
<b>11 Trade receivables*</b> <b>Unsecured:</b> Considered good Credit impaired	1.17 <b>31.09</b>		1.12 29.78	
	32.26 <b>31.09</b>	1.17	30.89 29.78	1.12
Less : Allowance for doubtful debts		1.17		30.10
*refer note no 33 (ia) disclosure related to ageing of trade receivables.				<b>1.12</b>
<b>12 Cash and cash equivalents</b> Balances with banks - Current account		11.93		10.79
Cash on Hand	2.31	0.00	0.31	0.00
Bank deposits with original maturity of three months or less	0.31	2.00	0.31	-
Less: Money held in trust		13.93		10.79
<b>13 Other bank balances</b> Deposits with remaining maturity up to 12 months* Balances with banks - On margin account		16.17 5.75 21.92		16.67 1.76 18.43
* includes ₹ 1.17 crores (2022- ₹ 1.13 crores) lien marked with Banks.				
<b>14 Loans</b> <b>Unsecured</b> <b>Considered good</b> Loans and advances to subsidiaries (refer note 45)		0.02 0.02		0.00 0.00
<b>Note:</b> Unsecured loan given to subsidiaries is repayable on demand and carries interest rate 5.61% to 7.04% pa.				
<b>15 Other current financial assets</b> <b>Considered good</b> Security deposits		0.07		0.19
Interest accrued on bank deposits		0.34		0.04
Unbilled revenue		2.63		3.11
<b>Considered doubtful</b> Others (includes employee advances, insurance claim recoverable)	5.63		5.66	
Less: Allowance for doubtful advances	5.63	-	5.66	-
Other Financial Assets (refer note 45)		0.09		0.36
Other receivable from related parties (refer note 45)		3.53		-
		6.66		3.69

**Notes to the Standalone Financial Statements**

Particulars	As at 31.03.2023		As at 31.03.2022 Restated	
	Amount ₹/Crores		Amount ₹/Crores	
<b>16 Other current assets</b>				
<b>Unsecured</b>				
<b>Considered good</b>				
Balances with customs, port trust, excise, sales tax and goods and service tax authorities		<b>1.87</b>		0.32
Advances to creditors		<b>0.24</b>		2.49
Prepaid expenses		<b>1.68</b>		2.20
Others recoverable (including advance tax ₹ Nil (2022 - ₹ 14.59 crores)		<b>0.72</b>		17.62
<b>Considered Doubtful</b>				
Deposits and other advances		<b>2.81</b>		1.79
Less: Allowance for doubtful advances		<b>2.81</b>	-	1.79
Input tax credit		<b>46.52</b>		43.08
Less: Allowance for input tax credit		<b>46.52</b>	-	43.08
		<b>4.51</b>		22.64
<b>17 Share capital</b>				
<b>Authorised*</b>				
85,30,00,000 Equity Shares (2022 - 55,25,00,000) of ₹ 2/- each		<b>170.60</b>		110.50
5,00,000 Preference Shares (2022 - 5,00,000) of ₹ 100/- each		<b>5.00</b>		5.00
<b>Total</b>		<b>175.60</b>		115.50
* Refer note 53				
<b>Issued, Subscribed and Fully Paid up</b>				
32,92,09,928 Equity Shares (2022 - 32,92,09,928) of ₹ 2/- each		<b>65.84</b>		65.84
Add: Shares Forfeited - 1,000 shares of ₹ 1/- each (2022 - 1,000 shares of ₹ 1/- each)		<b>0.00</b>		0.00
<b>Total</b>		<b>65.84</b>		65.84
<b>Notes:</b>				
(i) Rights attached to equity shares:				
The Company has only one class of equity share having a face value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing Annual General Meeting, except in case of interim dividend.				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by Shareholders.				

## Notes to the Standalone Financial Statements

		As at 31.03.2023		As at 31.03.2022	
		Number of Shares	% of shares	Number of Shares	% of shares
(ii)	<b>Shareholders holding more than 5% of the aggregate shares in the Company</b>				
	(a) HCL Corporation Private Limited (b) VAMA Sundari Investments (Delhi) Private Limited	16,44,21,399 4,26,03,194	49.94 12.94	16,44,21,399 4,26,03,194	49.94 12.94
(iii)	<b>Promoters shareholding in the Company</b>	As at 31.03.2023		As at 31.03.2022	
		Number of Shares	% of shares	% change during the year	Number of Shares
	(a) HCL Corporation Private Limited (b) VAMA Sundari Investments (Delhi) Private Limited (c) Mr. Shiv Nadar (d) Mrs. Roshni Nadar Malhotra (e) Mrs. Kiran Nadar	16,44,21,399 4,26,03,194  3,055 2,893 620	49.94 12.94 0.00 0.00 0.00	- - - - -	16,44,21,399 4,26,03,194 3,055 2,893 620
	<b>Particulars</b>	As at 31.03.2023 ₹/Crores		As at 31.03.2022 ₹/Crores Restated	
18	<b>Other Equity</b>				
A.	<b>Reserve and surplus</b>				
	(a) <b>Securities premium reserves</b>				
	Opening balance			1,194.38	1,194.38
	Closing Balance			1,194.38	1,194.38
	(b) <b>Capital Reserve</b>				
	Opening Balance			169.29	-
	Movement during the year (refer note 53)			-	169.29
	Closing Balance			169.29	169.29
	(c) <b>General reserve</b>				
	Opening balance			215.83	215.83
	Closing balance			215.83	215.83
	(d) <b>Retained earnings</b>				
	Opening balance			(1,862.13)	(1,887.41)
	Net Profit/(Loss) for the year			(38.37)	25.52
	Remeasurement of post employment benefit obligation, (net of tax)			0.02	(0.25)
	Closing balance			(1,900.48)	(1,862.13)
				(320.99)	(282.64)
19	<b>Non-current borrowings (refer note 40 for status of charges)</b>				
	<b>Unsecured:</b>				
	<b>Term Loans</b>				
	- From others			-	13.83
				-	13.83
	<b>Notes:</b>				
1.	Unsecured Term loans from Others amounting to ₹ Nil (2022 - ₹ 59.03 Crores), out of which ₹ Nil Crores (2022 - ₹ 45.20 Crores) was shown under current borrowings (refer note 21), was repayable in 12 equal quarterly instalments from the date of the disbursement which carries interest @ 10.75% to 10.98% p.a. The same has been repaid/prepaid in full during the current year ending March 31, 2023.				

**Notes to the Standalone Financial Statements**

<b>Particulars</b>	<b>As at 31.03.2023 ₹/Crores</b>	<b>As at 31.03.2022 ₹/Crores Restated</b>
<b>20 Non-current provisions</b> Provision for gratuity and other employee benefits (refer note 44) [includes ₹ 0.13 crores (2022 - ₹ 0.13 cr) for leave encashment and ₹ 0.10 crores (2022 - ₹ 0.01 crores) other employee benefits]	<b>0.93</b>	0.78
	<b>0.93</b>	0.78
<b>21 Current borrowings</b> <b>Unsecured:</b> <b>Loans</b> - From related parties (refer note 45)	<b>355.00</b>	355.00
<b>Borrowings</b> Current maturities of long-term borrowings {refer note 19}	-	45.20
	<b>355.00</b>	400.20
	<b>355.00</b>	400.20
<b>Notes:</b>		
1. Unsecured Intercorporate Loan from HCL Corporation Private Limited amounting to ₹ 355 Crs (2022 - ₹ 355 Crs) is repayable in 11 months from the date of availment of each tranche, which is interest free.		
2. The company has obtained non fund-based borrowings based on security of current assets, submission of intimation for quarterly results with banks has been done as and when due except for quarter ended March 31, 2023 which is not yet due		
<b>22 Trade payables* (refer note 45)</b> Trade payables (a) Total outstanding dues of micro enterprises and small enterprises (refer note 37) and	<b>0.08</b>	2.63
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note below) [includes acceptance ₹ Nil crores (2022 - ₹ Nil)]	<b>22.63</b>	48.22
	<b>22.71</b>	50.85
*refer note no 33 (ii) disclosure related to ageing of trade payable		
<b>23 Other current financial liabilities</b> Interest accrued but not due on borrowings	-	0.92
Deposits	-	0.86
Employee benefits payable	<b>2.02</b>	3.18
Capital creditors	<b>0.18</b>	0.20
Advances received against proposed sale of HCL Infotech Limited (refer Note 48)	<b>2.00</b>	2.00
	<b>4.20</b>	7.16
<b>24 Other current liabilities</b> Deferred revenue	<b>0.68</b>	1.88
Advances received from customers	<b>5.71</b>	3.35
Others	-	2.25
Statutory dues payable	<b>1.03</b>	0.53
Advances received against Non-current assets held for sale (refer note 3(a))	<b>14.96</b>	0.25
	<b>22.38</b>	8.26

## Notes to the Standalone Financial Statements

Particulars	As at 31.03.2023 ₹/Crores	As at 31.03.2022 ₹/Crores Restated
<b>25 Current provisions</b>		
Provision for gratuity and other employee benefits (refer note 44) #	<b>0.79</b>	1.31
Provision for Losses of subsidiary (refer note 35 (c) )	<b>89.17</b>	53.38
Provision for litigation {refer note 36 (c)}	<b>13.12</b>	11.83
	<b>103.08</b>	66.52
[# includes ₹ 0.04 Crores (2022- ₹ 0.11 crores) for provision for leave encashment and ₹ 0.64 Crores (2022 - ₹ 0.10 Crores) for other employee benefits]		

Particulars	Year ended 31.03.2023 ₹/Crores	Year ended 31.03.2022 ₹/Crores Restated
<b>26 Revenue from operations</b>		
Rendering of services	<b>6.08</b>	9.19
	<b>6.08</b>	9.19
<b>27 Other income</b>		
Interest income from financial asset at amortised cost		
- On fixed deposits	<b>1.39</b>	1.66
- On option convertible debenture (refer note 45)	<b>0.40</b>	0.40
Net gains on fair value changes on investments	<b>0.20</b>	0.97
Gain on sale of investment carried at FVTPL	<b>1.17</b>	0.37
Net profit on sale of property, plant and equipment	<b>0.01</b>	0.11
Gain on foreign exchange fluctuation	<b>0.99</b>	0.66
Provisions/liabilities no longer required written back	<b>7.56</b>	12.28
Scrap sale	-	0.31
Miscellaneous income	<b>1.95</b>	2.49
Interest income from Income tax authorities*	-	10.27
	<b>13.67</b>	29.52
*The amount shown includes ₹ 8.67 Crores of interest on Income tax refund received during the previous year through Kavy Innotech Ltd. as part of the Second Stage Consideration payable according to the provisions of clause 2.3.2 (a) of the Share Purchase Agreement dated 31.05.2018.		
<b>28 Changes in inventories</b>		
Closing balance		
- Stock-in-trade	-	0.02
	-	0.02
Opening balance		
- Stock-in-trade	<b>0.02</b>	0.55
	<b>0.02</b>	0.55
<b>Changes in inventories</b>	<b>0.02</b>	0.53

**Notes to the Standalone Financial Statements**

<b>Particulars</b>	<b>Year ended 31.03.2023 ₹/Crores</b>	<b>Year ended 31.03.2022 ₹/Crores Restated</b>
<b>29 Employee benefits expense</b>		
Salaries, wages, bonus and gratuity (refer note 44)	<b>8.32</b>	6.29
Contribution to provident and other funds (refer note 44)	<b>0.22</b>	0.27
Staff welfare expenses	<b>0.13</b>	0.12
	<b>8.67</b>	6.68
<b>30 Finance costs</b>		
Interest on unsecured borrowings	<b>1.02</b>	11.68
Other borrowing costs	<b>0.51</b>	0.96
	<b>1.53</b>	12.64
<b>31 Other expenses</b>		
Rent (refer note 41)	<b>0.70</b>	0.97
Rates and taxes	<b>2.59</b>	6.66
Communication	<b>0.35</b>	0.58
Travelling and conveyance	<b>0.73</b>	0.26
Legal, professional and consultancy charges (refer note 39)	<b>5.70</b>	9.23
Retainership expenses	<b>3.47</b>	4.31
Office electricity and water	<b>0.55</b>	1.04
Insurance	<b>0.52</b>	0.77
Technology Cost	<b>3.40</b>	4.17
Outsourcing cost	<b>1.14</b>	2.21
Bank charges	<b>0.10</b>	0.33
Allowance for doubtful debts	<b>1.34</b>	2.24
Change in fair value of OCD (refer note 51)	-	15.56
Provision for doubtful other current assets	<b>0.78</b>	2.77
Net provisions for Input tax credit	<b>2.25</b>	8.89
Repairs		
- Buildings	<b>0.01</b>	0.07
- Others	<b>0.75</b>	0.91
Miscellaneous	<b>1.84</b>	1.90
	<b>26.22</b>	62.89
Less: Common cost adjustment	<b>0.00</b>	5.60
	<b>26.22</b>	57.28

# Notes to the Standalone Financial Statements

## Financial Instruments and Risk Management

### 32 Fair Value Measurements

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

Particulars	Notes	At cost	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	₹/Crores Total Fair Value
<b>Financial assets</b>						
<b>Non-current assets</b>						
(i) Investment in subsidiaries	5	<b>0.04</b> (0.04)	-	-	<b>0.04</b> (0.04)	<b>0.04</b> (0.04)
(ii) Others	7	- -	-	<b>15.88</b> (22.85)	<b>15.88</b> (22.85)	<b>15.88</b> (22.85)
		<b>0.04</b> (0.04)	-	<b>15.88</b> (22.85)	<b>15.92</b> (22.89)	<b>15.92</b> (22.89)
<b>Current assets</b>						
(i) Investments	6	- -	<b>25.22</b> (78.96)	-	<b>25.22</b> (78.96)	<b>25.22</b> (78.96)
(ii) Trade receivables	11	- -	-	<b>1.17</b> (1.12)	<b>1.17</b> (1.12)	<b>1.17</b> (1.12)
(iii) Cash and cash equivalents	12	- -	-	<b>13.93</b> (10.79)	<b>13.93</b> (10.79)	<b>13.93</b> (10.79)
(iv) Other bank balances	13	- -	-	<b>21.92</b> (18.43)	<b>21.92</b> (18.43)	<b>21.92</b> (18.43)
(v) Loans	14	- -	-	<b>0.02</b> (0.00)	<b>0.02</b> (0.00)	<b>0.02</b> (0.00)
(vi) Others	15	- -	-	<b>6.66</b> (3.69)	<b>6.66</b> (3.69)	<b>6.66</b> (3.69)
		- -	<b>25.22</b> (78.96)	<b>43.70</b> (34.03)	<b>68.92</b> (112.99)	<b>68.92</b> (112.99)
<b>Financial liabilities</b>						
<b>Non-current liabilities</b>						
(i) Borrowings	19	- -	-	- (13.83)	- (13.83)	- (13.83)
		- -	-	- (13.83)	- (13.83)	- (13.83)
<b>Current liabilities</b>						
(i) Borrowings	21	- -	-	<b>355.00</b> (400.20)	<b>355.00</b> (400.20)	<b>355.00</b> (400.20)
(ii) Trade payables	22	- -	-	<b>22.71</b> (50.85)	<b>22.71</b> (50.85)	<b>22.71</b> (50.85)
(iii) Other financial liabilities	23	- -	-	<b>4.20</b> (7.16)	<b>4.20</b> (7.16)	<b>4.20</b> (7.16)
		- -	-	<b>381.91</b> (458.21)	<b>381.91</b> (458.21)	<b>381.91</b> (458.21)

Note: Previous year figures are given in brackets.

## Notes to the Standalone Financial Statements

### 33 Financial Risk Management

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

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

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

Risk	Exposure Arising from	Measurement	Management
Credit Risk	Investments, trade receivables, cash and cash equivalents, bank balances, loans and other financial assets	Ageing analysis, credit appraisal	Diversification of bank deposits, investments, credit limits and letters of credit
Liquidity risk	Borrowings, trade payable and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines, working capital facilities and liquid investments and financial support from promoter shareholder
Market risk - foreign exchange	Future commercial transactions Recognized financial assets not denominated in Indian rupee (INR)	Hedging percentage sensitivity analysis	Forward foreign exchange contracts

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

#### Financial Risk Management

##### 33(i) Credit Risk

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

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

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

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

Following table provides agewise breakup of receivables

Particulars	As at 31.03.2023	As at 31.03.2022 Restated	₹/Crores
Not Due	<b>0.62</b>	1.12	
0-90 days past due	<b>0.21</b>	0.50	
91-180 days past due	<b>0.22</b>	0.11	
181-365 days past due	<b>0.21</b>	0.69	
1 - 2 years past due	<b>0.35</b>	0.77	
More than 2 years past due	<b>30.65</b>	27.70	
	<b>32.26</b>	30.89	

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

## Notes to the Standalone Financial Statements

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

Particulars	₹/Crores	As at 31.03.2023	As at 31.03.2022 Restated
<b>Balance at the beginning</b>		<b>29.78</b>	27.58
Add: Provided during the year		1.31	2.24
Less: Amounts written off		-	(0.05)
<b>Balance at the end</b>		<b>31.09</b>	29.78
Weighted average loss rate (in percentage)		<b>96.36%</b>	96.41%

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

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(a) Undisputed trade receivables-considered good	<b>0.62</b> (1.12)	<b>0.43</b> -	<b>0.12</b> -	-	-	-	<b>1.17</b> (1.12)
(b) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Undisputed trade receivables -credit impaired	-	-	(0.61)	(0.69)	<b>0.35</b> (0.77)	-	<b>30.74</b> (27.70)
(d) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(e) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(f) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>0.62</b> (1.12)	<b>0.43</b> (0.61)	<b>0.12</b> (0.69)	<b>0.35</b> (0.77)	-	<b>30.74</b> (27.70)	<b>32.26</b> (30.89)
Less: Allowance for doubtful debts							<b>31.09</b> (29.78)
<b>Total</b>							<b>1.17</b> (1.12)
Unbilled Revenue (refer note 15)							<b>2.63</b> (0.85)
<b>Total</b>							<b>3.80</b> (1.97)

Note: Previous year figures are given in brackets.

## Notes to the Standalone Financial Statements

### Financial Risk Management

#### 33(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**

₹/Crores

Particulars	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
<b>Non-derivatives</b>						
<b>Borrowings</b>						
- From Banks	-	-	-	-	-	-
- From Others	<b>355.00</b> (414.03)	-	<b>355.00</b> (400.20)	-	(13.83)	-
Trade payables	<b>22.71</b> (50.85)	-	<b>22.71</b> (50.85)	-	-	-
<b>Other financial liabilities</b>						
- Deposits	- (0.86)	-	- (0.86)	-	-	-
- Interest accrued but not due on borrowings	- (0.92)	-	- (0.92)	-	-	-
- Capital Creditors	<b>0.18</b> (0.20)	-	<b>0.18</b> (0.20)	-	-	-
- Unpaid dividends/ deposits	- (0.00)	-	- (0.00)	-	-	-
- Employee Benefits Payable	<b>2.02</b> (3.18)	-	<b>2.02</b> (3.18)	-	-	-
- Others	<b>2.00</b> (2.00)	-	<b>2.00</b> (2.00)	-	-	-
<b>Total non-derivative liabilities</b>	<b>381.91</b> (472.04)	- (0.00)	<b>381.91</b> (458.21)	-	(13.83) (0.00)	(0.00)

Note: Previous year figures are given in brackets.

#### 33(ii) a) Ageing Schedule in respect of trade payable for the year ended March 31, 2023 and March 31, 2022

₹/Crores

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) MSME	<b>0.02</b> (0.25)	<b>0.06</b> (0.39)	- (0.11)	- (0.02)	- (1.86)	<b>0.08</b> (2.63)
(b) Others	<b>0.48</b> (0.17)	<b>0.68</b> (22.44)	<b>0.43</b> (0.33)	<b>0.38</b> (0.39)	<b>4.15</b> (2.28)	<b>6.12</b> (25.60)

## Notes to the Standalone Financial Statements

₹/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	
(c) Disputed dues - MSME	-	-	-	-	-	-
(d) Disputed dues - Others	-	-	-	0.26	1.66	1.92
			(0.26)	(1.59)	(0.03)	(1.88)
<b>Total</b>	<b>0.50</b>	<b>0.74</b>	<b>0.43</b>	<b>0.64</b>	<b>5.81</b>	<b>8.12</b>
Unbilled Dues		(0.42)	(22.83)	(0.70)	(2.00)	(30.12)
						<b>14.59</b>
						(20.73)
<b>Total</b>						<b>22.71</b>
						(50.85)

Note: Previous year figures are given in brackets.

