HCL Training & Staffing Services Private Limited

Financial Statements

For the year ended 31 March 2023 and 2022

B S R & Co. LLP
Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase - II,
Gurugram - 122 002, India
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Independent Auditor's Report

To the Members of HCL Training & Staffing Services Private Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its loss and other comprehensive 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 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 directors' report, but does not include the financial statements and auditor's report(s) 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' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

e. 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.

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 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 financial statements - Refer Note 2.22 to the financial statements.

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

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

d (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 2.34 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 2.34 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

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

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company. 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 & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

VIMAL CHAUHAN

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Date: 2023.07.03 20:36:34 +05'30'

Vimal Chauhan

Partner

Place: Gurugram — Membership No.: 511230

Date: 03 July 2023 — ICAI UDIN:23511230BGZTTL4911

Annexure A to the Independent Auditor's Report on the Financial Statements of HCL Training & Staffing Services Private 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.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 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 material discrepancies were noticed on such verification.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to 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 for setting up, establishing, maintaining, managing and running technical institutions and training centers. 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 not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in other parties, in respect of which the requisite information is as below. The Company has not made any investments in Companies, firms or limited liability partnerships.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has not provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investment made during the year are, prima facie, not prejudicial to the interest of the Company. Further, the Company has not provided loans or provided advances in nature of loans or provided any guarantee or security or given any advance in the nature of loan to any party during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, company has not given any loans and advances in the nature of loans hence reporting under this clause is not applicable.

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

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, company has not given any loans and advances in the nature of loans hence reporting under this clause is not applicable.

(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.

(f) 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 granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) 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 given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of 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, there are no 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 with the appropriate authorities on account of any dispute, except for the following:

Name of the statute	Nature of the dues	Amount* (Rs. In Thousands)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,784	Financial year 2016-17	Commissioner of Income Tax (Appeals)

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

* Amount represents amount demanded in demand orders and excludes interest and penalty as may be applicable thereon. Total amount deposited under protest in respect of Income Tax is INR 2,784 thousands.

(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) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(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, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Based on the information and explanations provided to us, the Company does not have a vigil mechanism and is not required to have a vigil mechanism as per the Act or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(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) The provisions of section 177 are not applicable to the Company and accordingly reporting is not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards

(xiv) (a) In our opinion and based on the information and explanations provided to us, the Company does not have an Internal Audit system and is not required to have an internal audit system as per Section 138 of the Act.

(b) In our opinion and based on the information and explanations provided to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Act. Accordingly, clause 3(xiv)(b) of the Order is not applicable.

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

(xvii) The Company has incurred cash losses of Rs. 340,824 thousands the current financial year but no 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 1(a) to the financial statements which explains the Company has incurred losses in the current year which have resulted in erosion of net worth of the Company as at the balance sheet date. The company is in the process of restructuring a new business model from FY 2023-24 onwards. Hence, management believes that the Company, based on its business plans and HCL Technologies Limited, the holding company's commitment to provide financial and operational support for a period of not less than 12 months from the date of the approval of the financial statements, would be able to continue its business operations and meet its liquidity requirements for the foreseeable future.

On the basis of the above and according to the information and explanations given to us, on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not 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. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The requirements as stipulated by the provisions of Section 135 of the Act are not applicable to

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

the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

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Vimal Chauhan

Partner

Place: Gurugram | Membership No.: 511230

Date: 03 July 2023 | ICAI UDIN:23511230BGZTTL4911

Annexure B to the Independent Auditor's Report on the financial statements of HCL Training & Staffing Services Private Limited for the year ended 31 March 2023

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

(Referred to in paragraph 2(A)(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 Training & Staffing Services Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to

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

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

Firm's Registration No.:101248W/W-100022

VIMAL CHAUHAN

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Vimal Chauhan

Partner

Place: Gurugram

Membership No.: 511230

Date: 03 July 2023

ICAI UDIN:23511230BGZTTL4911

HCL Training & Staffing Services Private Limited
Balance Sheet
(All amounts in thousands of ₹ except the share data and as stated otherwise)

