B S R & Co. LLP
Chartered Accountants

Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

# INDEPENDENT AUDITORS' REPORT

**To the Members of HCL Software Products Limited**

## Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of HCL Software Products Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020 and the Statement of Profit and Loss (including other comprehensive income (loss)), Statement of Changes in Equity and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income (loss), changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

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

## 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 Director Report but does not include the financial statements and our auditors' report thereon.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

**Other Matter**

Attention is drawn to the fact that the corresponding figures for the year ended 31 March 2019 are based on the previously issued financial statements of the Company that were audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on 19 June 2019.

Our opinion on the financial statements is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   c) The balance sheet, the statement of profit and loss (including other comprehensive income (loss)), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act.

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

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

i. The Company does not have any pending litigations as at 31 March 2020 on its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

According to the information and explanations given to us, no remuneration has been paid by the Company to any of its directors. Accordingly, provisions of section 197 of the Act relating to remuneration to directors are not applicable.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.:101248W/W-100022

ANURAG KUMAR MAHESHWARY
Digitally signed by ANURAG KUMAR MAHESHWARY
Date: 2020.09.02 21:09:05 +05'30'

**Anurag Maheshwary**
Partner
Membership No.: 506533
ICAI UDIN: 20506533AAAACF6313

Place: Gurugram
Date: 02 September 2020

**Annexure A referred to in our Independent Auditors' Report**

With reference to Annexure A referred to in the Independent Auditors' Report to the members of HCL Software Products Limited on the financial statements for the year ended 31 March 2020, we report the following:

(i) The Company does not have any property, plant and equipment and accordingly, the requirements under clause 3(i) (a), (b) and (c) of the Order are not applicable to the Company.

(ii) According to the information and explanations given to us, the Company doesn't hold any inventory as at 31 March 2020. Accordingly, paragraph 3(ii) of the Order is not applicable.

(iii) A) According to the information and explanations given to us, the Company has granted loan to a company covered in the register maintained under section 189 of the Companies Act 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.

B) The Company has granted loan to a company covered in the register maintained under section 189 of the Companies Act 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment are regular.

C) There are no amount of loans granted to company listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans given have been complied with by the company. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 of the Companies Act 2013, as amended are applicable and hence not commented upon.

(v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India, the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the provisions of paragraph 3(v) of the Order are not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provisions of paragraph 3(vi) of the Order are not applicable to the Company.

(vii) (a) According to the information and explanations given to us and based on our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including income- tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of customs, sales tax, value added tax and duty of excise.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, goods and service tax, cess and other statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of Income-tax or Goods and Services tax or cess which have not been deposited by the Company on account of any dispute, except for the following:

| **Name of the Statue** | **Nature of the dues** | **INR*** | **Period to which amount relates** | **Forum where dispute is pending** |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 623,350 | Financial Year 2016-17 | Commissioner of Income Tax (Appeals) |

* Total amount deposited under protest / adjusted against refunds in respect of Income Tax is INR 623,350.

(viii) According to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, clause 3(viii) of the order is not applicable.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause 3(ix) of the order is not applicable to the Company and hence not commented upon.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us, no remuneration has been paid by the Company to any of its directors. Accordingly, provisions of section 197 of the Act relating to remuneration to directors are not applicable.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanation given to us and based on 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, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.:101248W/W-100022

ANURAG KUMAR MAHESH WARY
Digitally signed by ANURAG KUMAR MAHESHWARY
Date: 2020.09.02 21:10:09 +05'30'

**Anurag Maheshwary**
Partner
Membership No.: 506533
ICAI UDIN: 20506533AAAACF6313

Place: Gurugram
Date: 02 September 2020

**Annexure B to the Independent Auditors' report on the financial statements of HCL Software Products Limited for the year ended 31 March 2020.**

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

**(Referred to in paragraph 2(A)(f) 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 Software Products Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's Responsibility for Internal Financial Controls

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

## Auditors' Responsibility

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

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

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

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

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

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

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

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.:101248W/W-100022

ANURAG KUMAR MAHESHWARY
Digitally signed by ANURAG KUMAR MAHESHWARY
Date: 2020.09.02 21:11:09 +05'30'

**Anurag Maheshwary**
Partner
Membership No.: 506533
ICAI UDIN: 20506533AAAACF6313

Place: Gurugram
Date: 02 September 2020