### Financial Risk Management

#### (i) Interest rate risk

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

#### Market Risk

#### (ii) Foreign currency risk

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

#### (a) Foreign currency risk exposure

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

₹/Crores

	USD
<b>Financial Assets</b>	
Trade receivables	6.55 (6.05)
<b>Cash and cash equivalents</b>	- (0.00)
<b>Net exposure to foreign currency risk (assets)</b>	<b>6.55</b> (6.05)
<b>Financial Liabilities</b>	
Trade Payables	3.32 (3.67)
<b>Derivative liabilities</b>	
Foreign exchange forward contracts	- (0.00)
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>3.32</b> (3.67)

Note: Previous year figures are given in brackets.

## Notes to the Standalone Financial Statements

### (a) Sensitivity

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

Particulars	Change in FC exchange rate by	Impact on profit or loss and equity (in ₹ crore)			
		Increase in FC exchange rates		Decrease in FC exchange rates	
		Year ended 31.03.2023	Year ended 31.03.2022 Restated	Year ended 31.03.2023	Year ended 31.03.2022 Restated
USD sensitivity	5%	0.16	0.12	(0.16)	(0.12)

### 34 Capital Management

#### Risk Management

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

The capital structure as at 31.03.2023 and 31.03.2022 are as follows:

Particulars	₹/Crores	
	As at 31.03.2023	As at 31.03.2022 Restated
Total Debt	355.00	414.04
Equity	(255.15)	(216.80)
Capital and net debt	99.85	197.24
Gearing ratio	355.54%	209.92%

### 35 Exceptional items :

Particulars	₹/Crores	
	Year ended 31.03.2023	Year ended 31.03.2022 Restated
a. Reversal of provisions	-	22.22
b. Provision for impairment of property (refer note 49)	-	(3.33)
c. Provision for losses of HCL Infotech Ltd.	(28.92)	(50.59)
d. Profit on sale of properties (refer note 49)	13.84	104.84
<b>Total</b>	<b>(15.08)</b>	<b>73.14</b>

- a) The company has given inter company loans to its wholly owned subsidiary, HCL Infotech Limited in previous years. The Company, considering that HCL Infotech Limited has negative net worth as on 31.03.2022, due to continuous loss incurred by the entity and based on future plan of this entity, may not be able to recover the loan given to HCL Infotech Limited upto the value of its negative net worth of the entity. Accordingly, the company provided for these advances in previous years. The Company has reversed provision basis the actual recovery of amount during the year March 31, 2022.
- b) The Company has made provision of ₹ 28.92 crores (2022- ₹ 50.59 crores), on account of accumulated losses and erosion of net worth of HCL Infotech Limited, as at the balance sheet date.

HCL Infotech Limited has been incurring operational losses during the last few years due to various reasons including delay in collections of receivables, challenging market conditions, cost overruns and legal expenses in respect of long-term contracts.

## Notes to the Standalone Financial Statements

Considering the fact that most of these long-term contracts were originally entered with the Company and transferred to HCL Infotech Limited through the Scheme of Arrangement in the past, there is a constructive obligation for the Company to provide operational and financial support to HCL Infotech Limited for execution of its contracts. This constructive obligation is also supported by the past practice followed by the Company wherein it has been, from time to time, voluntarily extending financial support to its subsidiaries, even during challenging market circumstances. Such continuous and timely support from the Company has helped fund the losses of its subsidiaries and enabled them to meet their financial obligations without any delays/ defaults.

Basis the same, the Company is creating provision for loss of subsidiary in the standalone financials to the extent of accumulated losses and erosion of net worth of subsidiary, as at the reporting date. This has been treated as a present obligation of the Company wherein it is probable that an outflow of resources will be required to support HCL Infotech and pay its liabilities that are more than its assets as on reporting date, as required by IndAS 37.

### **36 a) Contingent liabilities :**

Claims against the Company not acknowledged as debts:

₹/Crores

Particulars	As at 31.03.2023	As at 31.03.2022 Restated
Sales tax*	110.96	124.53
Excise, Service Tax and Customs*	459.82	460.03
Income tax	34.84	34.84
Industrial disputes, civil suits and consumer disputes	4.44	4.69

\* The company has deposited ₹ 130.81 crores (2022 - ₹ 137.06 crores) under protest with the tax authorities against these cases.

The amounts shown in item (a) represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the 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.

### **b) Corporate guarantees:**

Corporate guarantee of ₹ Nil (2022- ₹ 38.35 crores) was given to banks and financial institutions for working capital facilities sanctioned to subsidiaries of which the total amount utilised as at 31.03.2023 is ₹ Nil (2022 - ₹ 0.26 crores).

### **c) Other litigations:**

"A Charge Sheet No. 01/2012 was filed before the Court against several persons (including a public servant) alleging misappropriation of funds with respect to a contract (for supply of computer hardware and related services under the NRHM Scheme) which was awarded to the Company in 2009 by the UP Government. Subsequent to death of sole public servant, a supplementary Charge Sheet No. 01/2014 was filed with the Court alleging the Company and its employee, therefore summons issued by the Court. The said supplementary charge sheet was purportedly subsequent to further investigation, however the same is without detailing the nature of additional documents and/or statements connecting the Company and/or its employee to any offence. Currently, the case is pending for Prosecution Evidence, however the proceedings have been stayed by the Supreme Court. Management is of the view that the Company has not engaged in any wrong doing and has sufficient defense as regards accusation of "Downward Price Revision" and will succeed in establishing that the same is a false allegation."

- d)** As at 31.03.2023, the Company has certain sales tax and other indirect tax litigation matters against which provision amounts to ₹ 13.04 crores (2022 - ₹ 11.83 crores) is outstanding. Provision amounting to ₹ 1.69 crores (2022 - ₹ 3.37 crores) was created and ₹ 0.45 crores (2022 - ₹ 0.69 crores) was utilized during the year.

## Notes to the Standalone Financial Statements

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

Particulars	As at 31.03.2023	As at 31.03.2022 Restated
a. (i) Principal amount remaining unpaid to any supplier as at the end of the year	<b>0.08</b>	2.64
(ii) Interest due on the above amount	<b>0.00</b>	0.03
b. (i) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (Act)	-	-
(ii) Amount of principal payments made to the suppliers beyond the appointed day during the year	<b>5.66</b>	39.70
c. Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Act	-	-
d. Amount of interest accrued and remaining unpaid at the end of the year	<b>0.16</b>	0.64
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	-	-

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

### 39 Remuneration to Auditors\*: ₹/Crores

Particulars	Year ended 31.03.2023	Year ended 31.03.2022 Restated
a. Auditor	<b>0.38</b>	0.53
b. For taxation matters	-	-
c. For company law matters	-	-
d. For other services	<b>0.02</b>	0.09
e. For reimbursement of expenses	<b>0.04</b>	0.03
<b>Total</b>	<b>0.44</b>	0.65

\* excluding GST as applicable

### 40 Status of Charges beyond statutory period (borrowings)

The following satisfaction is yet to registered with Registrar of Companies beyond statutory period for the year ended March 31, 2023.

Charge Id	Charge Holder Name	Date of Creation/ Modification	Brief description of charges	Location of registrar	Period of delay (in month)	Amount in INR	Reason for delay
90060501	Indian Bank	27-11-2002	working capital loan from banks	Delhi	Refer note 1	10,70,00,000	Refer Note 1
90045479	State Bank Of Mysore	13-01-1989	working capital loan from banks	Delhi		50,00,000	
90045470	United Commercial Bank	22-12-1988	working capital loan from banks	Delhi		1,58,00,000	
90045466	State Bank Of Hyderabad	09-12-1988	working capital loan from banks	Delhi		26,00,000	
90045429	State Bank Of Patiala	07-09-1988	for purchase of plant and machinery	Delhi		75,00,000	
90161667	State Bank Of Mysore	15-07-1982	Not available in records	Delhi		2,00,000	

Note 1: The above charges are appearing on ROC website in respect of facilities availed by the Company in earlier years and closed long time back. Satisfaction of above with ROC requires no objection certificate from respective lenders which could not be obtained due to non availability of information considering that these are very old charges.

# Notes to the Standalone Financial Statements

## 41 Leases:

### Cancelable Operating Leases

#### As a Lessee

The Company has taken godown premises under lease. These are generally not non-cancellable leases having unexpired period upto three years. The leases are renewable by mutual consent and on mutually agreeable terms. The Company has given refundable interest free security deposits under certain lease agreements. There is no contingent rent, sublease payments or restriction imposed in the lease agreement. In terms of criteria specified in Ind AS 116 Leases, the company does not have any lease other than with short term period. (refer note 3 ).

Rent expenses in respect of short term leases amounting ₹ 0.70 crores (2022 - ₹ 0.97 crores) is expensed off on straight line basis over lease term as rent expenses (refer note 31).

## 42 Earnings per share (EPS)

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

Particulars	Year ended 31.03.2023	Year ended 31.03.2022 Restated
Profit/(Loss) after tax (₹/Crores)	(38.37)	25.52
Weighted average number of shares outstanding in computation of Basic EPS	32,92,09,928	32,92,09,928
Weighted average number of shares outstanding in computation of Diluted EPS	32,92,09,928	32,92,09,928
Basic and diluted (of ₹ 2/- each)	(₹ 1.17)	₹ 0.78

## 43 Segment Reporting

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

## 44 Employee benefits

### (a) Defined Contribution

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

₹/Crores

Particulars	Year ended 31.03.2023	Year ended 31.03.2022 Restated
(i) Employers Contribution to Superannuation Fund*	0.02	0.02
(ii) Employers Contribution to National Pension Scheme*	0.02	0.02
(iii) Employers contribution to Employee State Insurance*	0.00	0.00
(iv) Employers contribution to Employee's Pension Scheme 1995*	0.06	0.09
(v) Employers contribution to Provident Fund* (effective from August 1, 2022)	0.11	0.00

\* Included in contribution to provident and other funds under Employee benefits expense (refer note 29).

### (b) Defined Benefit

- (i) Gratuity
- (ii) Provident Fund ( till July 31,2022)

The Company was contributing to the employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which was managed by the Company till 31st July 2022. The Company's

## Notes to the Standalone Financial Statements

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

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

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

In view of the same an actuarial valuation, in accordance with the Ind AS-19, was carried out at composite level during the year ended 31 March 2022. As per actuarial certificate there was no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" was nil as at 31 March 2022.

During the year, this trust has been migrated to Regional Provident Fund Commissioner (RPFC) with effect from 1st August 2022 and there was no shortfall in the fund balance on the date of transfer to RPFC. In view of the same actuarial valuation, in accordance with the Ind AS-19, has not been carried out for the year ended 31 March 2023.

The Company's contribution to Recognised Provided Fund for the period 1 August 2022 to 31 March 2023 has been disclosed in note 44 (a) above.

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

Particulars	Gratuity		Provident Fund	
	Year ended 31.03.2023	Year ended 31.03.2022 Restated	Year ended 31.03.2023*	Year ended 31.03.2022 Restated
Discount rate (per annum)	<b>7.28%</b>	5.03%		-
Rate of increase in compensation levels	<b>7.00%</b>	7.00%		-
Rate of return on plan assets	-	-	<b>Not Applicable</b>	-
Expected statutory interest rate	-	-		8.10%
Expected short fall in interest earnings	-	-		0.05%
Expected average remaining working lives of employees (years)	<b>10.04</b>	9.92		9.92

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

As of 31.03.2023, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect gratuity benefit obligation by approximately ₹ 0.01 crores.

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

### Description of Risk Exposures:

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

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

## Notes to the Standalone Financial Statements

Particulars	₹/Crores			
	As at 31.03.2023		As at 31.03.2022 Restated	
	Gratuity	Provident Fund*	Gratuity	Provident Fund
<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>				
<b>Present value of obligation at the beginning of the year</b>	<b>1.06</b>	<b>Not Applicable</b>	1.44	130.66
Current service cost	0.05		0.07	1.59
Interest cost	0.05		0.07	10.10
<b>Total amount recognised in profit or loss</b>	<b>0.10</b>		0.14	11.68
Actuarial (gain)/loss from change in demographic assumptions	0.03		0.03	-
Actuarial (gain)/loss from change in financial assumptions	(0.04)		0.02	(0.00)
Experience (gain)/loss	(0.01)		0.20	(1.65)
<b>Total amount recognised in other comprehensive income</b>	<b>(0.02)</b>		0.25	(1.65)
Benefits paid	(0.33)		(0.78)	(28.54)
Settlements/transfer in	-		-	0.23
Contribution by plan participants	-		-	0.41
<b>Present value of obligation at the end of the year</b>	<b>0.81</b>		1.06	112.79
Particulars	As at 31.03.2023		As at 31.03.2022 Restated	
	Provident Fund*		Provident Fund	
	Not Applicable		Not Applicable	
<b>Reconciliation of fair value of plan assets:</b>				
Fair value of plan assets at the beginning of the year				151.75
Expected return on plan assets				12.09
Contribution by employer				1.59
Settlements/transfer In				0.23
Contribution by employee				0.41
Benefit paid				(28.54)
Actuarial gain/(loss) on plan assets				-
Difference in opening				-
Fair value of plan assets at the end of the year				137.53
Particulars	31.03.2023		31.03.2022 Restated	
	Gratuity	Provident Fund*	Gratuity	Provident Fund
	0.05	Not Applicable	0.07	-
<b>Cost recognised for the year :</b>				
Current service cost	0.05		0.07	-
Company contribution to provident fund @	-		-	1.59
Interest cost	0.05		0.07	-
Actuarial (gain)/loss	(0.02)		0.25	-
Net cost recognised for the year*	0.08		0.39	1.59

\* Included in salaries, wages, bonus and gratuity for gratuity and contribution to provident and other funds for provident fund under employee benefits expense (refer note 29) and other comprehensive income.

@ The Company's contribution to provident fund for the year is ₹ 0.12 crores (2022 - ₹ 0.13 crores) and the remaining relates to other related companies as mentioned above.

## Notes to the Standalone Financial Statements

The major categories of plan assets are as follows:

<b>Particulars</b>	<b>As at 31.03.2023*</b>	<b>As at 31.03.2022 Restated Unquoted in %</b>
Central government securities		41.00
State government securities		21.00
Public sector bonds		25.00
Special deposit scheme		12.00
Equity		1.00
Bank balance		-
<b>Total</b>		<b>100.00</b>

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

<b>Particulars</b>	<b>₹/Crores</b>		
	<b>Gratuity</b>	<b>As at 31.03.2023*</b>	<b>As at 31.03.2022 Restated</b>
Present value of the obligation as at the end of the year	<b>0.81</b>	1.06	
Assets/(Liabilities) recognised in the Balance Sheet	(0.81)	(1.06)	
Experience adjustment in plan liabilities	(0.01)	0.20	

<b>Particulars</b>	<b>₹/Crores</b>		
	<b>Provident Fund</b>	<b>As at 31.03.2023*</b>	<b>As at 31.03.2022 Restated</b>
Present value of the obligation as at the end of the year			(112.79)
Fair value of plan assets at the end of the year			137.53
Assets/(Liabilities) recognised in the Balance Sheet	<b>Not Applicable</b>		_**

\* Not Applicable for the current year since employee provident fund trust has been migrated to RPFC w.e.f August 1, 2022.

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

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

#### a) Company having substantial interest:

HCL Corporation Private Limited

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

##### Subsidiaries:

HCL Infotech Limited

Pimpri Chinchwad eServices Limited (holding 85% of shareholding)

##### Step down subsidiaries:

HCL Investments Pte. Limited, Singapore

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

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

HCL Technologies Limited

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

HCL Comnet Systems and Services Limited

HCL Training & Staffing Services Private Limited

## Notes to the Standalone Financial Statements

HCL Talent Care Private Limited (Merged with HCL Corporation Private Limited)

KRN Education Private Limited

SSN Trust

Shiv Nadar Foundation

VAMA Sundari Investments (Delhi) Private Limited

SSN Investments (Pondi) Private Limited

### d) Key Management Personnel:

Mr. Alok Sahu - Chief Financial Officer

Mr. Kapil Kapur -Chief Financial Officer (resigned w.e.f. 31st May, 2021)

Mr. Raj Kumar Sachdeva- Manager

Ms. Komal Bathla- Company Secretary

Mr. Sushil Jain- Company Secretary (superannuated w.e.f. closing hours of 31st March, 2021)

### Summary of Related Party disclosures

(₹ Crores)

	Company having substantial interest*#		Subsidiaries		Others		Key Management Personnel		Total	
	Mar-23	Mar-22 Restated	Mar-23	Mar-22 Restated	Mar-23	Mar-22 Restated	Mar-23	Mar-22 Restated	Mar-23	Mar-22 Restated
<b>A. Transactions (YTD)</b>										
<b>Repayment of loan and corresponding reversal of impairment provision</b>	-	-	-	21.83	-	-	-	-	-	21.83
- HCL Infotech Limited	-	-	-	21.83	-	-	-	-	-	21.83
<b>Current borrowings taken</b>	<b>355.00</b>	395.00	-	-	-	-	-	-	<b>355.00</b>	395.00
<b>Current borrowings repaid</b>	<b>355.00</b>	355.00	-	-	-	-	-	-	<b>355.00</b>	355.00
<b>Loans and Advances Given (Net)</b>	-	-	<b>0.02</b>	-0.05	-	-	-	-	<b>0.02</b>	-0.05
- Pimpri Chinchwad eServices Ltd.	-	-	0.02	-0.05	-	-	-	-	<b>0.02</b>	-0.05
<b>Interest Charged on Loans &amp; Advances Given</b>	-	-	<b>0.00</b>	0.00	-	-	-	-	<b>0.00</b>	0.00
- Pimpri Chinchwad eServices Ltd.	-	-	0.00	0.00	-	-	-	-	<b>0.00</b>	0.00
<b>Interest on OCD (Income)</b>	-	-	<b>0.40</b>	-	-	-	-	-	<b>0.40</b>	-
- HCL Infotech Limited	-	-	0.40	-	-	-	-	-	<b>0.40</b>	-
<b>Rent Received</b>	-	-	-	-	-	2.17	-	-	-	2.17
- HCL Technologies Limited	-	-	-	-	-	2.17	-	-	-	2.17
<b>Rent Expense</b>	<b>0.00</b>	0.00	-	-	<b>0.26</b>	0.18	-	-	<b>0.26</b>	0.18
- SSN Investments(Pondi) Private Limited	-	-	-	-	0.26	0.18	-	-	<b>0.26</b>	0.18
- HCL Corporation Pvt. Ltd.	0.00	0.00	-	-	-	-	-	-	<b>0.00</b>	0.00
- VAMA Sundari Investments (Delhi) Private Limited	-	-	-	-	0.00	0.00	-	-	<b>0.00</b>	0.00
<b>Remuneration</b>	-	-	-	-	-	-	<b>2.02</b>	<b>2.77</b>	<b>2.02</b>	2.77
- Mr. Alok Sahu	-	-	-	-	-	-	1.06	0.87	<b>1.06</b>	0.87
- Ms. Komal Bathla	-	-	-	-	-	-	0.15	0.14	<b>0.15</b>	0.14
- Mr. Sushil Jain	-	-	-	-	-	-	-	0.21	-	0.21
- Mr. Raj Kumar Sachdeva	-	-	-	-	-	-	0.81	0.65	<b>0.81</b>	0.65
- Mr. Kapil Kapur	-	-	-	-	-	-	-	0.90	-	0.90
<b>Reimbursements towards expenditure</b>	-	-	-	-	-	-	-	-	-	-
a) Received	-	-	<b>6.87</b>	9.07	-	-	-	-	<b>6.87</b>	9.07
- HCL Infotech Limited	-	-	6.87	9.07	-	-	-	-	<b>6.87</b>	9.07
b) Paid	-	0.06	-	-	-	-	-	-	-	0.06
- HCL Corporation Pvt. Ltd.	-	0.06	-	-	-	-	-	-	-	0.06
<b>B. Amount due to / from related parties</b>	-	-	-	-	-	-	-	-	-	-
Investment in HCL Infotech Ltd. (Gross)	-	-	<b>668.50</b>	668.50	-	-	-	-	<b>668.50</b>	668.50
Impairment allowance on investment in HCL Infotech Ltd.	-	-	<b>-668.46</b>	-668.46	-	-	-	-	<b>-668.46</b>	-668.46
Trade Receivables	-	-	<b>0.03</b>	0.26	<b>0.33</b>	0.81	-	-	<b>0.36</b>	1.07
- HCL Infotech Limited	-	-	0.03	0.26	-	-	-	-	<b>0.03</b>	0.26

## Notes to the Standalone Financial Statements

(₹ Crores)

	Company having substantial interest**#		Subsidiaries		Others		Key Management Personnel		Total	
	Mar-23	Mar-22 Restated	Mar-23	Mar-22 Restated	Mar-23	Mar-22 Restated	Mar-23	Mar-22 Restated	Mar-23	Mar-22 Restated
- HCL Technologies Limited	-	-	-	-	0.31	0.74	-	-	<b>0.31</b>	0.74
- Others	-	-	0.00	-	0.02	0.07	-	-	<b>0.02</b>	0.07
Current borrowings from HCL Corporation Ltd.	<b>355.00</b>	355.00	-	-	-	-	-	-	<b>355.00</b>	355.00
Loans and Advances (Gross) given to Pimpri Chinchwad eServices Ltd.	-	-	<b>0.02</b>	-	-	-	-	-	<b>0.02</b>	-
Trade Payables	-	-	<b>0.78</b>	21.54	-	21.54	-	-	<b>0.78</b>	43.08
- HCL Infotech Limited	-	-	0.78	21.54	-	-	-	-	0.78	21.54
- HCL Technologies Limited	-	-	-	-	-	0.24	-	-	-	0.24
- Others	-	-	-0.00	-	-	-	-	-	-0.00	-
Investment in Optionally Convertible Debentures(OCD) of HCL Infotech Ltd. \$	-	-	0.10	0.39	-	-	-	-	0.10	0.39
Other Recoverable	<b>0.00</b>	0.07	<b>5.14</b>	2.26	<b>0.13</b>	-	-	-	<b>5.27</b>	2.33
- HCL Infotech Limited	-	-	5.14	2.26	-	-	-	-	5.14	2.26
- HCL Corporation Pvt. Ltd.	0.00	0.07	-	-	-	-	-	-	0.00	0.07
- HCL Technologies Limited	-	-	-	-	0.07	-	-	-	0.07	-
- SSN Investments (Pondi) Private Limited	-	-	-	-	0.06	-	-	-	0.06	-
Other Payables	0.01	0.01	-	-	0.01	0.01	-	-	0.01	0.01

• Sales and related Income, sale of services, purchase of goods and purchase of services are net of transaction between HCL Infotech Limited and the Company on account of pending novation of contracts of system integration business. Further, with respect to certain contracts, the Company is currently pursuing arbitrations to claim amounts due to the Company for services provided. Any amount receivable under such contracts upon issuance of any awards by the arbitral tribunals will be transferred to HCL Infotech Limited, its wholly owned subsidiary since HCL Infotech Limited has been incurring all costs with respect to the said contracts on behalf of the Company and the Company has been remitting amounts received from the respective customers to HCL Infotech Limited.