		Note No.	As at 31 March 2023	As at 31 March 2022
I.	**ASSETS**			
	(1) Non-current assets			
	(a) Property, plant and equipment	2.1	256,018	157,915
	(b) Right-of-use assets	2.23	-	-
	(c) Goodwill	2.2	-	-
	(d) Other intangible assets	2.2	38	2
	(e) Deferred tax assets(net)	2.22	210,483	100,360
	(f) Other non current assets	2.4	57	296
	Total non-current assets		**466,596**	**258,573**
	(2) Current assets			
	(a) Financial assets			
	(i) Investments	2.5	99,462	162,722
	(ii) Trade receivables - Billed	2.6	8	89,648
	(iii) Cash and cash equivalents	2.7	6,511	17,439
	(iv) Others	2.3	14,528	199
	(b) Current tax asset (net)		2,859	18,716
	(c) Other current assets	2.8	5,343	73,203
	Total current assets		**128,711**	**361,927**
	TOTAL ASSETS		**595,307**	**620,500**
II.	**EQUITY**			
	(a) Equity share capital	2.9	17,513	17,513
	(b) Other equity		(557,800)	(107,920)
	TOTAL EQUITY		**(540,287)**	**(90,407)**
III.	**LIABILITIES**			
	(1) Non - current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	2.10	190	342
	(ii)Others	2.11	583	-
	(b) Provisions	2.12	3,261	5,174
	(c) Other non current liablities	2.13	177	177
	Total non-current liabilities		**4,211**	**5,693**
	(2) Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	2.10	449,151	130,149
	(ii) Trade payables - Billed	2.14		
	1. Dues of micro enterprises and small enterprises		5,048	19,484
	2. Dues of creditors other than micro enterprises and small		528,865	76,079
	Unbilled and accruals		29,234	115,287
	(iii) Lease liabilities	2.23	-	-
	(iv) Others	2.11	56,927	207,379
	(b) Contract liabilities	2.15	37,641	127,863
	(c) Other current liabilities	2.16	23,949	26,784
	(d) Provisions	2.12	568	2,189
	Total current liabilities		**1,131,383**	**705,214**
	TOTAL LIABILITIES		**1,135,594**	**710,907**
	TOTAL EQUITY AND LIABILITIES		**595,307**	**620,500**
	Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors
of HCL Training & Staffing Services Private Limited

Vimal Chauhan
Partner
Membership Number: 511230

Place: Gurugram, India
Date: 03 July 2023

Shiv Kumar Walia
Director
DIN - 09492224

Goutam Rungta
Director
DIN - 08599656

Place: Noida (UP), India
Date: 03 July 2023

HCL Training & Staffing Services Private Limited
Statement of Profit and Loss
(All amounts in thousands of ₹ except the share data and as stated otherwise)

		Note No.	Year ended 31 March 2023	Year ended 31 March 2022
I	**Revenue**			
	Revenue from operations	**2.17**	558,174	770,375
	Other income	**2.18**	4,106	5,136
	Total income		**562,280**	**775,511**
II	**Expenses**			
	Employee benefits expense	**2.19**	129,708	198,393
	Outsourcing costs		576,693	64,158
	Finance costs	**2.20**	27,933	11,240
	Depreciation and amortization expense		85,045	33,463
	Other expenses	**2.21**	304,020	442,750
	Total expenses		**1,123,399**	**750,004**
III	**(Loss)/Profit before tax**		**(561,119)**	**25,507**
IV	**Tax expense**	**2.22**		
	Deferred tax credit		(110,404)	(100,366)
	Total tax expense		(110,404)	(100,366)
V	**(Loss)/Profit for the year**		**(450,715)**	**125,873**
VI	**Other comprehensive income**			
	i) Items that will not be reclassified to statement of profit and loss		1,116	23
	ii) Income tax on items that will not be reclassified to statement of profit and loss		(281)	(6)
VII	**Total other comprehensive income**		**835**	**17**
VIII	**Total comprehensive (loss)/income for the year**		**(449,880)**	**125,890**
	(Loss)/Earnings per equity share of ₹ 10 each	**2.30**		
	Basic (in ₹)		(257.36)	71.87
	Diluted (in ₹)		(257.36)	71.87
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
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HCL Training & Staffing Services Private Limited
Statement of Changes in Equity
(All amounts in thousands of ₹ except share data and as stated otherwise)