- Corporate guarantee utilised ₹ 151.91 crores (2022 - ₹ 124.71 crores), also refer note 55.
- Amount due to / from related parties are unsecured and are repayable/to be received in cash.
- Includes adjustment of ICD amounting to ₹ 400 crores against subscription of the 40,00,000 (forty lakhs) 0.1% Optionally Convertible Debentures (OCD) of a face value of ₹ 1000 each and interest waiver of ₹ 228.58 crores (Refer Note 50)

\$ OCD is accounted at Fair value of underlying book receivables of ₹ 0.10 crores and said book receivables is recognized in the company financials in lieu of OCD amount, as per the requirements of pass through arrangement under IND AS 109 Financial Instruments. (Refer Note 50)

HCL Infotech Ltd has provided Corporate Guarantee of ₹ 65 Crores to Axis Bank for bank guarantee on behalf of the Company.

(₹ Crores)

Compensation of key management personnel of the Company*	Year ended 31.03.2023	Year ended 31.03.2022 Restated
Short-term employee benefits	<b>2.02</b>	2.77
<b>Total compensation paid to key management personnel</b>	<b>2.02</b>	2.77

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

\* Post employment benefit comprising gratuity, and compensated absences are not disclosed as these are determined for the Company as a whole.

## Notes to the Standalone Financial Statements

### 46 Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to SEBI Listing Regulations, 2015

**Disclosure of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year ended;**

(₹ Crores)

A.	Loans and advances in the nature of loans to subsidiaries and associates	As at 31.03.2023		As at 31.03.2022 Restated	
a.	Name	Pimpri Chinchwad eServices Limited	HCL Infotech Limited	Pimpri Chinchwad eServices Limited	HCL Infotech Limited
b.	Balance outstanding at the year end	0.02	-	-	0.00
c.	Maximum amount outstanding	0.02	-	0.05	35.73

(₹ Crores)

B.	Loans and advances in the nature of loans where no interest or interest below Section 186 of Companies Act, 2013 is charged	As at 31.03.2023	As at 31.03.2022 Restated
a.	Name	HCL Infotech Limited	HCL Infotech Limited
b.	Balance outstanding at the year end	Nil	Nil
c.	Maximum amount outstanding during the year ended	Nil	Nil

Loans given to employees under various schemes of the Company have been considered to be out of purview of disclosure requirement.

C.		As at 31.03.2023	As at 31.03.2022 Restated
C.	Loans and advances in the nature of loans to firms/companies in which directors are interested	Nil	Nil

D.	Investment by the loanees in the shares of the Company	As at 31.03.2023	As at 31.03.2022
a.	Name of the Loanees	Nil	Nil
b.	Balance outstanding at the year end	Nil	Nil
c.	Maximum amount outstanding during the year ended	Nil	Nil
d.	Investments made by the Loanees	Nil	Nil
e.	Maximum amount of investment during the year ended	Nil	Nil

### 47 Taxation:

(a) Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Company conducts the business to the profit for the year. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relates to the same taxable entity and the same taxation authority.

(b) Deferred Tax

#### 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:

## Notes to the Standalone Financial Statements

	₹ Crores	
	<b>As at 31.03.2023</b>	<b>As at 31.03.2022 Restated</b>
Deductible temporary differences	168.94	48.08
Unused tax losses	538.93	571.15
<b>Total temporary differences and unused tax losses</b>	<b>707.87</b>	<b>619.23</b>
Potential tax benefit @ 22.88% (FY'2022 - 22.88%)	161.96	141.68
<b>Total Potential tax benefit @ 22.88% (FY'2022 - 22.88%)</b>	<b>161.96</b>	<b>141.68</b>

**(c) Income tax expense:**

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

	₹ Crores	
	<b>Year ended 31.03.2023</b>	<b>Year ended 31.03.2022 Restated</b>
<b>Income tax expense - current tax</b>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Decrease in MAT credit	-	-
Decrease / (increase) in deferred tax assets	-	-
<b>Total deferred tax expense/(benefit)</b>	<b>-</b>	<b>-</b>
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

The option u/s 115BAA of the Income Tax Act, has been exercised w.e.f previous financial year, i.e. FY 2021-22. Accordingly, tax provision and computation as per section 115JB of the Income Tax Act w.r.t Minimum alternative tax ("MAT") are not applicable on the company in current year.

	₹ Crores	
	<b>Year ended 31.03.2023</b>	<b>Year ended 31.03.2022 Restated</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit/(Loss) before income tax expense	(38.35)	22.99
Tax at the Indian tax rate of 22.88% (2022 – 22.88%)	(8.77)	5.12
<b>Disallowances for which deferred tax not created</b>		
Impairment (reversal) of investment and inter corporate deposits	-	(4.96)
Provision for loss in subsidiary	6.62	11.57
Long term capital gain adjusted against brought forward capital losses	-	(23.99)
Temporary differences on which no DTA recognised	(0.31)	3.16
Impact of Indexation on sale of capital assets	(1.59)	-
Long term capital loss for which no deferred tax recognised	2.00	-
Other items	0.10	(0.04)
Tax losses on which no deferred tax was recognized	1.95	9.13
<b>Income tax expense</b>	<b>(0.00)</b>	<b>(0.00)</b>

## Notes to the Standalone Financial Statements

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 31.03.2023	As at 31.03.2022 Restated
31.03.2023	-	30.50
31.03.2024	<b>13.35</b>	13.35
31.03.2025	<b>55.85</b>	55.85
31.03.2026	<b>74.92</b>	74.92
31.03.2027	<b>74.82</b>	74.82
31.03.2028	<b>126.93</b>	131.69
31.03.2029	<b>123.22</b>	125.09
31.03.2030	<b>3.99</b>	2.55
31.03.2031	<b>5.32</b>	-
No limit	<b>60.53</b>	62.38
<b>Total</b>	<b>538.93</b>	571.15

Note: Excluding unused capital loss.

- 48** The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 approved to sell the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited at "Net Asset Value" as on closing date to Novezo Consulting Pvt. Ltd, after acquiring the undertaking which shall comprise of the business relating to two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte., Singapore & its step down subsidiary through a share purchase agreement. However, despite rigorous and best efforts for closure of the deal, the Conditions Precedent were not fulfilled even after lapse of a considerable period from the date of execution of the Share Purchase Agreement. The objective and purpose of the transaction completely changed and given that the changed circumstances created a fundamentally different situation which the Parties never envisaged or agreed to in the first place, the Share Purchase Agreement got frustrated as the object and purpose of executing the Share Purchase Agreement cannot be met and has undergone a fundamental change beyond the contemplation of the parties. Accordingly, the company issued a letter intimating Novezo Consulting Private Limited that the Share Purchase Agreement has been frustrated on March 11, 2023. HCL Infotech Ltd will continue to be operated in the ordinary course of business.
- 49** In order to reduce Company's debt obligations, the Company has decided to monetize Company owned properties in a phased manner. Several of Company's properties are not being fully utilized due to changes in the business of the Company, therefore as a part of ongoing property monetisation plan, during the year ended, March 31, 2023, the Company has disposed four properties situated in Maharashtra, Pondicherry and West Bengal, having net carrying amount of ₹ 4.89 Crores, for a consideration of ₹ 18.73 crores, resulting in overall gain of ₹ 13.84 crores. (₹ 101.51 crores net off impairment loss of ₹ 3.33 crores for the year ended March 31, 2022). Further the Company has identified buyer for property situated at Ambattur which has been classified as a held for sale as on March 31, 2023 amount to ₹ 3.08 crores (2022 - ₹ 3.08 crores)
- 50** The Board of Directors of the Company in its meeting held on March 23, 2021, had consented to adjust the unsecured loan advanced to HCL Infotech Limited, a wholly-owned subsidiary, amounting to ₹ 400 crores, against the subscription money payable by the Company to HCL Infotech Limited, for subscription of the 40,00,000 (forty lakhs) 0.1% Optionally Convertible Debentures (OCD) of a face value of ₹ 1,000 each (Indian Rupees One thousand only) issued, on private placement basis to the Company, pursuant to terms of OCD Subscription Agreement dated March 31, 2021 between the Company and HCL Infotech Limited. As legally advised, the issuance of 0.1% OCDs does not meet the definition of loan as envisaged under section 186 of the Companies Act, 2013 and accordingly the Company is of the view that the above transaction is outside the purview of the aforesaid section.

## Notes to the Standalone Financial Statements

- 51** The Company and HCL Infotech Limited, has agreed that the OCDs as mentioned in note 50, issued to the Company shall be redeemed only from and to the extent of the proceeds from certain specified book receivables and favorable awards received by the HCL Infotech Limited in accordance with the terms set out in the OCD Subscription Agreement. Accordingly, HCL Infotech Limited transferred its rights to receive cash flows from those specified book receivables and favourable awards to the Company and the aforesaid transaction meets the pass-through arrangement criteria, as per the requirements of Ind AS 109 Financial Instruments. Therefore, the outstanding balance of specified books receivables of ₹ 18.92 Crores (including amount of ₹ 8.67 Crores of the contract assets) derecognized in the financial statements of HCL Infotech Limited and recognized by the Company against the value of OCDs as at March 31, 2021. Further, due to change in expected realisation value of above referred specified books receivable, the company has recognised loss of ₹ 15.56 crores as change in fair value of OCD through Profit & Loss account during the year ended March 31, 2022.
- 52** Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties and obtaining legal opinion, the Company has credited its Statement of Profit and Loss with ₹ 7.56 crores, for the year ended March 31, 2023 (2022: ₹ 12.28 crores), on account of write back of certain old payables including unutilised provisions of ₹ 3.08 crores.
- 53** The Hon'ble National Company Law Tribunal (NCLT) of New Delhi has approved the Scheme of Arrangement providing for the merger of two direct wholly-owned subsidiaries viz. Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning) (the "Transferor companies") with and into HCL Infosystems Limited (the "Transferee company") with effect from April 01, 2022, the appointed date. Hon'ble NCLT, vide its order dated August 10, 2022 read with corrigendum dated September 12, 2022 has sanctioned the Scheme.

Accordingly, the Company has given effect to the Scheme in the standalone financial statements from the Appointed date of 1 April 2022. The financial information in the standalone financial statements in respect of prior period have been restated as if the merger had occurred from the beginning of the preceding period as per requirements of Appendix C to Ind AS 103.

Pursuant to the Scheme, all the assets, liabilities, reserves and surplus of the transferor company have been transferred to and vested in the Company with effect from the appointed date at their carrying values as appearing in the consolidated financial statements of the Company.

The authorised share capital of transferee company has automatically stand enhanced by authorised share capital of transferor companies as on effective date.

The details of the transferor companies and the merger of the transferor companies with the Company are as below:

Name of transferor company	DDMS	Learning
Appointed date of Scheme	01-Apr-22	01-Apr-22
Nature of Business	Distribution	Learning
Description and number of shares issued	NIL	NIL
% of Company's equity shares exchanged	NIL	NIL

Since the Transferor Companies are the wholly-owned subsidiaries of the Transferee Company, there will be no consideration.

## Notes to the Standalone Financial Statements

Pursuant to the Scheme the merger has been accounted for as per the applicable accounting principles prescribed under relevant Indian Accounting Standards. The book value of assets and liabilities taken over in accordance with the terms of the scheme at the following summarised values:

Particulars	DDMS		Learning	
	Amount (as at 1 April 2022)	Amount (as at 1 April 2021)	Amount (as at 1 April 2022)	Amount (as at 1 April 2021)
Non-current assets	4.09	4.22	1.96	2.06
Current assets	0.53	0.44	0.25	1.23
<b>Total assets (A)</b>	<b>4.62</b>	<b>4.67</b>	<b>2.21</b>	<b>3.29</b>
Non current Liabilities	-	-	-	-
Current Liabilities	8.79	7.23	0.59	6.03
<b>Total Liabilities (B)</b>	<b>8.79</b>	<b>7.23</b>	<b>0.59</b>	<b>6.03</b>
Balance of the reserves of transferor companies transferred to the Company (C)	(57.31)	(57.11)	(108.38)	(106.88)
Net identified assets and reserves acquired(D) = (A)-(B)-(C)	(61.48)	(59.67)	(106.77)	(109.61)
Cost of investments in merged undertaking (E) #	-	-	-	-
Net impact transferred to Capital Reserve (F) = (D)+(E)	(61.48)	(59.67)	(106.77)	(109.61)

# As per standalone financial statements of Transferee Company.

The difference between the amounts recorded as investments of the Company (Transferee Company) and the amount of share capital of the aforesaid amalgamating subsidiaries (Transferor Companies) has been adjusted in the Common Control Transaction Capital Reserve in accordance with the guidance under Appendix C of IND AS 103 "Business Combinations".

### 54 Ratios

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

S.No	Ratio	Numerator	Denominator	31.03.2023	31.03.2022 Restated	%variance	Reason for variance
a.	Current Ratio	Current Assets	Current Liabilities	0.15	0.27	-43.58%	Primarily due to increase in provision for loss on subsidiary
b.	Debt-Equity Ratio	Total Debt	Shareholder's Equity	(1.99)	(2.53)	-21.13%	N.A
c.	Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	N.A	N.A	N.A	No cash Profit
*Earnings available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.							
*Debt Service = Interest & Lease Payments + Principal Repayments							
d.	Return on Equity Ratio	Net Profits after taxes - Preference Dividend (if any)	Average Shareholder's Equity	16%	-11%	27.32%	There is net loss during the year and even equity is also negative hence showing positive percentage
e.	Inventory turnover ratio	Cost of goods sold OR sales	Average Inventory	607.86	33.30	1725.26%	Reduction in average inventory
f.	Trade Receivables turnover ratio	Net Credit Sales	Avg. Accounts Receivable	5.30	0.72	633.81%	Reduction in average trade receivables
g.	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	0.16	0.18	-10.07%	N.A
h.	Net capital turnover ratio	Net Sales	Working Capital	(0.01)	(0.02)	-40.03%	Scaling down of business operation
*Working Capital = Current Assets - Current Liabilities							
i.	Net profit ratio	Net Profit	Net Sales	-631%	278%	-909.03%	Losses in current year
j.	Return on Capital employed	Earning before interest and taxes	Capital Employed	-38%	13%	-51.37%	Losses in current year
*Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability							
k.	Return on investment	Income on investments	Cost of Investments	0.20	0.13	6.25%	N.A

\*Income on investments = Interest on Fixed deposits (BG) + Gain/(Loss) of fair valuation of investments+Interest on ICD

\*\*Cost of Investments = BG as Fixed deposits + Cost of Mutual funds+ICD

**Notes to the Standalone Financial Statements****55 Relationship with struck off Companies for the year ended March 31, 2023 and March 31, 2022**

₹/Crores

Name of Struck off companies	Nature of transactions with struck off companies	Balance Outstanding	Relationship with the struck off company
S.V. Projects Private Limited	2000 Shares held	0.00 (0.00)	Equity Shareholder
Nexus Infotech Limited	5000 Shares held	0.00 (0.00)	Equity Shareholder
Mirthway Marketing Network Limited	50 Shares held	0.00 (0.00)	Equity Shareholder
Kothari Intergrup Limited	5 Shares held	0.00 (0.00)	Equity Shareholder
Dream World Commodity Services Private Limited	75 Shares held	0.00 (0.00)	Equity Shareholder
Blue Mountain Holdings Pvt.Ltd.	425 Shares held	0.00 (0.00)	Equity Shareholder
Dreams Broking Private Limited	40 Shares held	0.00 (0.00)	Equity Shareholder
Arka Racks Information Systems	Trade receivable	- (0.04)	Customer
Asian Cerc Information	Advance from customer	- (0.01)	Customer
Sandeep Marketing Pvt. Ltd.	Advance from customer	- (0.00)	Customer
Lure Info Solution Pvt.Ltd	Trade receivable	- (0.00)	Customer
Jonaki Tech Systems Pvt Ltd	Trade receivable	- (0.02)	Customer
Digi Communication Private Limited	Advance from customer	- (0.00)	Customer
Emkor Solutions Limited	Trade receivable	- (0.00)	Customer
Spinel Tradecom Pvt Ltd	Trade receivable	- (0.01)	Customer
Swastika Entertainment Private Limited	Trade receivable	- (0.00)	Customer
Fg Events Private Limited	Trade Payable	- (0.00)	Vendor
Global Securities	Trade Payable	- (0.00)	Vendor
Netfocus Technologies Private Limited	Trade Payable	- (0.01)	Vendor
Team Imaging Private Limited	Trade Payable	- (0.00)	Vendor
Metropolitan Stationers (Bombay)	Trade Payable	- (0.00)	Vendor
Compusoft Vision Pvt Limited	Trade Payable	- (0.00)	Vendor

## Notes to the Standalone Financial Statements

₹/Crores			
Name of Struck off companies	Nature of transactions with struck off companies	Balance Outstanding	Relationship with the struck off company
Himex Couriers & Cargo Pvt. Ltd.	Trade Payable	- (0.00)	Vendor
Ctl Telecom Pvt Ltd	Trade Payable	- (0.00)	Vendor
V.Net Technology Pvt Ltd	Trade Payable	- (0.00)	Vendor
Voipnet Technologies Pvt. Ltd.	Trade Payable	- (0.00)	Vendor

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

Amount represents in ₹ '00' less than one crores

**56** As at March 31, 2023, the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss of ₹ 38.35 Crores, during the current year (March 31, 2022: net profit ₹ 24.52 Crores) and the Company's current liabilities exceeded its current assets by ₹ 430.82 Crores (March 31, 2022: ₹ 390.45 Crores) as at March 31, 2023. The losses are primarily a result of delayed receipts on certain system integration contracts, historical low margin contracts, large litigations and their costs which are at different stages of progression. The management of the Company, is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 58), sale of certain non-core properties and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited has approved support (in the form of corporate guarantees and unsecured loans) to the Company upto ₹ 1,500 Crores. This had been approved by the shareholders of the Company, vide their resolution dated September 14, 2017. Considering the above support, the Company's management and the Board of Directors have a reasonable expectation that the Company will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, these financial statements have been prepared on a going concern basis.

**57** HCL Infosystems Limited was awarded the order for supply, installation and commissioning of communication infrastructure, on turnkey basis, for (Commonwealth Games) CWG and later the work of re-deployment of equipment in MTNL's network in Delhi and Mumbai was also included. Disputes arised between both the parties with regard to completion of the project and Arbitration proceeding was initiated by HCL Infosystems Ltd. to recover the pending amount. In August 2014, the Arbitral Tribunal passed an Award in favour of HCL Infosystems Ltd., whereby allowing majority of its claim and dismissing all the counter-claims of MTNL.

MTNL challenged the Award before the High Court of Delhi and the same was dismissed. MTNL filed an Appeal before the Division Bench of the High Court challenging the said dismissal, wherein during the March 2016, the MTNL was directed to deposit a total sum of ₹ 91.30 Crores (₹ 80.35 Crores principal and ₹ 10.95 Crores interest) with the Court in the form of a Fixed Deposit.

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

As part of issuance of Optionally Convertible Debentures (OCDs) (as referred to in note 50 & 51 above), HCL Infotech Limited has transferred its rights to receive cash flows from MTNL to the HCL Infosystems Limited and as per the terms of OCDs, cash collected shall be utilized to redeem OCDs. However, since MTNL's Appeal is sub-judice (pending disposal) before the Division Bench of the High Court, amount has not been utilized for redemption of OCDs and shown as amount collected under litigation as a part of current liabilities in the financial statement of HCL Infotech Limited.

## Notes to the Standalone Financial Statements

- 58** In view of the current financial stress faced by the Enterprise and Consumer Distribution businesses resulting in decline in sales and increase in losses, the Board of Directors had appointed a reputed independent consulting firm to review these businesses. Based on the report of the consulting firm and the inputs of the management team, the Board of Directors in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the current financial position of the Company, the Distribution businesses of the Company were not financially sustainable. Consequently, in order to limit future financial losses, as per recommendation of the Board, the Enterprise and Consumer Distribution Business has been substantially scaled down.
- 59** 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.
- 60 Other Statutory Information**
- a) The company does not have any benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
  - b) The company is not declared a wilful defaulter by any bank or financial institution or any other lender.
  - c) The Company has complied with the number of layers prescribed under section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
  - d) The company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
  - e) The company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

As per our report of even date attached

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

**Girish Arora**  
Partner  
Membership Number - 098652

New Delhi: May 22, 2023

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

**Pawan Kumar Danwar**  
Director  
DIN - 06847503

**Alok Sahu**  
Chief Financial Officer

Noida: May 22, 2023

**Kaushik Dutta**  
Director  
DIN - 03328890

**Raj Kumar Sachdeva**  
Manager

**Komal Bathla**  
Company Secretary

# Independent Auditor's Report

## To the Members of HCL Infosystems Limited Report on the Audit of the Consolidated Financial Statements

### Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to note 46 of the consolidated financial statements, which states that the Group has accumulated losses as at 31 March 2023 and its net worth is fully eroded as at that date. Further, the Group's current liabilities exceed its current assets as at 31 March 2023. These conditions, along with other matters set forth in note 47, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern i.e., whether the Group will be able to realise its assets and discharge all its contractual obligations and liabilities as they fall due in near future in the normal course of the business. However, based upon the measures as set forth in the note 46 including necessary financial support from a significant promoter shareholder, the management and the Board of Directors of the Company have a reasonable expectation that the Group will be able to operate as a going concern in the near future. Accordingly, management has prepared the consolidated financial statements on a going concern basis.

Our opinion is not modified in respect of this matter.

### Emphasis of Matter

We draw attention to note 51 to the consolidated financial statement for the year ended 31 March 2023, which states that the Hon'ble Arbitral Tribunal has, on 19 June 2020, passed a liability award in the arbitration proceedings in respect of the Managed Service Provider ("MSP") contract against one of the major customers. As stated in the said note, the said liability award provides, inter alia, that the Group 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.

### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## Independent Auditor's Report

### Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and auditor's report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's annual report report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

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

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditor's Report

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### Other Matter

- a. The financial statements of 3 subsidiaries, whose financial statements reflects total assets of ₹ 627 lakhs as at 31 March 2023, total revenues of ₹ Nil and net cash flows amounting to ₹ 311 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

## Independent Auditor's Report

- c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. The going concern matter described in the Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Holding Company.
  - f. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 31 to the consolidated financial statements.
  - b. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts. Refer Note 21 to the consolidated financial statements in respect of such items as it relates to the Group. The Group does not have any derivative contracts during the year ended 31 March 2023.
  - c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2023.
  - d.
    - (i) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented that, to the best of its knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company and subsidiary companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company and subsidiary companies incorporated in India ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (ii) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented that, to the best of its knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds have been received by the Holding Company and subsidiary companies incorporated in India from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company and subsidiary companies incorporated in India shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

## Independent Auditor's Report

- e. The Holding Company and its subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company and subsidiary companies incorporated in India only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

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

**Girish Arora**  
*Partner*  
Membership No.: 098652  
ICAI UDIN:23098652BGYZLK8201

Place : New Delhi  
Date : 22 May 2023

# Annexure A To Independent Auditor's Report

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

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

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks, qualification or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the entities	CIN	Holding Company/ Subsidiary	Clause number of the CARO report which is unfavourable or qualified or adverse
1	HCL Infosystems Limited	L72200DL1986PLC023955	Holding Company	3(xix)
2	HCL Infotech Limited	U72200DL2012PLC242944	Wholly owned subsidiary	3(xix)

Place : New Delhi  
Date : 22 May 2023

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

**Girish Arora**  
*Partner*  
Membership No.: 098652  
ICAI UDIN:23098652BGYZLK8201

# Annexure B To Independent Auditor's Report

**Annexure B to the Independent Auditors' report on the consolidated financial statements of HCL Infosystems Limited for the period ended 31 March 2023**

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

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

## **Opinion**

In conjunction with our audit of the consolidated financial statements of HCL Infosystems Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## **Management's and Board of Directors' Responsibilities for Internal Financial Controls**

The respective 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 respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to 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 consolidated 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

## **Annexure B To Independent Auditor's Report**

consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated 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

ICAI UDIN:23098652BGYZLK8201

Place : New Delhi

Date : 22 May 2023

# Consolidated Balance Sheet as at March 31, 2023

	Notes	As at 31.03.2023 ₹/Crores	As at 31.03.2022 ₹/Crores
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
Property, plant and equipment	3(a)	2.53	4.16
Right of use Assets	3(b)	-	-
Other intangible assets	3(c)	0.34	0.04
Capital work-in-progress	3(d)	-	0.09
Other financial assets	5	17.97	24.42
Deferred tax assets (net)	6 (a)	-	-
Advance income tax asset (net)	6 (b)	60.54	42.49
Other non-current assets	7	137.21	140.77
		<b>218.59</b>	<b>211.97</b>
<b>(2) Current assets</b>			
Inventories	8	0.39	0.51
Financial assets			
(i) Investments	4	44.25	97.00
(ii) Trade receivables	9	25.40	27.65
(iii) Cash and cash equivalents	10	19.75	21.88
(iv) Bank balances other than (iii) above	11	160.98	44.64
(v) Other financial assets	12	4.39	5.21
Other current assets	13	29.02	75.49
Assets held for sale	44	3.13	6.90
		<b>287.31</b>	<b>279.28</b>
<b>Total Assets</b>		<b>505.90</b>	<b>491.25</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
<b>Equity attributable to the owners of HCL Infosystems Limited</b>			
Equity share capital	14 (a)	65.84	65.84
Other equity	14 (b)	(319.34)	(280.95)
		<b>(253.50)</b>	<b>(215.11)</b>
<b>(2) Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	15	-	13.83
Provisions	16	1.68	1.55
Deferred tax liabilities (net)	37	-	-
		<b>1.68</b>	<b>15.38</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	17	355.01	400.21
(ii) Trade payables	18	55.46	74.56
(iii) Other financial liabilities	19	7.61	11.49
Other current liabilities	20	290.81	153.48
Provisions	21	48.83	48.04
Current tax liabilities (net)	22	-	3.20
		<b>757.72</b>	<b>690.98</b>
<b>Total Equity and Liabilities</b>		<b>505.90</b>	<b>491.25</b>
<b>Significant Accounting Policies</b>	<b>2</b>		

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

As per our report of even date attached

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

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

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

**Pawan Kumar Danwar**  
 Director  
 DIN - 06847503

**Kaushik Dutta**  
 Director  
 DIN - 03328890

**Alok Sahu**  
 Chief Financial Officer

**Raj Kumar Sachdeva**  
 Manager

**Komal Bathla**  
 Company Secretary

New Delhi: May 22, 2023

Noida: May 22, 2023

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

	Notes	Year ended 31.03.2023 ₹/Crores	Year ended 31.03.2022 ₹/Crores
<b>Continuing Operations</b>			
<b>Income :</b>			
Revenue from operations	<b>23</b>	<b>31.41</b>	69.44
Other income	<b>24</b>	<b>23.39</b>	41.54
<b>Total Income</b>		<b>54.80</b>	110.98
<b>Expenses :</b>			
Purchase of services		<b>4.83</b>	8.17
Changes in inventories of stock-in -trade	<b>25</b>	<b>0.12</b>	2.32
Other direct expense	<b>26</b>	<b>13.72</b>	35.17
Employee benefits expense	<b>27</b>	<b>20.39</b>	26.67
Finance costs	<b>28</b>	<b>1.93</b>	13.70
Depreciation and amortization expense	<b>3</b>	<b>0.58</b>	1.47
Other expenses	<b>29</b>	<b>65.81</b>	99.25
<b>Total expenses</b>		<b>107.38</b>	186.75
<b>Loss before exceptional items and tax from continuing operations</b>		<b>(52.58)</b>	(75.77)
<b>Profit/(Loss) from continuing operations before tax</b>	<b>30</b>	<b>13.84</b>	101.51
Exceptional items		<b>(38.74)</b>	25.74
<b>Profit/(Loss) for the year from continuing operations</b>		<b>(38.79)</b>	24.52
<b>Other Comprehensive Income</b>			
(i) Items that will not be subsequently reclassified to profit or loss			
- Current tax	<b>37</b>	<b>0.05</b>	1.22
- Deferred tax	<b>37</b>	<b>-</b>	1.22
(ii) Items that will be subsequently reclassified to profit or loss			
- Gain/(loss) on remeasurement of defined benefit plan	<b>40</b>	<b>(0.02)</b>	(0.41)
- Income tax relating to above item		<b>-</b>	(0.41)
Other comprehensive Income for the year, net of tax		<b>0.42</b>	0.86
<b>Total comprehensive Profit/(Loss) for the year</b>		<b>0.40</b>	0.45
<b>Profit/(Loss) is attributable to:</b>		<b>(38.39)</b>	24.97
- Shareholders of HCL Infosystems Limited		<b>(38.79)</b>	24.52

# Consolidated Statement of Profit and Loss for the year ended March 31, 2023 (Contd.)

	Notes	Year ended 31.03.2023 ₹/Crores	Year ended 31.03.2022 ₹/Crores
Other comprehensive Income/(Loss) is attributable to:			
- Shareholders of HCL Infosystems Limited		<b>0.40</b>	0.45
Total comprehensive Income/(Loss) is attributable to:		<b>(38.39)</b>	24.97
- Shareholders of HCL Infosystems Limited			
Earnings per equity share continuing operations (₹ Per share)	<b>39</b>		
(1) Basic		<b>(1.18)</b>	0.74
(2) Diluted		<b>(1.18)</b>	0.74
<b>Significant accounting policies</b>	<b>2</b>		

The notes referred to above form an integral part of the consolidated 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

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

**Pawan Kumar Danwar**

Director

DIN - 06847503

**Kaushik Dutta**

Director

DIN - 03328890

**Alok Sahu**

Chief Financial Officer

**Raj Kumar Sachdeva**

Manager

**Komal Bathla**

Company Secretary

New Delhi: May 22, 2023

Noida: May 22, 2023

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

**a. Equity Share Capital**
₹/Crores

Balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
65.84	-	<b>65.84</b>

Balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
65.84	-	<b>65.84</b>

**b. Other Equity**
₹/Crores

Particulars	Attributable to Shareholders of HCL Infosystems Limited					Total Equity	Total		
	Reserve and surplus								
	Securities Premium Reserve	General Reserve	Capital Reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation				
<b>Balance as at 01.04.2021</b>	<b>1,194.37</b>	<b>215.76</b>	<b>0.04</b>	<b>(1,726.75)</b>	<b>10.67</b>	<b>(305.92)</b>	<b>(305.92)</b>		
Total Profit for the year	-	-	-	24.52	-	24.52	<b>24.52</b>		
Other comprehensive income for the year	-	-	-	(0.41)	0.86	0.45	<b>0.45</b>		
<b>Balance as at 31.03.2022</b>	<b>1,194.37</b>	<b>215.76</b>	<b>0.04</b>	<b>(1,702.64)</b>	<b>11.53</b>	<b>(280.95)</b>	<b>(280.95)</b>		
<b>Balance as at 01.04.2022</b>	1,194.37	215.76	0.04	(1,702.64)	11.53	(280.95)	<b>(280.95)</b>		
Total Profit for the year	-	-	-	(38.79)	-	(38.79)	<b>(38.79)</b>		
Other comprehensive income for the year	-	-	-	(0.02)	0.42	0.40	<b>0.40</b>		
<b>Balance as at 31.03.2023</b>	<b>1,194.37</b>	<b>215.76</b>	<b>0.04</b>	<b>(1,741.45)</b>	<b>11.95</b>	<b>(319.34)</b>	<b>(319.34)</b>		

**Securities Premium :**

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

**General Reserve :**

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

**Retained Earnings:**

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

As per our report of even date attached

**For B S R & Associates LLP**

Chartered Accountants

ICAI Registration Number-116231W/W-100024

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

**Girish Arora**

Partner

Membership Number - 098652

**Pawan Kumar Danwar**

Director

DIN - 06847503

**Kaushik Dutta**

Director

DIN - 03328890

**Alok Sahu**

Chief Financial Officer

**Raj Kumar Sachdeva**

Manager

**Komal Bathla**

Company Secretary

New Delhi: May 22, 2023

Noida: May 22, 2023

# Consolidated Cash Flow Statement

for the year ended March 31, 2023

Particulars		Year ended 31.03.2023 ₹/Crores	Year ended 31.03.2022 ₹/Crores
<b>1. Cash Flow from Operating Activities:</b>			
<b>Profit/(Loss) before tax from continuing and discontinued operations</b>		<b>(38.74)</b>	25.74
<b>Adjustments for:</b>			
Depreciation and amortisation expense	0.58		1.47
Finance cost	1.93		13.70
Interest income on Fixed deposits and others	(4.76)		(1.91)
Interest on income tax refund	-		(12.76)
Net gains on fair value changes on investments	(0.80)		(1.00)
Net profit on sale of property, plant and equipment	(13.86)		(105.02)
Impairment of property	-		3.33
Property, plant and equipment written-off	0.18		0.06
Profit on disposal of unquoted investments	(3.09)		(0.37)
Gain on foreign exchange fluctuation	(1.58)		(0.76)
Provision for change in fair value of Optionally convertible debentures	-		15.56
Provision for doubtful debts	3.14		5.85
Provision for doubtful loans and advances and other current assets	0.99		9.66
Provisions/liabilities no longer required written back	(10.91)		(19.06)
Net provisions for Input tax credit	13.12	<b>(15.04)</b>	8.98
<b>Operating Loss before changes in operating assets and liabilities</b>		<b>(53.78)</b>	(82.28)
<b>Changes in operating assets and liabilities:</b>			
Decrease/(Increase) in trade receivables	(18.94)		53.34
Decrease in non current assets	3.51		36.57
Decrease in current assets	19.00		48.33
Decrease in inventories	0.12		2.33
(Decrease)/ Increase in non current liabilities	0.13		(0.57)
(Decrease)/increase in current liabilities	112.19	<b>116.01</b>	(39.44)
<b>Cash generated from operations</b>		<b>62.23</b>	100.56
Net Tax refund		<b>11.34</b>	44.02
<b>Net cash generated from operating activities (A)</b>		<b>73.57</b>	56.68
			100.70
<b>2. Cash flow from investing activities:</b>			
Payment for property, plant and equipment (including intangible assets)	(0.43)		(0.20)
Proceeds from sale of properties	33.69		139.92
Receipt of business consideration on sale of investment in subsidiaries	-		15.80
Proceeds from sale of current investments	347.62		-
Purchase of current investments	(291.00)		(95.63)
Redemption/(Investments) in bank deposits	(112.27)		(40.92)
Movement in margin money account	2.42		(0.10)
Interest received	4.76		1.91
		<b>(15.21)</b>	20.78
<b>Net cash generated/(used) from investing activities</b>	(B)	<b>(15.21)</b>	20.78

# Consolidated Cash Flow Statement

for the year ended March 31, 2023 (Contd.)

Particulars	Year ended 31.03.2023 ₹/Crores	Year ended 31.03.2022 ₹/Crores
<b>3. Cash flow from financing activities:</b>		
Lease obligation paid	-	(0.28)
Proceeds from loans and borrowings	<b>355.00</b>	0.00
Repayment of loans and borrowings	<b>(414.03)</b>	(123.22)
Interest paid	<b>(2.85)</b>	(15.13)
<b>Net cash outflow from financing activities (C)</b>	<b>(61.88)</b>	(138.62)
<b>Net Decrease in cash and cash equivalents (A+B+C)</b>	<b>(3.52)</b>	(17.15)
Opening balance of cash and cash equivalents	<b>21.88</b>	38.82
Effect of foreign exchange on cash and cash equivalents	<b>0.87</b>	0.20
Effect of exchange differences on translation of foreign operations	<b>0.52</b>	0.01
Closing balance of cash and cash equivalents	<b>19.75</b>	21.88
<b>Cash and cash equivalents comprise of</b>		
Cash in hand	<b>0.06</b>	0.05
Balances with banks on current accounts	<b>17.58</b>	21.73
Balances with banks on deposits accounts	<b>2.11</b>	0.10

**Notes:**

- 1 During the current and previous year, there were no non cash changes in financial liabilities arising from financing activities. Accordingly, reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities including both changes arising from cash flows and non-cash changes as required based on paragraph 44 of Ind AS 7 on 'Statement of Cash Flows' has not been given.
- 2 The above cash flow from operating activities has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7- Statement of cash flows.

As per our report of even date attached

**For B S R & Associates LLP**

*Chartered Accountants*

ICAI Registration Number-116231W/W-100024

**Girish Arora**

*Partner*

Membership Number - 098652

*For and on behalf of the Board of Directors of*

**HCL Infosystems Limited**

**Pawan Kumar Danwar**

Director

DIN - 06847503

**Kaushik Dutta**

Director

DIN - 03328890

**Alok Sahu**

Chief Financial Officer

**Raj Kumar Sachdeva**

Manager

**Komal Bathla**

Company Secretary

**New Delhi: May 22, 2023**

**Noida: May 22, 2023**

# Notes to the Consolidated Financial Statements

## 1. Corporate information

These consolidated financial statements comprise financial statements of HCL Infosystems Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31.03.2023. The Company is domiciled and incorporated in India and publicly traded on the National Stock Exchange of India Limited ('NSE') and the BSE Limited ('BSE') in India. The registered office of the Company is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110019.

The Group's business is primarily diversified into three segments viz. Distribution, Hardware Products and Solutions and Learning, engaged into annual maintenance contracts (AMC) related to Enterprise Distribution Customers, AMCs and supporting system integration projects, and selling digitised educational content & learning solutions.

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

## 2. Significant accounting policies

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

### 2.1 Basis of preparation and measurement

#### (i) Basis of preparation

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

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

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

#### (ii) Basis of measurement

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

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

### 2.2 Basis of consolidation

The Company consolidates all entities which are controlled by it. The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity. Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

The results of subsidiaries acquired, or sold, during the year are consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

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

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

## Notes to the Consolidated Financial Statements

### IndAS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

### Ind AS 12 – Income Taxes

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

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

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

## 2.4 Use of estimates

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

## 2.5 Critical accounting estimates, assumptions and judgements

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

### a) Property, plant and equipment

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

### b) Intangibles

Internal technical or user team assess the remaining useful lives of Intangible assets. The management believes that assigned useful lives are reasonable.