HCL Training & Staffing Services Private Limited

	Equity share capital		Other equity	
	Number of Shares	Share capital	Reserves and Surplus Retained earnings	Total equity
Balance as at 1 April 2021	**1,751,301**	**17,513**	**(233,810)**	**(216,297)**
Profit for the year	-	-	125,873	125,873
Other comprehensive income	-	-	17	17
Total comprehensive income for the year	**-**	**-**	**125,890**	**125,890**
Balance as at 31 March 2022	**1,751,301**	**17,513**	**(107,920)**	**(90,407)**
Balance as at 1 April 2022	**1,751,301**	**17,513**	**(107,920)**	**(90,407)**
Loss for the year	-	-	(450,715)	(450,715)
Other comprehensive income	-	-	835	835
Total comprehensive loss for the year	**-**	**-**	**(449,880)**	**(449,880)**
Balance as at 31 March 2023	**1,751,301**	**17,513**	**(557,800)**	**(540,287)**

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors
of HCL Training & Staffing Services Private Limited

Vimal Chauhan
Partner
Membership Number: 511230

Place: Gurugram, India
Date: 03 July 2023

Shiv Kumar Walia
Director
DIN - 09492224

Goutam Rungta
Director
DIN - 08599656

Place: Noida (UP), India
Date: 03 July 2023

HCL Training & Staffing Services Private Limited
Statement of Cash flows
(All amounts in thousands of ₹ except share data and as stated otherwise)

		Year ended 31 March 2023	Year ended 31 March 2022
A. Cash flows from operating activities			
Profit/(Loss) before tax		(561,119)	25,507
Adjustment for:			
Depreciation and amortization expense		85,045	33,463
Interest income		(1,019)	(972)
Income on investments carried at fair value through profit and loss		(2,776)	(3,840)
Interest expense		27,893	11,185
Loss on disposal of property, plant and equipment (net)		83	61
Other non cash (income) / charge		655	(40)
		(451,238)	**65,364**
Net change in			
Trade receivables		89,640	(63,731)
Other financial assets and other assets		53,579	20,983
Trade payables		352,299	98,951
Provisions, contract liabilities, other financial liabilities and other liabilities		(163,970)	38,127
Cash from/(used in) operations		**(119,690)**	**159,694**
Income taxes paid (net of refunds)		16,867	(494)
Net cash flow (used in)/from operating activities	**(A)**	**(102,823)**	**159,200**
B. Cash flows from investing activities			
Purchase of investments in securities		(561,873)	(839,457)
Proceeds from sale of investments in securities		627,907	713,651
Purchase of property, plant and equipment and intangibles, including capital advances and capital account payable		(267,068)	(14,425)
Proceeds from sale of property, plant and equipment		184	281
Interest received		8	-
Net cash flow used in investing activities	**(B)**	**(200,842)**	**(139,950)**
C. Cash flows from financing activities			
Repayment of long term borrowings		(149)	(386)
Loan taken from related parties		349,000	-
Loan repayment to related parties		(30,000)	(20,000)
Interest paid		(26,114)	(11,431)
Payment of lease liabilities including interest		-	(225)
Net cash flow (used in)/from financing activities	**(C)**	**292,737**	**(32,042)**
Net decrease in cash and cash equivalents (A+B+C)		(10,928)	(12,792)
Cash and cash equivalents at the beginning of the year		17,439	30,231
Cash and cash equivalents at the end of the year as per note 2.7		**6,511**	**17,439**
Refer note 1 for summary of significant accounting policies			

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Vimal Chauhan
Partner
Membership Number: 511230

Place: Gurugram, India
Date: 03 July 2023

For and on behalf of the Board of Directors
of HCL Training & Staffing Services Private Lim

Shiv Kumar Walia
Director
DIN - 09492224

Goutam Rungta
Director
DIN - 08599656

Place: Noida (UP), India
Date: 03 July 2023

ORGANIZATION AND NATURE OF OPERATIONS

HCL Training & Staffing Services Private Limited (hereinafter referred to as "the Company") is primarily engaged in the business of setting up, establishing, maintaining, managing and running technical institutions, training centers for imparting technical training & education, upgradation of knowledge, skill, proficiency, adeptness for engineers, other technical personnel and staff members of the Company as may be useful or valuable to or in respect of any business or commercial environment and to carry on recruitment & placement, provide skilled or technical man power services or staffing to other business or commercial entities in India or elsewhere including execution of job work enabling them to achieve their business objectives or goals. The Company was incorporated under the provisions of the Companies Act applicable in India on 15 June 2015, having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi- 110019.