### c) Income taxes

Management's judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews, at each balance sheet date, the carrying amount of deferred tax assets and amount of unrecognised deferred tax assets, in view of availability of future taxable income to realise such recognised and unrecognised assets. The Group has significant business losses which are available to be set-off against the future taxable income, at each reporting date, the management evaluates whether it is reasonably certain to recognise deferred tax assets on such business losses, considering the future outlook of business. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the consolidated financial statements.

### d) Contingencies

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

## Notes to the Consolidated Financial Statements

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

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

f) Liquidated damages

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

g) Impairment of investments

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

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

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

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

h) Impairment assessment

Goodwill is tested for impairment at least annually and whenever events or changes in circumstances indicate that the recoverable amount of Cash Generating Unit ('CGU') or group of CGUs, to which goodwill is allocated, is less than the carrying value. Impairment test for goodwill is performed at the level of each CGU or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. The management applies its judgement to identify the CGUs, which are expected to derive synergies together, and allocates goodwill to such group of CGUs.

Other intangibles and property, plant and equipment (PPE) are tested for impairment, whenever events or changes in circumstances indicate that the recoverable amount of Cash Generating Unit ('CGU'), to which such intangibles or PPE are allocated, is less than the carrying value.

The recoverable amount of a CGU is the greater of its fair value less costs to sell and value in use. The calculation of value in use involves use of significant estimates and assumptions which includes turnover and gross profit, growth rates and EBIT margin to calculate projected future cash flows, discount rate and long term growth rate.

i) Revenue recognition

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the

## Notes to the Consolidated Financial Statements

extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. In case of multiple performance obligations the Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

### 2.6 Current versus non-current classification

The Company classifies an asset as current asset when:

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

All other assets are classified as non-current.

A liability is classified as current when –

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

All other liabilities are classified as non-current.

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

### 2.7 Principles of consolidation and equity accounting

#### i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

## Notes to the Consolidated Financial Statements

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, if any, in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

### ii. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

### iii. Joint arrangements

Under Ind AS in joint arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

### iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in statement of profit and loss and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described below.

### v. Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of profit and loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit and loss.

## Notes to the Consolidated Financial Statements

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

These consolidated financial statements comprise the financial statement of HCL Infosystems Limited (the Company) and its subsidiaries, as given in the following table:

Name of the Subsidiary/ JV	Country of Incorporation	Extent of Holding (%)	
		31.03.2023	31.03.2022
<b><u>Subsidiary</u></b>			
Pimpri Chinchwad eServices Limited	India	85	85
HCL Infotech Limited	India	100	100
<b><u>Step-down Subsidiary of HCL Infotech Limited</u></b>			
HCL Investments Pte. Limited.	Singapore	100	100
<b><u>Step-down Subsidiary of HCL Investments Pte Limited</u></b>			
Nurture Technologies FZE (formerly known as HCL Infosystems MEA FZE)	Dubai	100	100

### 2.8 Property, plant and equipment

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

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

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

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

- (i) Hand Held Terminal                                5 years
- (ii) Depreciation on fixed assets of the foreign subsidiaries:
  - Building    20 Years
  - Computers    3-4 Years
  - Furniture and Fixtures                                    4-6 Years
  - Office Equipment    6 Years

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

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

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

# Notes to the Consolidated Financial Statements

## 2.9 Intangible assets

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

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

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

### *Goodwill*

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the statement of profit or loss on disposal.

### *Softwares*

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

### *Digitised educational content (Intellectual Property Rights)*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has ability and intention to complete the asset and use or sell it and cost can be measured reliably. The costs incurred, during the development stage but before completion, are deferred and classified as intangible assets under development. Upon completion, such costs are transferred to intangible assets and amortised over the estimated useful life of such asset.

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

Intellectual Property Rights	7 years
Software	1-5 years

## 2.10 Leases

### **As a lessee**

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

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

### **As a lessor**

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

## Notes to the Consolidated Financial Statements

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

### **Sale and leaseback**

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

## **2.11 Financial Instruments**

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

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

### **B. Financial assets**

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

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

#### **Debt instrument**

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

## ***Equity instruments***

### 1. Subsequent measurement

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

### 2. *Derecognition*

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

## **C. Financial liabilities**

### 1. Subsequent measurement

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

#### *Financial liabilities measured at amortised cost*

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

### 2. *Derecognition*

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

## **D. Offsetting financial instruments**

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

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

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

## **F. Impairment of financial assets**

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

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

## **G. Fair value measurement**

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

## Notes to the Consolidated Financial Statements

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

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

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

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

### **2.12 Income tax**

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

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

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- Temporary difference related to investment in subsidiaries and associates and joint arrangement to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

### **2.13 Inventories**

Raw materials, stock-in-trade and finished goods are stated at the lower of cost and net realisable value. Stores and Spares are valued at lower of cost and net realisable value/future economic benefit expected to arise when consumed during rendering of services.

## Notes to the Consolidated Financial Statements

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

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

### **2.14 Trade receivables**

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

### **2.15 Cash and cash equivalents**

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

### **2.16 Impairment of assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when annual impairment testing for an asset is required. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test for goodwill is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

### **2.17 Non-current Assets (or disposal groups) held for sale**

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

## Notes to the Consolidated Financial Statements

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

### **2.18 Trade and other payables**

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

### **2.19 Borrowings**

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

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

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

### **2.20 Provisions, contingent liabilities and contingent assets**

#### **a) Provisions**

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

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

#### **b) Contingencies**

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

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

# Notes to the Consolidated Financial Statements

## 2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors of the Company has authorised its Manager to assess the financial performance and position of the Group and makes decisions in normal course of business operations. For key strategic decisions, the Board of Directors take decisions after evaluating the possible options and recommendations given by the management. The Board of Directors together with Manager has been identified as being the chief operating decision maker. Refer note 36 for segment information presented.

## 2.22 Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group's operations are primarily in India, except operations in subsidiaries incorporated outside India. The consolidated financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

### (ii) Transactions and balances

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

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

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

### (iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income items that will be subsequently reclassified to profit and loss account.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## 2.23 Revenue recognition

Revenue from contracts with the customers

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

### **Sale of products**

#### **Timing of recognition**

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

## Notes to the Consolidated Financial Statements

### Measurement of revenue

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

### **Rendering of services**

#### Timing of recognition

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

#### Measurement of revenue

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

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

#### Timing of revenue recognition

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

#### Measurement of revenue

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

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

### **Interest income**

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

## **2.24 Employee benefits**

### **Defined benefit plans**

#### **Gratuity**

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

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

## Notes to the Consolidated Financial Statements

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

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

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

### **Provident fund**

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

### **Defined contribution plans**

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

### **2.25 Discontinued operations**

A discontinued operation is a component of Group's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Group and which represents a separate major line of business or geographical area of operations and

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit loss is represented as if the operation had been discontinued from the start of the comparative period.

## Notes to the Consolidated Financial Statements

### **2.26 Borrowing costs**

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

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

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

### **2.27 Earnings per share**

#### (i) Basic earnings per share

Basic earnings per share is computed by dividing:

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

#### (ii) Diluted earnings per share

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

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

### **2.28 Exceptional items**

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

## Notes to the Consolidated Financial Statements

### 3(a) Property, Plant & Equipment

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 01.04.2022	Additions/ Adjustment	Disposal/ Adjustment*	As at 31.03.2023	As at 01.04.2022	Additions/ Adjustment	Disposal/ Adjustment*	As at 31.03.2023	
Leasehold Land	0.01	-	-	0.01	0.00	-	-	0.00	0.00
Leasehold improvements	-	-	-	-	-	-	-	-	-
Freehold Land	0.06	-	-	0.06	-	-	-	-	0.06
Buildings	3.26	-	1.31	1.95	0.05	0.07	0.02	0.10	1.85
Plant and Machinery	0.22	-	-	0.22	0.22	-	-	0.22	0.00
Furniture and Fixtures	0.52	-	0.00	0.52	0.47	0.03	-	0.50	0.02
Office Equipments	-	-	-	-	-	-	-	-	-
Vehicles	0.41	-	-	0.41	0.41	-	-	0.41	-
Computers	2.11	0.16	0.04	2.22	1.27	0.40	0.06	1.61	0.60
<b>Total</b>	<b>6.58</b>	<b>0.16</b>	<b>1.35</b>	<b>5.39</b>	<b>2.42</b>	<b>0.50</b>	<b>0.08</b>	<b>2.84</b>	<b>2.53</b>

### Property, Plant & Equipment

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 01.04.2021	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2022	As at 01.04.2021	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2022	
Leasehold Land	7.99	-	7.99	0.01	0.53	0.09	0.62	0.00	0.00
Leasehold improvements	2.12	-	2.12	-	0.76	-	0.76	-	-
Freehold Land^	2.43	-	2.37	0.06	-	-	-	-	0.06
Buildings^	21.59	-	18.33	3.26	2.71	0.56	3.22	0.05	3.21
Plant and Machinery	1.70	-	1.48	0.22	1.70	0.06	1.53	0.22	0.00
Furniture and Fixtures	6.84	-	6.32	0.52	3.54	0.29	3.36	0.47	0.05
Office Equipments	1.09	-	1.09	-	0.24	-	0.24	-	-
Vehicles	0.76	-	0.35	0.41	0.41	-	-	0.41	-
Computers	5.29	0.26	3.45	2.11	4.73	0.32	3.79	1.27	0.84
<b>Total</b>	<b>49.81</b>	<b>0.26</b>	<b>43.49</b>	<b>6.58</b>	<b>14.63</b>	<b>1.31</b>	<b>13.53</b>	<b>2.42</b>	<b>4.16</b>

#### Notes:

^Land and Building at Ambattur amounting to ₹ 3.08 crores (2021 - ₹ 3.08 crores) are pending for registration in the name of the Company. The same has been classified as held for sale as at March 31,2022 and March 31,2023.

• Refer note 44, for disclosure related to "Assets held for sale".

### Title deeds of Immovable Property not held in name of the Company

₹/Crores

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Property held since which date	Reason for not being held in the name of the company
Land and buildings at Ambattur, Chennai (classified as held for sale)	D12 & D12-B SIDCO Ambattur Industrial Estate Chennai- 600058	5.58	HCL Peripherals Ltd	July 1, 1998	Refer note below

There is no immovable properties not held in the name of the company other than disclosed above ,further the above mentioned property is held for sale as on March 31, 2023 (refer note 44)

Ambattur, Chennai immovable property held in the name of HCL Peripherals Limited, which was a wholly owned subsidiary of HCL Corporation Private Limited and got merged with Parent Company in the year 2010. The company acquired aforesaid immoveable property from HCL Peripherals Limited in the year 1998 as part of Business Transfer Transaction. There is no dispute as to title of the property. As per the Business Transfer Agreement, in the event the company dispose off the property, HCL Peripherals Limited and the company shall jointly execute and register sale deed in favour of the purchaser to convey a valid title to the purchaser.

## Notes to the Consolidated Financial Statements

### 3(b) Right of use Assets

₹/Crores

Particulars	Gross Carrying Amount				Accumulated amortisation/impairment				Net Carrying Amount
	As at 01.04.2022	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2023	As at 01.04.2022	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2023	
Right of Use Assets	2.93	-	-	2.93	2.93	-	-	2.93	-
<b>Total</b>	<b>2.93</b>			<b>2.93</b>	<b>2.93</b>			<b>2.93</b>	

₹/Crores

Particulars	Gross Carrying Amount				Accumulated amortisation/impairment				Net Carrying Amount
	As at 01.04.2021	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2022	As at 01.04.2021	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2022	
Right of Use Assets	3.10	-	0.17	2.93	2.82	0.11	-	2.93	-
<b>Total</b>	<b>3.10</b>		<b>0.17</b>	<b>2.93</b>	<b>2.82</b>	<b>0.11</b>		<b>2.93</b>	

### 3(c) Other Intangible Assets

₹/Crores

Particulars	Gross Carrying Amount				Accumulated amortisation/impairment				Net Carrying Amount
	As at 01.04.2022	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2023	As at 01.04.2022	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2023	
<b>Intangible Assets:</b>									
Software	1.61	0.38	-	1.99	1.57	0.08	-	1.65	0.34
Intellectual Property Rights	0.23	-	-	0.23	0.24	-	-	0.24	-
Technical Knowhow	1.46	-	-	1.46	1.46	-	-	1.46	-
<b>Total</b>	<b>3.30</b>	<b>0.38</b>		<b>3.68</b>	<b>3.27</b>	<b>0.08</b>		<b>3.35</b>	<b>0.34</b>

### Other Intangible Assets

₹/Crores

Particulars	Gross Carrying Amount				Accumulated amortisation/impairment				Net Carrying Amount
	As at 01.04.2021	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2022	As at 01.04.2021	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2022	
<b>Intangible Assets:</b>									
Software	1.61	-	-	1.61	1.53	0.05	-	1.57	0.04
Intellectual Property Rights	0.23	-	-	0.23	0.24	-	-	0.24	-
Technical Knowhow	1.46	-	-	1.46	1.46	-	-	1.46	-
<b>Total</b>	<b>3.30</b>			<b>3.30</b>	<b>3.23</b>	<b>0.05</b>		<b>3.27</b>	<b>0.04</b>

### 3(d) Capital work-in-progress

₹/Crores

Particulars	As at 01.04.2022	Additions	Capitalisation	As at 31.03.2023
Capital work-in-progress	0.09	-	0.09	-

### Capital work-in-progress

₹/Crores

Particulars	As at 01.04.2021	Additions	Capitalisation	As at 31.03.2022
Capital work-in-progress	0.16	0.09	0.16	0.09

## Notes to the Consolidated Financial Statements

CWIP Ageing Schedule as on year ended March 31, 2023 and March 31, 2022

₹/Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Project in progress	- (0.09)	-	-	-	- (0.09)

Note: Previous year figures are given in brackets.

Particulars	As at 31.03.2023		As at 31.03.2022	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores
<b>4 Current investments</b>				
<b>Unquoted (Others)</b>				
<b>Investment in mutual funds at FVTPL</b>				
<b>(i) Growth options</b>				
Axis Liquid Fund	-	-	76,749	18.04
UTI Liquid Cash Plan	3,227	1.18	51,937	18.01
Aditya Birla Sun Life Savings Fund	1,30,927	6.08	4,62,002	20.34
HDFC Ultra Short Term Fund	70,19,054	9.07	1,65,36,258	20.30
ICICI Pru Ultra Short Term Fund - Growth	42,67,200	10.08	90,59,195	20.31
ICICI Prudential Ultra Short Term Fund	13,57,214	3.20	-	-
SBI Magnum Ultra Short Duration Fund	28,729	14.64	-	-
<b>Total Current Investments</b>		44.25		<b>97.00</b>
Aggregate amount of unquoted investment		44.25		97.00
<b>5 Other Non-Current Financial Assets</b>				
Balance with bank- margin money*		11.23		17.72
Security deposits		0.25		0.21
Business consideration receivable		6.49		6.49
*Balances held as margin money towards obtaining Bank Guarantees.				
<b>TOTAL</b>		17.97		24.42
<b>6(a) Deferred tax asset (net) (refer note 37)</b>				
Deferred tax asset		-		-
<b>6(b) Advance income tax asset (net of provisions)</b>				
Advance income tax [Provision for income tax of ₹ 48.33 crores (2022- ₹ 48.33 crores)]		60.54		42.49
<b>TOTAL</b>		60.54		42.49
<b>7 Other non-current assets</b>				
<b>Unsecured, considered good</b>				
Capital advances		0.01		0.01
<b>Others</b>				
Balances with government authorities		136.52		140.06
Prepaid expenses		0.01		0.01
Others		0.67		0.67
<b>TOTAL</b>		137.21		140.75

**Notes to the Consolidated Financial Statements**

<b>Particulars</b>	<b>As at 31.03.2023</b>		<b>As at 31.03.2022</b>	
	<b>Amount ₹/Crores</b>		<b>Amount ₹/Crores</b>	
<b>8 Inventories</b>				
Stock-in-trade		<b>0.39</b>		0.51
[Including in-transit ₹ Nil (2022- ₹ Nil)]		<b>0.39</b>		0.51
<b>TOTAL</b>				
*Write-downs of inventories to net realisable value recognised as an expense during the year amounts to ₹ 0.05 crores ( 2022- ₹ 0.05 crores). These were included in changes in value of inventories of work-in-progress, stock in trade and finished goods in statement of profit and loss. Project specific inventory of ₹ Nil (2022- ₹ 1.64 crores) has been adjusted against provisions for onerous contracts.				
<b>9 Trade receivables (refer note 32)</b>				
<b>Unsecured:</b>				
Significant increase in credit risk	<b>1.80</b>		107.52	
Considered good	<b>25.38</b>		27.65	
Credit impaired	<b>203.63</b>		94.76	
	<b>230.81</b>		229.93	
Less: Allowance for doubtful debts	<b>205.41</b>	<b>25.40</b>	202.28	27.65
<b>TOTAL</b>	<b>25.40</b>			27.65
Refer note no 34 (ia) disclosure related to ageing of trade receivables.				
<b>10 Cash and cash equivalents</b>				
Balances with banks*				
- current account		<b>17.58</b>		21.73
Cash on hand		<b>0.06</b>		0.05
Bank deposits with original maturity of three months or less	<b>2.42</b>		0.41	
Less: Money held in Trust	<b>0.31</b>	<b>2.11</b>	0.31	0.10
<b>TOTAL</b>	<b>19.75</b>			21.88
* includes ₹ 1.64 Cr (2022 - ₹ 1.64 crores) restricted Bank Balance lying with UBGB Bank.				
<b>11 Other bank balances</b>				
Deposits with remaining maturity up to 12 months*		<b>154.26</b>		41.99
Balance with banks		<b>6.72</b>		2.65
- On margin account		<b>160.98</b>		44.64
<b>TOTAL</b>				
* includes ₹ 52.62 crores (2022 - ₹ 1.16 crores) lien marked with Banks				

## Notes to the Consolidated Financial Statements

Particulars	As at 31.03.2023		As at 31.03.2022	
	Amount ₹/Crores		Amount ₹/Crores	
<b>12 Other financial assets</b>				
<b>Considered good</b>				
Security deposits	0.07		0.19	
Unbilled revenue	2.00		4.84	
Interest accrued on bank deposits	2.31		0.17	
Others (includes employee advances, insurance claim recoverable)	0.01		0.01	
<b>Considered doubtful</b>				
Others (includes lease rent recoverable, employee advances, insurance claim recoverable)	19.20		19.18	
Less: Allowance for doubtful loans, advances and recoverable	19.20	-	19.18	-
<b>TOTAL</b>		4.39		5.21
<b>13 Other current assets</b>				
<b>Unsecured, considered good</b>				
Balances with customs, port trust, excise, sales tax and goods and service tax authorities	1.89		12.44	
Advances to creditors	0.25		2.50	
Contract assets (refer note 41)	21.57		33.66	
Prepaid expenses	4.58		9.31	
Others recoverable (including advance tax ₹ Nil (2022 - ₹ 14.59 crores)	0.73		17.57	
<b>Considered doubtful</b>				
Other current assets	189.42		187.75	
Less: Allowance for doubtful other current assets (includes ₹ 183.41 crores on contract assets (2022 - ₹ 182.44 crores)	189.42	-	187.75	-
Input tax credit	58.34		43.08	
Less: Allowance for input tax credit	58.34	-	43.08	-
<b>TOTAL</b>		29.02		75.48
<b>14 Equity share capital and other equity</b>				
(a) <u>Authorised*</u>				
85,30,00,000 Equity Shares (2022 - 55,25,00,000) of ₹ 2/- each	170.60		110.50	
5,00,000 Preference Shares (2022 - 5,00,000) of ₹ 100/- each	5.00		5.00	
<b>TOTAL</b>		175.60		115.50
<b>Equity Share capital</b>				
<u>Issued, Subscribed and Paid up</u>				
32,92,09,928 Equity Shares, fully paid (2022 - 32,92,09,928) of ₹ 2/- each	65.84		65.84	
Add: Shares Forfeited - 1,000 shares of ₹ 1/- each (2022 - 1,000 shares of ₹ 1/- each)	0.00		0.00	
<b>TOTAL</b>		65.84		65.84

\*Pursuant to the approved Scheme of Arrangement of merger by the Hon'ble National Company Law Tribunal (NCLT) of New Delhi providing for the merger of two direct wholly-owned subsidiaries viz. Digitlife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning) (the "Transferor companies") with and into HCL Infosystems Limited (the "Transferee company") with effect from April 01, 2022, the appointed date, the authorised share capital of transferee company has automatically stand enhanced by authorised share capital of transferor companies as on effective date.

## Notes to the Consolidated Financial Statements

**Notes:**
**(i) Rights attached to Equity Shares:**

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

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

(ii)	<b>Shareholders holding more than 5% of the aggregate shares in the Company</b>	<b>As at 31.03.2023</b>		<b>As at 31.03.2022</b>	
		<b>Number of Shares</b>	<b>% of shares</b>	<b>Number of Shares</b>	<b>% of shares</b>
	(a) HCL Corporation Private Limited	16,44,21,399	49.94	16,44,21,399	49.94
	(b) VAMA Sundari Investments (Delhi) Private Limited	4,26,03,194	12.94	4,26,03,194	12.94

(iii)	<b>Promoters shareholding in the Company</b>	<b>As at 31.03.2023</b>		<b>As at 31.03.2022</b>		
		<b>Number of Shares</b>	<b>% of shares</b>	<b>% change during the year</b>	<b>Number of Shares</b>	<b>% of shares</b>
	(a) HCL Corporation Private Limited	16,44,21,399	49.94	-	16,44,21,399	49.94
	(b) VAMA Sundari Investments (Delhi) Private Limited	4,26,03,194	12.94	-	4,26,03,194	12.94
	(c) Mr. Shiv Nadar	3,055	0.00	-	3,055	0.00
	(d) Mrs. Roshni Nadar Malhotra	2,893	0.00	-	2,893	0.00
	(e) Mrs. Kiran Nadar	620	0.00	-	620	0.00

**(b) Other equity**

<b>Particulars</b>	<b>As at 31.03.2023 ₹/Crores</b>	<b>As at 31.03.2022 ₹/Crores</b>
<b>Reserve and surplus</b>		
<b>Securities premium reserve</b>		
Opening balance	<b>1,194.37</b>	1,194.37
Closing balance	<b>1,194.37</b>	1,194.37
<b>General reserve</b>		
Opening balance	<b>215.76</b>	215.76
Closing balance	<b>215.76</b>	215.76
<b>Capital reserve</b>		
Opening balance	<b>0.04</b>	0.04
Closing balance	<b>0.04</b>	0.04
<b>Retained earning</b>		
Opening balance	<b>(1,702.64)</b>	(1,726.75)
Remeasurement of post-employment benefit obligation, net of tax	<b>(0.02)</b>	(0.41)
Net Profit/ (loss) for the year	<b>(38.79)</b>	24.52
Closing balance	<b>(1,741.45)</b>	(1,702.64)
<b>Foreign currency translation of foreign operations</b>		
Opening balance	<b>11.53</b>	10.67
Exchange difference on translation of foreign operations	<b>0.42</b>	0.86
Closing balance	<b>11.95</b>	11.53
<b>Total Other Equity attributable to the shareholders of HCL Infosystems Limited</b>	<b>(319.33)</b>	(280.94)

## Notes to the Consolidated Financial Statements

Particulars	As at 31.03.2023 ₹/Crores	As at 31.03.2022 ₹/Crores
<b>Financial Liabilities</b>		
<b>15 Non-current borrowings ( Refer note 43 for status of charges)</b>		
<b>Unsecured:</b>		
<b>Term loans</b>		
- From others	-	13.83
<b>TOTAL</b>	-	13.83
<b>Notes:</b>		
1. Unsecured Term loans from Others amounting to ₹ Nil (2022 - ₹ 59.03 Crores), out of which ₹ Nil Crores (2022 - ₹ 45.20 Crores) was shown under current borrowings (refer note 21), was repayable in 12 equal quarterly instalments from the date of the disbursement which carries interest @ 10.75% to 10.98% p.a. The same has been repaid/prepaid in full during the current year ending March 31, 2023.		
<b>16 Non-current provisions (refer note 40)</b>	<b>1.68</b>	1.55
Provision for gratuity and other employee benefits		
<b>TOTAL</b>	<b>1.68</b>	1.55
<b>17 Current borrowings</b>		
<b>Secured:</b>		
<b>Loans from Banks</b>		
- Cash credits	<b>0.01</b>	0.01
<b>Unsecured:</b>		
<b>Loans</b>		
From related parties	<b>355.00</b>	355.00
<b>Borrowings</b>		
Current maturities of long-term debts {refer note 19}	-	45.20
<b>TOTAL</b>	<b>355.00</b>	400.20
	<b>355.01</b>	400.21
<b>Note:</b>		
1. Unsecured Intercorporate Loan from HCL Corporation Private Limited amounting to ₹ 355 Crs (2022 - ₹ 355 Crs) is repayable in 11 months from the date of availment of each tranche, which is interest free.		
2. The company has obtained non fund-based borrowings based on security of current assets, submission of intimation for quarterly results with banks has been done as and when due except for quarter ended March 31, 2023 which is not yet due.		
<b>18 Trade payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises; and	<b>0.17</b>	4.69
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises [Including acceptance ₹ Nil (2022 - ₹ 0.36 crores)]	<b>55.29</b>	69.87
<b>TOTAL</b>	<b>55.46</b>	74.56
Refer note no 34 (iiia) disclosure related to ageing of trade payable		

**Notes to the Consolidated Financial Statements**

<b>Particulars</b>	<b>As at 31.03.2023 ₹/Crores</b>	<b>As at 31.03.2022 ₹/Crores</b>
<b>19 Other financial liabilities</b>		
Interest accrued but not due on borrowings	-	0.92
Employee benefits payable	<b>3.43</b>	5.51
Capital creditors	<b>0.19</b>	0.21
Deposits	<b>1.99</b>	2.85
Advances received against proposed sale of HCL Infotech Limited (refer note 48)	<b>2.00</b>	2.00
<b>TOTAL</b>	<b>7.61</b>	11.49
<b>20 Other current liabilities</b>		
Deferred revenue	<b>104.44</b>	101.87
Advances received from customers	<b>42.31</b>	40.54
Amount collected under litigation (refer note 52)	<b>120.21</b>	2.25
Statutory dues payable	<b>8.89</b>	8.57
Advances received against assets held for sale	<b>14.96</b>	0.25
<b>TOTAL</b>	<b>290.81</b>	153.48
<b>21 Current provisions</b>		
Provision for gratuity and other employee benefits (refer note 40)	<b>1.65</b>	2.08
Provision for contract losses*	<b>25.29</b>	25.27
Provision for litigations {refer note 31 (b)}	<b>21.89</b>	20.69
<b>TOTAL</b>	<b>48.83</b>	48.04
<b>22 Current tax liabilities (net)</b>		
Current income tax liabilities	-	3.20
<b>TOTAL</b>	-	3.20
<b>*Provision for contract Losses</b>		
<b>Balance as at the beginning of the year</b>	<b>25.27</b>	35.40
Provision made during the year	<b>8.39</b>	9.66
Provision utilised during the year	<b>8.37</b>	19.79
<b>Balance as at the end of the year</b>	<b>25.29</b>	25.27

<b>Particulars</b>	<b>Year ended 31.03.2023 ₹/Crores</b>	<b>Year ended 31.03.2022 ₹/Crores</b>
<b>23 Revenue from operations</b>		
Rendering of services	<b>15.39</b>	27.74
Revenue from composite contracts (refer note 41)	<b>16.02</b>	41.70
<b>TOTAL</b>	<b>31.41</b>	69.44

## Notes to the Consolidated Financial Statements

<b>Particulars</b>	<b>Year ended 31.03.2023 ₹/Crores</b>	<b>Year ended 31.03.2022 ₹/Crores</b>
<b>24 Other income</b>		
Interest Income from financial asset at amortised cost		
- On fixed deposits	<b>4.76</b>	1.91
- On trade receivables	<b>0.47</b>	2.44
Net gains on fair value changes on investments	<b>0.80</b>	1.00
Gain on sale of investment carried at fair value through profit or loss	<b>3.09</b>	0.37
Net profit on sale of property, plant and equipment	<b>0.02</b>	0.18
Gain on foreign exchange fluctuation	<b>0.99</b>	0.80
Provisions/liabilities no longer required written back	<b>10.91</b>	19.06
Miscellaneous income	<b>2.35</b>	2.49
Scrap sale	-	0.53
Interest income from Income tax authorities*	-	12.76
<b>TOTAL</b>	<b>23.39</b>	41.54
*The amount shown includes ₹ 8.67 Cr. of interest on IT refund received during the previous year through Karvy Innotech Ltd. as part of the Second Stage Consideration payable according to the provisions of clause 2.3.2 (a) of the Share Purchase Agreement dated 31.05.2018.		
<b>25 Changes in inventories of stock-in-trade</b>		
Closing balance		
- Stock-in-trade	<b>0.39</b>	0.51
Opening balance	<b>0.39</b>	0.51
- Stock-in-trade	<b>0.51</b>	2.84
<b>Changes in inventories of stock-in-trade</b>	<b>0.51</b>	2.84
	<b>0.12</b>	2.32
<b>26 Other direct expenses</b>		
Purchase of services	<b>13.60</b>	34.81
Spares and stores consumed	<b>0.12</b>	0.36
<b>TOTAL</b>	<b>13.72</b>	35.17
<b>27 Employee benefits expense</b>		
Salaries, wages, bonus and gratuity (refer note 40)	<b>19.62</b>	25.64
Contribution to provident and other funds (refer note 40)	<b>0.56</b>	0.87
Staff welfare expenses	<b>0.21</b>	0.16
<b>TOTAL</b>	<b>20.39</b>	26.67
<b>28 Finance costs</b>		
Interest on unsecured borrowings	<b>1.41</b>	12.39
Other borrowing costs	<b>0.52</b>	1.31
<b>TOTAL</b>	<b>1.93</b>	13.70

## Notes to the Consolidated Financial Statements

<b>Particulars</b>	<b>Year ended 31.03.2023 ₹/Crores</b>	<b>Year ended 31.03.2022 ₹/Crores</b>
<b>29 Other expenses</b>		
Rent (refer note 38)	<b>0.73</b>	1.34
Rates and taxes	<b>2.72</b>	6.93
Communication	<b>0.35</b>	0.58
Travelling and conveyance	<b>1.03</b>	0.73
Legal, professional and consultancy charges (refer note 42)	<b>25.09</b>	27.36
Retainership expenses	<b>7.15</b>	8.40
Office electricity and water	<b>0.55</b>	1.04
Insurance	<b>0.52</b>	0.77
Technology Cost	<b>3.40</b>	4.17
Outsourcing cost	<b>1.14</b>	2.21
Bank charges	<b>2.08</b>	2.07
Allowance for doubtful debts	<b>3.14</b>	5.85
Allowance for doubtful loans & advances and other current assets	<b>0.99</b>	9.66
Net provisions for Input tax credit	<b>13.12</b>	8.98
Change in fair value of OCD	-	15.56
Repairs		
- Buildings	<b>0.01</b>	0.07
- Others	<b>0.75</b>	0.91
Net loss on foreign exchange fluctuation	<b>0.80</b>	0.24
Miscellaneous	<b>2.24</b>	2.38
<b>TOTAL</b>	<b>65.81</b>	99.25

### 30 Exceptional items:

₹/Crores

<b>Particulars</b>	<b>Year ended 31.03.2023 ₹/Crores</b>	<b>Year ended 31.03.2022 ₹/Crores</b>
a. Profit on sale of properties (refer note 44)	<b>13.84</b>	104.83
b. Impairment of property, plant and equipment (refer note 44)	-	(3.33)
<b>Total</b>	<b>13.84</b>	101.51

### 31 Contingent Liabilities :

(a) Claims against the Company not acknowledged as debts:

₹/Crores

<b>Particulars</b>	<b>As at 31.03.2023 ₹/Crores</b>	<b>As at 31.03.2022 ₹/Crores</b>
Sales tax*	<b>110.96</b>	125.13
Excise, Service Tax and Customs*	<b>459.82</b>	460.03
Income tax	<b>34.84</b>	34.84
Industrial disputes, civil suits and consumer disputes	<b>5.04</b>	5.29

\* Includes sum of ₹ 133.30 crores (2022 - ₹ 139.36 crores) deposited by the Group.

The amounts shown above represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been initiated by the Group or the claimants as the case may be and therefore

## Notes to the Consolidated Financial Statements

cannot be predicted accurately. It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

**(b) Other Litigations :**

"A Charge Sheet No. 01/2012 was filed before the Court against several persons (including a public servant) alleging misappropriation of funds with respect to a contract (for supply of computer hardware and related services under the NRHM Scheme) which was awarded to the Company in 2009 by the UP Government. Subsequent to death of sole public servant, a supplementary Charge Sheet No. 01/2014 was filed with the Court alleging the Company and its employee, therefore summons issued by the Court. The said supplementary charge sheet was purportedly subsequent to further investigation, however the same is without detailing the nature of additional documents and/or statements connecting the Company and/or its employee to any offence. Currently, the case is pending for Prosecution Evidence, however the proceedings have been stayed by the Supreme Court. Management is of the view that the Company has not engaged in any wrong doing and has sufficient defense as regards accusation of "Downward Price Revision" and will succeed in establishing that the same is a false allegation."

- (c) The Group has certain sales tax, other indirect tax and civil matters against which provision of ₹ 21.84 crores (2022- ₹ 20.69 crores) have been made. Provision of ₹ 1.74 crores (2022- ₹ 3.40 crores) has been made during the year and ₹ 0.52 crores (2022- ₹ 0.71 crores) utilised during the year.

### **32 Disclosure of related parties and related party transactions:**

**a) Company having substantial interest:**

HCL Corporation Private Limited

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

HCL Technologies Limited

HCL Comnet Systems and Services Limited

HCL Training & Staffing Services Private Limited

HCL Talent Care Private Limited (Merged with HCL Corporation Private Limited)

KRN Education Private Limited

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

SSN Trust

Shiv Nadar Foundation

SSN Investments (Pondi) Private Limited

VAMA Sundari Investments (Delhi) Private Limited

**c) Key Management Personnel:**

Mr. Alok Sahu - Chief Financial Officer

Mr. Kapil Kapur -Chief Financial Officer (resigned w.e.f. 31st May, 2021)

Mr. Raj Kumar Sachdeva- Manager

Ms. Komal Bathla- Company Secretary

Mr. Sushil Jain- Company Secretary (superannuated w.e.f. closing hours of 31st March, 2021)

## Notes to the Consolidated Financial Statements

### d) Summary of consolidated related party disclosures:

Note: All transactions with related parties have been entered into in the normal course of business.

	₹ Crores)							
	Company having substantial interest*		Others		Key Management Personnel		Total	
	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22
<b>A. Transactions</b>								
<b>Consultancy charges</b>	-	-	<b>1.55</b>	1.99	-	-	<b>1.55</b>	1.99
- HCL Technologies Limited	-	-	1.55	1.99	-	-	<b>1.55</b>	1.99
<b>Current borrowings taken</b>	<b>355.00</b>	395.00	-	-	-	-	<b>355.00</b>	395.00
- HCL Corporation Private Limited	355.00	395.00	-	-	-	-	<b>355.00</b>	395.00
<b>Current borrowings repaid</b>	<b>355.00</b>	355.00	-	-	-	-	<b>355.00</b>	355.00
- HCL Corporation Limited	355.00	355.00	-	-	-	-	<b>355.00</b>	355.00
<b>Rent received</b>	-	-	-	2.17	-	-	-	2.17
- HCL Technologies Limited	-	-	-	2.17	-	-	-	2.17
<b>Rent Expense</b>	<b>0.00</b>	-	<b>0.26</b>	0.18	-	-	<b>0.26</b>	0.18
- SSN Investments (Pondi) Private Limited	-	-	0.26	0.18	-	-	<b>0.26</b>	0.18
- HCL Corporation Pvt. Ltd.	0.00	-	-	-	-	-	<b>0.00</b>	-
- VAMA Sundari Investments (Delhi) Private Limited	-	-	0.00	-	-	-	<b>0.00</b>	-
<b>Remuneration</b>	-	-	-	-	<b>2.02</b>	<b>2.77</b>	<b>2.02</b>	2.77
- Mr. Alok Sahu	-	-	-	-	1.06	0.87	<b>1.06</b>	0.87
- Ms. Komal Bathla	-	-	-	-	0.15	0.14	<b>0.15</b>	0.14
- Mr. Sushil Jain	-	-	-	-	-	0.21	-	0.21
- Mr. Raj Kumar Sachdeva	-	-	-	-	0.81	0.65	<b>0.81</b>	0.65
- Mr. Kapil Kapur	-	-	-	-	-	0.90	-	0.90
<b>Reimbursements towards expenditure made*</b>	-	0.06	-	-	-	-	-	0.06
- HCL Corporation Private Limited	-	0.06	-	-	-	-	-	0.06
<b>B. Amount due to/from related parties at year end^</b>								
Trade receivables	-	-	<b>0.35</b>	0.86	-	-	<b>0.35</b>	0.86
- HCL Technologies Limited	-	-	0.32	0.78	-	-	<b>0.32</b>	0.78
- Others	-	-	0.03	0.08	-	-	<b>0.03</b>	0.08
Other Recoverable	<b>0.00</b>	0.07	<b>0.13</b>	-	-	-	<b>0.13</b>	0.07
- HCL Corporation Pvt. Ltd.	<b>0.00</b>	0.07	-	-	-	-	<b>0.00</b>	0.07
- HCL Technologies Limited	-	-	<b>0.07</b>	-	-	-	<b>0.07</b>	-
- SSN Investments (Pondi) Private Limited	-	-	<b>0.06</b>	-	-	-	<b>0.06</b>	-
Current borrowings from HCL Corporation Ltd.	<b>355.00</b>	355.00	-	-	-	-	<b>355.00</b>	355.00
Trade payables	-	-	<b>0.36</b>	3.03	-	-	<b>0.36</b>	3.03
- HCL Technologies Limited	-	-	<b>0.36</b>	3.03	-	-	<b>0.36</b>	3.03
Other payables	<b>0.01</b>	0.01	<b>0.01</b>	0.01	-	-	<b>0.02</b>	0.02

\*Corporate guarantee utilised ₹ 151.91 crores (2022 - ₹ 124.71 crores), also refer note 46.

^Amount due to / from related parties are unsecured and are receivable / payable in cash.

## Notes to the Consolidated Financial Statements

		(₹ Crores)	
e)	Compensation of key management personnel of the Company*	Year ended 31.03.2023	Year ended 31.03.2022
Short-term employee benefits		2.02	2.77
<b>Total compensation paid to key management personnel</b>		<b>2.02</b>	<b>2.77</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

\*Post employment benefit comprising gratuity, and compensated absences are not disclosed as these are determined for the Group as a whole.

### 33 Financial Instruments

The carrying value of financial instruments by categories are as under as at 31.03.2023:

Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value	₹/Crores
<b>Financial assets</b>							
<b>Non-current assets</b>							
(i) Others Financial Assets	5	-	-	17.97 (24.42)	17.97 (24.42)	17.97 (24.42)	
		-	-	17.97 (24.42)	17.97 (24.42)	17.97 (24.42)	
<b>Current assets</b>							
(i) Investments	4	-	44.25 (97.00)	-	44.25 (97.00)	44.25 (97.00)	
(ii) Trade receivables	9	-	-	25.40 (27.65)	25.40 (27.65)	25.40 (27.65)	
(iii) Cash and cash equivalents	10	-	-	19.75 (21.88)	19.75 (21.88)	19.75 (21.88)	
(iv) Bank balances other than (iii) above	11	-	-	160.98 (44.64)	160.98 (44.64)	160.98 (44.64)	
(v) Others	12	-	-	4.39 (5.21)	4.39 (5.21)	4.39 (5.21)	
		-	44.25 (97.00)	210.52 (99.38)	254.77 (196.38)	254.77 (196.38)	
<b>Financial Liabilities</b>							
<b>Non-current liabilities</b>							
(i) Borrowings	15	-	-	- (13.83)	- (13.83)	- (13.83)	
		-	-	- (13.83)	- (13.83)	- (13.83)	
<b>Current liabilities</b>							
(i) Borrowings	17	-	-	355.01 (400.21)	355.01 (400.21)	355.01 (400.21)	
(ii) Trade payables	18	-	-	55.46 (74.56)	55.46 (74.56)	55.46 (74.56)	
(iii) Other financial liabilities	19	-	-	7.61 (11.49)	7.61 (11.49)	7.61 (11.49)	
		-	-	418.08 (486.26)	418.08 (486.26)	418.08 (486.26)	

Note: Previous year figures are given in brackets.

## Notes to the Consolidated Financial Statements

### 34 Financial Risk Management

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

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

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure Arising from	Measurement	Management
Credit Risk	Investments, Trade receivables, Cash and cash equivalents, Bank balances, Loans and Other financial assets	Ageing analysis and credit appraisal	Diversification of bank deposits, investments, credit limits and letters of credit
Liquidity risk	Borrowings, trade payable and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines, working capital facilities and liquid investments and financial support from promoter shareholder
Market risk - foreign exchange	Future commercial transactions Recognized financial assets not denominated in Functional currency	Position of net foreign exchange risk, based on relative assets and liabilities	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.

#### 34(i) Credit Risk

Credit risk arise from possibility that customer may default on its obligation to make timely payments, resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivable and unbilled revenues.

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

Investment primarily includes investment in mutual funds.

The Group follows policy of managing credit risk 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.

The Group uses a provision matrix to compute the expected credit loss for trade receivable and lease rent recoverable, the provision matrix takes into consideration historical credit loss experience and other relevant available external and internal credit risk factors.

Age wise breakup of trade receivables and contract assets are given below:

₹/Crores

Particulars	As at 31.03.2023	As at 31.03.2022
Debtors billed but not due	<b>205.59</b>	217.21
0-90 days past due	<b>13.07</b>	2.24
91-180 days past due	<b>0.22</b>	1.07
180-365 days past due	<b>0.53</b>	14.22
1-2 years past due	<b>2.35</b>	1.07
More than 2 years past due	<b>214.03</b>	210.22
	<b>435.79</b>	446.03

\*Includes contract assets amounting to ₹ 204.97 crores (2022 - ₹ 216.10 crores)

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

## Notes to the Consolidated Financial Statements

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

Particulars	₹/Crores	As at 31.03.2023	As at 31.03.2022
<b>Balance at the beginning</b>		<b>384.71</b>	378.53
Provided during the year		4.38	6.18
Reversal during the year		(0.27)	-
Amounts written off		-	-
<b>Balance at the end</b>		<b>388.82</b>	384.71
Weighted average loss rate (Percentage)		89.22%	86.25%

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

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(a) Undisputed trade receivables - considered good	0.62 (1.24)	13.29 (2.25)	0.44 (13.66)	0.74 -	- -	- -	15.09 (17.15)
(b) Undisputed trade receivables - which have significant increase in credit risk	- -	- -	- -	1.26 -	- -	0.54 (38.66)	1.80 (38.66)
(c) Undisputed trade receivables -credit impaired	- -	- (0.61)	- (0.69)	0.35 (0.77)	- -	134.41 (92.70)	134.76 (94.76)
(d) Disputed trade receivables - considered good	- -	- -	- -	- -	- -	10.30 (10.50)	10.30 (10.50)
(e) Disputed trade receivables - which have significant increase in credit risk	- -	- -	- -	- -	- -	- (68.86)	- (68.86)
(f) Disputed trade receivables -credit impaired	- -	- -	- -	- -	- -	68.86 -	68.86 -
<b>Total</b>	<b>0.62</b> <b>(1.24)</b>	<b>13.29</b> <b>(2.86)</b>	<b>0.44</b> <b>(14.35)</b>	<b>2.35</b> <b>(0.77)</b>	- -	<b>214.11</b> <b>(210.72)</b>	<b>230.81</b> <b>(229.93)</b>
Less:Allowance for doubtful debts						25.40 (27.65)	205.41 (202.28)
Unbilled Revenue including Contract Assets (refer note 12 and 13)						23.57 (38.50)	48.97 (66.15)
<b>Total</b>							

Note: Previous year figures are given in brackets.

## Notes to the Consolidated Financial Statements

### 34(ii) Liquidity risk:

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

**The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at 31.03.2023.**

Particulars	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	₹/Crores
<b>Non-derivatives</b>						
<b>Borrowings</b>						
-From others	<b>355.00</b> (414.03)	-	<b>355.00</b> (355.00)	-	-	-
-Cash credit	<b>0.01</b> (0.01)	<b>0.01</b> (0.01)	-	-	-	-
<b>Trade payables</b>	<b>55.46</b> (74.56)	-	<b>55.46</b> (74.56)	-	-	-
<b>Other financial liabilities</b>						
-Deposits	<b>1.99</b> (2.85)	-	<b>1.99</b> (2.85)	-	-	-
-Interest accrued but not due	- (0.92)	-	- (0.92)	-	-	-
-Capital creditors	<b>0.19</b> (0.21)	-	<b>0.19</b> (0.21)	-	-	-
-Employee benefit payable	<b>3.43</b> (5.51)	-	<b>3.43</b> (5.51)	-	-	-
-Others	<b>2.00</b> (2.00)	-	<b>2.00</b> (2.00)	-	-	-
<b>Total non-derivative liabilities</b>	<b>418.08</b> (500.09)	<b>0.01</b> (0.01)	<b>418.07</b> (441.05)	-	-	-

Note: Previous year figures are given in brackets.

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

₹/Crores

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) MSME	<b>0.07</b> (0.27)	<b>0.08</b> (1.57)	<b>0.02</b> (0.48)	<b>0.00</b> (0.16)	<b>0.00</b> (2.20)	<b>0.17</b> (4.69)
(b) Others	<b>0.57</b> (1.06)	<b>1.23</b> (4.89)	<b>4.60</b> (0.33)	<b>0.52</b> (0.90)	<b>17.82</b> (21.28)	<b>24.74</b> (28.47)
(c) Disputed dues - MSME	-	-	-	-	-	-
(d) Disputed dues - Others	-	-	-	<b>0.26</b> (0.26)	<b>8.08</b> (1.59)	<b>8.34</b> (5.96)
<b>Total</b>	<b>0.64</b> (1.33)	<b>1.31</b> (6.46)	<b>4.62</b> (1.08)	<b>0.78</b> (2.66)	<b>25.90</b> (29.44)	<b>33.25</b> (40.96)
Provision						<b>22.21</b> (33.60)
<b>Total</b>						<b>55.46</b> (74.56)

Note: Previous year figures are given in brackets.

## Notes to the Consolidated Financial Statements

### 34(iii) Market risk

#### (i) Interest rate risk

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

#### (ii) Foreign currency risk

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

### 34(iv) (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

Particulars	USD
<b>Financial Assets</b>	
Trade receivables	11.68 (14.49)
<b>Net exposure to foreign currency risk (assets)</b>	11.68 (14.49)
<b>Financial Liabilities</b>	
Trade Payables	9.93 (9.70)
<b>Derivative liabilities</b>	
Foreign exchange forward contracts	- -
<b>Net exposure to foreign currency risk (liabilities)</b>	9.93 (9.70)

Note: Previous year figures are given in brackets.

#### (b) Sensitivity

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

Particulars	Change in FC exchange rate by	Impact on profit or loss and equity (in ₹ Crores)			
		Increase in FC exchange rates		Decrease in FC exchange rates	
		Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
USD	5%	0.09	0.24	(0.09)	(0.24)

## 35 Capital Management

### Risk management

The Group's objective when managing capital are to safeguard their ability to continue as going concern and to maintain an optimal capital structure to reduce the cost of capital.

## Notes to the Consolidated Financial Statements

The Capital structure as of 31.03.2023 and 31.03.2022 were as follows:

₹/Crores

	<b>As at 31.03.2023</b>	<b>As at 31.03.2022</b>
Total Debt	<b>355.01</b>	414.04
Equity	(253.50)	(215.11)
Capital and net debt	<b>101.51</b>	198.93
Gearing ratio	<b>349.73%</b>	208.13%

### 36 Segment Reporting

The Company's chief operating decision maker, considering the products' portfolio and geographies of operations, has identified following as primary business segments :

- (i) Hardware Products and Solutions comprise of AMCs and supporting system integration projects.
- (ii) Learning business includes selling digitised educational content & learning solutions.
- (iii) Distribution segment consists of annual maintenance contracts (AMC) related to Enterprise Distribution Customers

### Consolidated segment wise performance for the year ended 31.03.2023

₹/Crores

<b>Primary segments</b>	<b>Hardware products and solutions</b>	<b>Distribution</b>	<b>Learning</b>	<b>Inter- segment elimination</b>	<b>Total</b>
<b>(i) Revenue</b>					
External revenue	<b>25.74</b> (60.96)	<b>5.67</b> (8.48)	-	-	<b>31.41</b> (69.44)
Inter-segment revenue	-	-	-	-	-
Total gross revenue	<b>25.74</b> (60.96)	<b>5.67</b> (8.48)	-	-	<b>31.41</b> (69.44)
<b>(ii) Results</b>					
(32.50) (-30.48)	<b>(32.50)</b> (-30.48)	<b>1.80</b> (2.45)	<b>(0.07)</b> (0.51)	-	<b>(30.77)</b> (-27.52)
Other un-allocable expenditure net off un-allocable (income)					<b>28.92</b>
Operating profit					(38.54)
Add: Other income (excluding operational income)					<b>(59.69)</b> (-66.06)
Less: Finance charges					<b>9.07</b>
<b>Profit/(loss) before exceptional and extraordinary items and tax</b>					(4.00)
Exceptional items					<b>1.93</b>
<b>Profit/(loss) before tax</b>					(13.70)
Less: Tax expense					<b>(52.59)</b>
<b>Profit/(Loss) after tax</b>					(-75.76)
					<b>13.84</b>
					(101.51)
					<b>(38.74)</b>
					(25.75)
					<b>(0.05)</b>
					(-1.22)
					<b>(38.79)</b>
					(24.53)

## Notes to the Consolidated Financial Statements

Primary segments	Hardware products and solutions	Distribution	Learning	Inter- segment elimination	₹/Crores
<b>(iii) Segment assets as at</b>					
-March 31, 2023	<b>248.95</b>	<b>105.46</b>	<b>0.91</b>	-	<b>355.32</b>
-March 31, 2022	(170.26)	(100.78)	(0.79)	-	(271.83)
<b>Unallocated corporate assets</b>					
-March 31, 2023					<b>150.58</b>
-March 31, 2022					(219.42)
<b>Total assets as at</b>					
-March 31, 2023					<b>505.90</b>
-March 31, 2022					(491.25)
<b>(iv) Segment liabilities as at</b>					
-March 31, 2023	<b>351.40</b>	<b>30.18</b>	<b>0.78</b>	-	<b>382.36</b>
-March 31, 2022	(225.47)	(24.16)	(0.59)	-	(250.22)
<b>Unallocated corporate liabilities as at</b>					
-March 31, 2023					<b>377.04</b>
-March 31, 2022					(456.14)
<b>Total liabilities as at</b>					
-March 31, 2023					<b>759.40</b>
-March 31, 2022					(706.36)
<b>(v) Capital expenditure (allocable)</b>	-	(0.03)			(0.03)
<b>Capital expenditure (unallocable)</b>					<b>0.26</b>
					(0.26)
<b>(vi) Depreciation</b>	<b>0.02</b>	<b>0.11</b>			<b>0.12</b>
	(0.42)	(0.12)			(0.53)
<b>Depreciation (unallocable)</b>					<b>0.46</b>
					(0.93)
<b>(vii) Other non cash expenses (allocable)</b>	<b>12.89</b>	<b>4.36</b>	-	-	<b>(17.25)</b>
	(10.50)	(29.53)	(0.07)	-	(40.10)

Note: Previous year figures are given in brackets.

Segment disclosure presented above pertains to continuing operations.

There are customer transactions of ₹ 16.02 crores with a single external customer that amount to 10 percent or more of the group's revenue.

The Company is domiciled in India. The amounts of its revenue from external customers attributed the entity's country of domicile and to all foreign countries is shown in the table below:

(₹ Crores)

Revenue from external customers (continuing operations)	Year ended 31.03.2023	Year ended 31.03.2022
India	<b>31.41</b>	69.44
Other countries	-	-
<b>Total</b>	<b>31.41</b>	69.44

## Notes to the Consolidated Financial Statements

The total of non-current assets other than financial instruments, investments accounted for using equity method and deferred tax assets, broken down by location of the assets, is shown below:

(₹ Crores)

<b>Non current assets</b>	<b>Year ended 31.03.2023</b>	<b>Year ended 31.03.2022</b>
India	<b>199.95</b>	186.88
Other countries	<b>0.67</b>	0.67
<b>Total non - current assets</b>	<b>200.62</b>	187.55

### 37 Taxation:

- (a) Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Group conducts the business. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relates to the same taxable entity and the same taxation authority.

- (b) Deferred Tax:

#### Unrecognized deferred tax assets

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

(₹ Crores)

<b>Particulars</b>	<b>As at 31.03.2023</b>	<b>As at 31.03.2022</b>
Deductible temporary differences	<b>568.41</b>	440.53
Unused tax losses	<b>879.89</b>	928.58
<b>Total temporary differences and unused tax losses</b>	<b>1,448.30</b>	1,369.11
Potential tax benefit @ 22.88% (FY'2022 -22.88%)	<b>331.37</b>	324.74
Unutilized tax credit	-	1.49
<b>Total Potential tax benefit @ 22.88% (FY'2022 -22.88%)</b>	<b>331.37</b>	326.23

- (c) **Income tax expense (Continuing operations)**

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

(₹ Crores)

<b>Particulars</b>	<b>Year ended 31.03.2023</b>	<b>Year ended 31.03.2022</b>
<b>Income tax expense</b>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	<b>0.05</b>	1.22
<b>Total current tax expense</b>	<b>0.05</b>	1.22
<b>Deferred tax</b>		
Decrease (increase) in MAT Credit	-	-
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
<b>Total deferred tax expense/(benefit)</b>	-	-
<b>Income tax expense</b>	<b>0.05</b>	1.22

## Notes to the Consolidated Financial Statements

**(ii) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:** (₹ Crores)

Particulars	31.03.2023	31.03.2022
Profit/(Loss) before income tax expense after other comprehensive income	<b>(38.71)</b>	25.74
Tax at the Indian tax rate of 22.88% (2022 – 22.88%)	<b>(8.86)</b>	5.75
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	<b>0.00</b>	(0.02)
Provision for loss in subsidiary	-	0.00
Impairment (reversal) of investment and inter corporate deposits	<b>(6.62)</b>	(0.00)
Profit on sale of capital assets adjusted against capital tax loss	-	(23.99)
Temporary differences on which no DTA recognised	<b>7.92</b>	6.83
Impact of Indexation on sale of capital assets	<b>(1.59)</b>	-
Long term capital loss for which no deferred tax recognised	<b>2.00</b>	-
Other items	<b>0.33</b>	-
Adjustments for current tax of prior periods	<b>0.05</b>	1.22
Short term capital gain adjusted against current year business losses	-	7.65
Tax losses on which no deferred tax was recognized	<b>6.81</b>	3.77
<b>Income tax expense</b>	<b>0.05</b>	<b>1.22</b>

The unused tax losses is not likely to generate taxable income in foreseeable future. The losses can be carried forward as per details below:

Expiry year	As at 31.03.2023	As at 31.03.2022
31.03.2023	-	126.39
31.03.2024	<b>129.47</b>	129.47
31.03.2025	<b>55.85</b>	55.85
31.03.2026	<b>103.67</b>	103.67
31.03.2027	<b>143.62</b>	143.62
31.03.2028	<b>126.93</b>	131.69
31.03.2029	<b>125.19</b>	127.06
31.03.2030	<b>34.08</b>	2.55
31.03.2031	<b>31.54</b>	-
No limit	<b>129.54</b>	108.29
<b>Total</b>	<b>879.89</b>	928.58

Note: Excluding unused capital loss.

### 38 Leases:

#### Cancelable Operating Leases

##### As a Lessee

The Company has taken godown premises under lease. These are generally not non-cancellable leases having unexpired period upto three years. The leases are renewable by mutual consent and on mutually agreeable terms. The Company has given refundable interest free security deposits under certain lease agreements. There is no contingent rent, sublease payments or restriction imposed in the lease agreement. In terms of criteria specified in Ind AS 116 Leases, the company does not have any lease other than with short term period. (refer note 3).

Rent expenses in respect of short term leases amounting ₹ 0.73 crores (2022 - ₹ 1.34 crores) is expensed off on straight line basis over lease term as rent expenses (refer note 29).

### 39 Earnings per share (EPS)

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

## Notes to the Consolidated Financial Statements

<b>Particulars</b>	<b>Year ended 31.03.2023</b>	<b>Year ended 31.03.2022</b>
Profit/(Loss) after tax from continuing operations attributable to equity shareholders of the Company (₹ /Crores)	(38.79)	24.52
Profit/(Loss) after tax from continuing operations (₹ /Crores)	(38.79)	24.52
Weighted average number of shares considered as outstanding in computation of Basic EPS	32,92,09,928	32,92,09,928
Weighted average number of shares outstanding in computation of Diluted EPS	32,92,09,928	32,92,09,928
<b>Basic EPS (of ₹ 2/- each) (₹ Per share)</b>		
From continuing operations	(1.18)	0.74
<b>Diluted EPS per share (of ₹ 2/- each) (₹ Per share)</b>		
From continuing operations	(1.18)	0.74

**40 The Group has calculated the various benefits provided to employees as under:**

**(a) Defined Contribution**

During the year, the Group has recognised the following amounts in the statement of profit and loss:

<b>Particulars</b>	<b>(₹ Crores)</b>	
	<b>Year ended 31.03.2023</b>	<b>Year ended 31.03.2022</b>
Employers contribution to superannuation fund*	0.02	0.04
Employers contribution to national pension scheme*	0.03	0.05
Employers contribution to employee state insurance*	0.00	0.02
Employers contribution to employee's pension scheme 1995*	0.23	0.38
Employers contribution to Provident Fund* (effective from August 1, 2022)	0.32	0.00

\* Included in Contribution to Provident and Other Funds under Employee benefits expense (refer note 27).

**(b) Defined Benefit**

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

The Company was contributing to the employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which was managed by the Company till 31st July 2022. The Company's Provident Fund Trust was exempted under Section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate. As per Ind AS – 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

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

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

In view of the same an actuarial valuation, in accordance with the Ind AS-19, was carried out at composite level during the year ended 31 March 2022. As per actuarial certificate there was no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" was nil as at 31 March 2022.

During the year, this trust has been migrated to Regional Provident Fund Commissioner (RPFC) with effect from 1st August 2022 and there was no shortfall in the fund balance on the date of transfer to RPFC. In view of the same actuarial valuation, in accordance with the Ind AS-19, has not been carried out for the year ended 31 March 2023.

The Company's contribution to Recognised Provided Fund for the period 1 August 2022 to 31 March 2023 has been disclosed in note 44 (a) above.

## Notes to the Consolidated Financial Statements

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

Particulars	Gratuity		Provident Fund	
	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023*	Year ended 31.03.2022
Discount rate (per annum)	<b>7.28%</b>	5.03%		-
Rate of increase in compensation levels	<b>7.00%</b>	7.00%		-
Rate of return on plan assets	-	-	<b>Not Applicable</b>	-
Expected statutory interest rate	-	-		8.10%
Expected short fall in interest earnings	-	-		0.05%
Expected average remaining working lives of employees (years)	<b>10.04</b>	9.92		9.92

As of 31.03.2023, every 0.5 percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately by ₹ 0.02 crores.

As of 31.03.2023, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect our gratuity benefit obligation by approximately ₹ 0.02 crores.

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

### Description of risk exposures:

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

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

Particulars	₹/Crores			
	2023	2022	Gratuity	Provident Fund*
<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>				
Present value of obligation at the beginning of the year	<b>2.10</b>		3.02	130.66
Current service cost	<b>1.06</b>		0.18	1.59
Past service cost	-			
Interest cost	<b>0.14</b>		0.14	10.10
<b>Total amount recognised in profit or loss</b>	<b>1.20</b>		0.32	11.68
Actuarial (gain)/loss from change in demographic assumptions	<b>0.24</b>		(0.19)	0.00
Actuarial (gain)/loss from change in financial assumptions	<b>(0.07)</b>		0.31	(0.00)
Experience (Gain)/loss	<b>(0.14)</b>		0.28	(1.65)
<b>Total amount recognised in other comprehensive income</b>	<b>0.03</b>		0.41	(1.65)
Benefits (paid)	<b>0.02</b>		(1.65)	(28.54)
Settlements/transfer In	-		-	0.23
Contribution by plan participants	-		-	0.41
<b>Present value of obligation at the end of the year</b>	<b>3.35</b>		2.10	112.79

**Notes to the Consolidated Financial Statements**

Particulars	2023 Provident Fund*	2022 Provident Fund
<b>Reconciliation of opening and closing fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year		151.76
Expected Return on Plan Assets		12.09
Employer Contribution		1.59
Settlements/Transfer In	<b>Not Applicable</b>	0.23
Employee Contribution		0.41
Benefit Paid		(28.54)
Difference in Opening		0.00
Actuarial gain/(loss) on Plan Assets		
Fair value of plan assets at the end of the year		137.53

Particulars	2023		2022	
	Gratuity	Provident Fund*	Gratuity	Provident Fund
<b>Cost recognised for the year:</b>				
Current service cost	<b>1.06</b>		0.18	-
Company contribution to Provident Fund	-		-	1.59
Past service cost	-		-	-
Interest cost	<b>0.14</b>	<b>Not Applicable</b>	0.14	-
Actuarial (gain)/loss	<b>0.03</b>	<b>Applicable</b>	0.41	-
Interest guarantee liability	-		-	-
Shortfall in fund	-		-	-
Net cost recognised for the year*	<b>1.23</b>		0.73	1.59

\* Included in salaries, wages, bonus and gratuity for gratuity and contribution to provident and other funds for provident fund under employee benefits expense (refer note 27).

# The Group contribution to the provident fund for the year is ₹ 0.28 crores (2022 - ₹ 0.38 crores) and the remaining relates to other related companies as mentioned above.

**The major categories of plan assets are as follows:**

Particulars	As at 31.03.2023*	As at 31.03.2022
	Unquoted in %	
Central Government Securities	<b>Not Applicable</b>	41.00
State Government Securities		21.00
Public Sector Bonds		25.00
Special Deposit Scheme		12.00
Equity		1.00
Bank Balance		-
<b>Total</b>	-	100.00

## Notes to the Consolidated Financial Statements

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

Particulars	(₹ Crores)	
	31.03.2023	31.03.2022
Present value of the obligation as at the end of the year	3.35	2.10
Fair value of plan assets at the end of the year	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(3.35)	(2.10)
Experience adjustment in plan liabilities	-	-
Experience adjustment in plan assets	-	-

Particulars	(₹ Crores)	
	31.03.2023	31.03.2022
Present value of the obligation as at the end of the year		(112.79)
Fair value of plan assets at the end of the year	Not Applicable	137.53
Assets/(Liabilities) recognised in the Balance Sheet		-**
Expected Contribution to the provident fund in the next year		0.77

\* Not Applicable for the current year since employee provident fund trust has been migrated to RPFC w.e.f August 1, 2022.

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

### 41 Contracts-in-progress

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

### 42 Remuneration to Auditor\*:

Particulars	(₹ Crores)	
	Year ended 31.03.2023	Year ended 31.03.2022
Auditor	0.44	0.68
For taxation matters	0.01	0.02
For company law matters	0.00	0.00
For other services	0.03	0.10
For reimbursement of expenses	0.05	0.04
<b>Total</b>	<b>0.53</b>	<b>0.84</b>

\* Excluding GST as applicable.

## Notes to the Consolidated Financial Statements

### 43 Status of Charges beyond statutory period (borrowings)

The following satisfaction is yet to be registered with Registrar of Companies beyond statutory period for the year ended March 31, 2023.

Charge Id	Charge Holder Name	Date of Creation/Modification	Brief description of charges	Location of registrar	Period of delay (in month)	Amount in INR	Reason for delay
90060501	Indian Bank	27-11-2002	working capital loan from banks	Delhi	Refer note 1	10,70,00,000	Refer Note 1
90045479	State Bank Of Mysore	13-01-1989	working capital loan from banks	Delhi		50,00,000	
90045470	United Commercial Bank	22-12-1988	working capital loan from banks	Delhi		1,58,00,000	
90045466	State Bank Of Hyderabad	09-12-1988	working capital loan from banks	Delhi		26,00,000	
90045429	State Bank Of Patiala	07-09-1988	for purchase of plant and machinery	Delhi		75,00,000	
90161667	State Bank Of Mysore	15-07-1982	Not available in records	Delhi		2,00,000	

Note 1: The above charges are appearing on ROC website in respect of facilities availed by the Company in earlier years and closed long time back. Satisfaction of above with ROC requires no objection certificate from respective lenders which could not be obtained due to non availability of information considering that these are very old charges.

- 44** In order to reduce Company's debt obligations, the Company has decided to monetize Company owned properties in a phased manner. Several of Company's properties are not being fully utilized due to changes in the business of the Company, therefore as a part of ongoing property monetisation plan, during the period ended, March 31, 2023, the Company has disposed four properties situated in Maharashtra, Pondicherry and West Bengal, having net carrying amount of ₹ 4.88 Crores, for a consideration of ₹ 18.73 crores, resulting an overall gain of ₹ 13.84 crores. (₹ 101.51 crores net off impairment loss of ₹ 3.33 crores for the year ended March 31, 2022). Further the Group has identified buyer for property situated at Ambattur which has been classified as a held for sale as on March 31, 2023 amount to ₹ 3.08 crores (2022 - ₹ 3.08 crores)
- 45** 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 Group (Ultimate Beneficiaries). The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 46** As at March 31, 2023, the Group has accumulated losses and its net worth has been fully eroded, the Group has incurred a net loss of ₹ 38.79 Crores during the current year (March 31, 2022: net profit of ₹ 24.52 Crores) and the Group's current liabilities exceeded its current assets by ₹ 470.41 Crores (March 31, 2022 - ₹ 411.70 Crores) as at March 31, 2023. The losses are primarily as a result of delayed receipts on certain system integration contracts, historical low margin contracts, large litigations and their costs which are at different stages of progression. The management of the Company is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 47), sale of certain non-core properties and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited (Holding company) has approved support in the form of corporate guarantees to banks of ₹ 330.35 crores and interest free unsecured loans of ₹ 355 crores to the Parent Company out of total authorized limit of ₹ 1,500 crores. This had been approved by the shareholders of the Parent Company, vide their resolution dated September 14, 2017. Considering the above support, the Parent's management and the Board of Directors have a reasonable expectation that the Group will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, the consolidated financial results have been prepared on a going concern basis.
- 47** In view of the current financial stress faced by the Enterprise and Consumer Distribution businesses resulting in decline in sales and increase in losses, the Board of Directors had appointed a reputed independent consulting firm to review these businesses. Based on the report of the consulting firm and the inputs of the management team, the Board of Directors in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the current financial position of the Group, the Distribution businesses of the Company were not financially sustainable. Consequently, the Board recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business has been substantially scaled down.

## Notes to the Consolidated Financial Statements

- 48** The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 approved to sell the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited at "Net Asset Value" as on closing date to Novezo Consulting Pvt. Ltd, after acquiring the undertaking which shall comprise of the business relating to two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte. Limited, Singapore & it's step down subsidiary through a share purchase agreement.

However, despite rigorous and best efforts for closure of the deal, the Conditions Precedent were not fulfilled even after lapse of a considerable period from the date of execution of the Share Purchase Agreement. The objective and purpose of the transaction completely changed and given that the changed circumstances created a fundamentally different situation which the Parties never envisaged or agreed to in the first place, the Share Purchase Agreement got frustrated as the object and purpose of executing the Share Purchase Agreement cannot be met and has undergone a fundamental change beyond the contemplation of the parties. Accordingly, the company issued a letter intimating Novezo Consulting Private Limited that the Share Purchase Agreement has been frustrated on March 11, 2023. HCL Infotech Ltd will continue to be operated in the ordinary course of business.

Consequent to this development, the unutilized /accumulated GST Input tax credit of HCL Infotech Limited has been provided for in books of accounts amounting ₹ 8.79 crores to the extent Company does not foresee business opportunities in near future wherein amount can be utilized.

- 49** Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties and obtaining legal opinion, the Group has credited in Statement of Profit and Loss with ₹ 10.91 Crores, for the year ended March 31, 2023 (2022: ₹ 16.96 Crores), on account of write back of certain old payables including unutilised provisions of ₹ 4.32 crores.

- 50** The Group is facing delays in receipts from the customers, primarily in the power sector, due to which the Group has charged ₹ 3.14 Crores, in the Statement of Profit and Loss, for the year ended March 31, 2023 (2022: ₹ 14.70 Crores) on account of provision for certain receivable balances.

- 51** HCL Infosystems Limited ('the Holding Company') was appointed as the Managed Service Provider ("MSP") by Unique Identification Authority of India ('UIDAI') vide the contract dated 6 August 2012 to implement and manage the Central Identities Data Repository (CIDR). The said contract originally ended on 6 August 2019 and then was unilaterally extended by the UIDAI. The Holding Company challenged this unilateral extension of the MSP contract by UIDAI before the Hon'ble Arbitral Tribunal. The Holding Company and UIDAI entered into consent terms dated 5 May 2020 (which also formed part of the consent order dated 7 May 2020 passed by the Hon'ble Arbitral Tribunal) and the Company agreed to perform services for UIDAI subject to the terms and conditions of the consent terms. As per the consent terms executed between UIDAI and the Holding Company, the Holding Company has completed performance of services as per the terms of the MSP Contract, without prejudice to its rights and contentions in the arbitration proceedings, till 6 April 2021 (including knowledge transfer period of 3 months) and the annual maintenance contract and software licenses for the period till 6 August 2021. The Hon'ble Arbitral Tribunal on 19 June 2020 passed the liability award wherein it held that the extension of the MSP contract by UIDAI is not valid, and also stipulates that the Company is entitled to receive the consideration for its services during the period covered by the consent terms, i.e. from May 2020 to August 2021, at the current market value.

Pending determination of the current market value through arbitration, revenue is measured by the Group at existing contract price for the period May 2020 to August 2021. The differential revenue on the basis of current market value will be recognized once the same has been determined by the Hon'ble Arbitral Tribunal in the future. Further, the corresponding costs have been recognized based on actual basis in respective period.

- 52** HCL Infosystems Limited was awarded the order for supply, installation and commissioning of communication infrastructure, on turnkey basis, for (Commonwealth Games) CWG and later the work of re-deployment of equipment in MTNL's network in Delhi and Mumbai was also included. Disputes arised between both the parties with regard to completion of the project and Arbitration proceeding was initiated by HCL Infosystems Ltd. to recover the pending amount. In August 2014, the Arbitral Tribunal passed an Award in favour of HCL Infosystems Ltd., whereby allowing majority of its claim and dismissing all the counter-claims of MTNL.

MTNL challenged the Award before the High Court of Delhi and the same was dismissed. MTNL filed an Appeal before the Division Bench of the High Court challenging the said dismissal, wherein during the March 2016, the MTNL was directed to deposit a total sum of ₹ 91.30 Crores (₹ 80.35 Crores principal and ₹ 10.95 Crores interest) with the Court in the form of a Fixed Deposit.

## Notes to the Consolidated Financial Statements

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

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

### 53 Relationship with struck off Companies for the year ended March 31, 2023 and March 31, 2022

Name of Struck off companies	Nature of transactions with struck off companies	Balance Outstanding	Relationship with the struck off company	₹/Crores
S.V. Projects Private Limited	2000 Shares held	0.00 (0.00)	Equity Shareholder	
Nexus Infotech Limited	5000 Shares held	0.00 (0.00)	Equity Shareholder	
Mirthway Marketing Network Limited	50 Shares held	0.00 (0.00)	Equity Shareholder	
Kothari Intergroup Limited	5 Shares held	0.00 (0.00)	Equity Shareholder	
Dream World Commodity Services Private limited	75 Shares held	0.00 (0.00)	Equity Shareholder	
Blue Mountain Holdings Pvt.Ltd.	425 Shares held	0.00 (0.00)	Equity Shareholder	
Dreams Broking Private Limited	40 Shares held	0.00 (0.00)	Equity Shareholder	
Absolute Hr Solutions Private Limited	Trade receivable	0.00 (0.00)	Customer	
Evermind Infotech Private Limited	Trade receivable	0.01 (0.01)	Customer	
Arka Racks Information Systems	Trade receivable	- (0.04)	Customer	
Asian Cerc Information	Advance from customer	- (0.01)	Customer	
Sandeep Marketing Pvt. Ltd.	Trade receivable	- (0.00)	Customer	
Expertvision Infotech Pvt Ltd	Trade receivable	- (0.01)	Customer	
Indiaontime Express Pvt Ltd	Trade receivable	- (0.01)	Customer	
Remi Metals Gujarat Ltd	Trade receivable	- (0.00)	Customer	
Twinberry Computer Pvt Ltd	Trade receivable	- (0.00)	Customer	
Vitresent Infimedia Pvt Ltd	Trade receivable	- (0.00)	Customer	
Emkor Solutions Limited	Trade receivable	- (0.00)	Customer	

## Notes to the Consolidated Financial Statements

₹/Crores			
Name of Struck off companies	Nature of transactions with struck off companies	Balance Outstanding	Relationship with the struck off company
Spinel Tradecom Pvt Ltd	Trade receivable	- (0.01)	Customer
Lure Info Solution Pvt.Ltd	Trade receivable	- (0.00)	Customer
Jonaki Tech Systems Pvt Ltd	Trade receivable	- (0.00)	Customer
Simlink Systems Private Limited	Trade receivable	- (0.00)	Customer
Vrinka Overseas Private Limited	Trade receivable	- (0.00)	Customer
Harinagar Sugar Mills Ltd	Advance from customer	- (0.00)	Customer
Harinagar Sugar Mills Ltd	Advance from customer	- (0.00)	Customer
Microland Limited	Advance from customer	- (0.00)	Customer
Gujarat Telelink Pvt Ltd	Trade receivable	- (0.00)	Customer
Central Coalfield Ltd.	Advance from customer	- (0.00)	Customer
I Cube Intech Pvt Limited	Trade receivable	- (0.00)	Customer
India Glycols Limited	Trade receivable	- (0.00)	Customer
Deloitte Consulting India Pvt Ltd	Trade receivable	- (0.01)	Customer
Deloitte Consulting India Pvt Ltd	Trade receivable	- (0.02)	Customer
Winger Software Services Pvt Ltd	Trade receivable	- (0.03)	Customer
Serene Global Services Pvt Ltd	Advance from customer	- (0.02)	Customer
Swastika Entertainment Private Limited	Trade receivable	- (0.04)	Customer
Digi Communication Private Limited	Advance from customer	- (0.00)	Customer
FG Events Private Limited	Trade Payable	- (0.00)	Vendor
Global Securities	Trade Payable	- (0.00)	Vendor
Netfocus Technologies Private Limited	Trade Payable	- (0.01)	Vendor
Kiranoday Engineering Products Private limited	Trade Payable	- (0.00)	Vendor

## Notes to the Consolidated Financial Statements

₹/Crores

Name of Struck off companies	Nature of transactions with struck off companies	Balance Outstanding	Relationship with the struck off company
Tps India Pvt Ltd	Trade Payable	- (0.00)	Vendor
Expertvision Infotech Private Limited	Trade Payable	- (0.01)	Vendor
Team Imaging Private Limited	Trade Payable	- (0.00)	Vendor
Metropolitan Stationers (Bombay)	Trade Payable	- (0.00)	Vendor
Compusoft Vision Pvt Limited	Trade Payable	- (0.00)	Vendor
Himex Couriers & Cargo Pvt. Ltd.	Trade Payable	- (0.00)	Vendor
Ctl Telecom Pvt Ltd	Trade Payable	- (0.00)	Vendor
V.Net Technology Pvt Ltd	Trade Payable	- (0.00)	Vendor
Voipnet Technologies Pvt. Ltd.	Trade Payable	- (0.00)	Vendor

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

Amount in '00' represents less than one lakh rupees.

### 54 Additional information to consolidated accounts as at 31.03.2023 (Pursuant to Schedule III of the Companies Act 2013):

(₹ Crores)

Name of the Entity	Net Assets i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net (profit)/ loss	Amount	As a % of consolidated net (profit)/ loss	Amount	As a % of consolidated net (profit)/ loss	Amount
<b>Parent company</b>								
HCL Infosystems Limited	100.64	(255.14)	98.88	(38.37)	5.00	0.02	99.85	(38.35)
<b>Subsidiaries: Indian</b>								
HCL Infotech Limited	35.19	(89.21)	92.17	(35.76)	(10.00)	(0.04)	93.23	(35.80)
Pimpri Chinchwad eServices Limited	0.00	(0.01)	0.02	(0.01)	0.00	0.00	0.02	(0.01)
<b>Subsidiaries: Foreign</b>								
Nurture Technologies FZE	13.32	(33.77)	0.97	(0.37)	(235.00)	(0.94)	3.42	(1.31)
HCL Investments Pte Limited, Singapore	(30.87)	78.27	0.21	(0.08)	340.00	1.36	(3.33)	1.28
Intra-Group Eliminations	(18.28)	46.32	(92.25)	35.80	0.00	0.00	(93.19)	35.80
<b>Total</b>	<b>100.00</b>	<b>(253.50)</b>	<b>100.00</b>	<b>(38.79)</b>	<b>100.00</b>	<b>0.40</b>	<b>100.00</b>	<b>(38.39)</b>

## Notes to the Consolidated Financial Statements

**Additional information to consolidated accounts as at 31.03.2022 (Pursuant to Schedule III of the Companies Act 2013):**

(₹ Crores)

Name of the Entity	Net Assets i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net (profit)/ loss	Amount	As a % of consolidated net (profit)/ loss	Amount	As a % of consolidated net (profit)/ loss	Amount
<b>Parent company</b> HCL Infosystems Limited	133.15	(220.41)	104.09	25.52	(55.56)	(0.25)	101.22	25.27
<b>Subsidiaries: Indian</b> HCL Infotech Limited Pimpri Chinchwad eServices Limited	32.23 0.00	(53.36) 0.00	(113.40) 0.26	(27.81) 0.06	(35.56) 0.00	(0.16) 0.00	112.00 0.26	(27.97) 0.06
<b>Subsidiaries: Foreign</b> Nurture Technologies FZE HCL Investments Pte Limited, Singapore Intra-Group Eliminations	18.58 (45.48) (38.48)	(30.76) 75.29 14.11	8.84 0.32 117.56	(2.17) 0.08 28.83	(208.89) 400.00 0.00	(0.94) 1.80 0.00	(12.44) 7.52 115.44	(3.11) 1.88 28.83
<b>Total</b>	<b>100.00</b>	<b>(215.11)</b>	<b>100.00</b>	<b>24.52</b>	<b>100.00</b>	<b>0.45</b>	<b>100.00</b>	<b>24.97</b>

### 55 Other Statutory Information

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

As per our report of even date attached

**For B S R & Associates LLP**

*Chartered Accountants*

ICAI Registration Number-116231W/W-100024

*For and on behalf of the Board of Directors of*

**HCL Infosystems Limited**

**Girish Arora**

*Partner*

Membership Number - 098652

**Pawan Kumar Danwar**

*Director*

DIN - 06847503

**Kaushik Dutta**

*Director*

DIN - 03328890

**Alok Sahu**

*Chief Financial Officer*

**Raj Kumar Sachdeva**

*Manager*

**Komal Bathla**

*Company Secretary*

**New Delhi: May 22, 2023**

**Noida: May 22, 2023**

**Statement pursuant to first proviso to sub section (3) of Section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014  
in the prescribed FORM AOC-1 relating to Subsidiaries**

**(₹ Crores) except % of shareholding**

S. No.	Name of the Subsidiary Company/Joint Venture	Reporting Currency	Exchange Rate	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of Share holding	Country
1	HCL Infotech Limited	INR	1.00	0.22	(89.43)	255.50	344.70	19.02	34.74	(35.76)	-	(35.76)	-	100	India
2	Pimpri Chinchwad eServices Limited	INR	1.00	0.05	(0.06)	0.01	0.01	-	-	(0.01)	-	(0.01)	-	85	India
3	Nuture Technologies FZE (formerly known as HCL Infosystems MEA FZE) Dubai	AED	21.70	87.55	(121.31)	2.36	36.12	-	(0.01)	(0.37)	-	(0.37)	-	100	Dubai
4	HCL Investments Pte Limited, Singapore	SGD	62.95	8.41	(5.94)	3.23	0.75	0.00	0.17	(3.22)	0.05	(3.27)	-	100	Singapore

This page intentionally right blank

This page intentionally left blank

**HCL INFOSYSTEMS LTD.**  
A-11, Sector-3, Noida, U.P., India  
Tel: +91 0120-2520977  
[www.hclinfosystems.in](http://www.hclinfosystems.in)