The financial statements for the year ended 31 March 2023 were approved and authorized for issue by the Board of Directors on 03 July 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable to the financial statements.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis, except for the following assets and liabilities which have been measured at fair value

i) Certain financial assets and liabilities (refer accounting policy regarding financial instruments),

ii) Defined benefit plans

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

The Company has incurred losses in the current year which have resulted in erosion of net worth of the Company as at the balance sheet date. The company is in the process of restructuring a new business model from FY 2023-24 onwards. Hence, management believes that the Company, based on its business plans and HCL Technologies Limited, the holding company's commitment to provide financial and operational support for a period of not less than 12 months from the date of the approval of the financial statements, would be able to continue its business operations and meet its liquidity requirements for the foreseeable future. Accordingly, no adjustments would be required in respect of the carrying value of assets or liabilities and these financial statements have been prepared on a going concern basis.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under indirect method.

The Company uses the Indian Rupee ('₹') as its reporting currency.

(b) *Use of estimates*

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the year in which the changes are made.
Significant estimates and assumptions are used for, but not limited to,

i. Allowance for uncollectible accounts receivables, refer note 1(n)(i)

ii. Recognition of income and deferred taxes, refer note 1(f) and note 2.22
iii. Key actuarial assumptions for measurement of future obligations under employee benefit plans, refer note 1(m) and note 2.25
iv. Useful lives of property, plant and equipment, refer note 1(g)
v. Lives of intangible assets, refer note 1(h)
vi. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(j)
vii. Provisions and contingent liabilities, refer note 1(l) and note 2.28

(c) Foreign currency and translation

The financial statements of the Company are presented in Indian Rupee (₹) which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of the transaction. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit/loss for the year in which the transaction is settled. Revenue, expenses and cash-flow items denominated in foreign currencies are translated into the relevant functional currency using the exchange rate in effect on the date of the transaction.

(d) Fair value measurement

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair value based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain fixed income securities, other securities which must be measured using the guidance for fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

In accordance with Ind AS 113, assets and liabilities are to be measured based on the following valuation techniques:

a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.

c) Cost approach – Replacement cost method.

Certain assets are measured at fair value on a non-recurring basis. The assets consist primarily of non-financial assets such as goodwill and intangible assets. Goodwill and intangible assets recognized in business combinations are measured at fair value initially and subsequently when there is an indicator of impairment, the impairment is recognized.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

(e) Revenue recognition

Contracts involving provision of services and material

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

Revenue for the company comprises of fee from the candidates/ third parties for rendering training services.

Training Revenue
- Fee for seat reservation and registration, which is collectible during initial phase of the training period, is recognized over the period of training services.
- Fee for training services is accrued and recognized over the period of training. The revenue is recognised from the date of start of the training services.

Revenue is recognized net of discounts and allowances, goods and service tax.

Amount received from Students for whom training have not been started is classified as Advance from Students.

Excess of amount received from students over revenue recognized is classified as Contract liabilities and subsequently recognized over the balance period of the training.

Other Income

Other income mainly comprises interest income on debt securities, bank and other deposits, other interest income recognized using the effective interest method, profit on sale of property, plant and equipment, debt securities and mutual fund and net foreign exchange gains.

(f) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the statement of profit and loss. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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 taxes relate to the same taxation authority.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

Expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from derecognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

The management's estimates of the useful lives of various assets for computing depreciation are as follows:

Asset description	Asset life (in years)
Plant and equipment	10
Office equipment	5
Computers	4-5
Furniture and fixtures	7
Vehicles	5

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The intangible assets are amortized over the estimated useful life of the assets as mentioned below:

Asset description	Asset life (in years)

Software	3

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(j) Leases

A lease is a contract that contains right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

Company is lessee in case of office space and accommodation for its employees and hostels. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in Ind AS 116.

Right-of-use asset represents the Company's right to control the underlying assets under lease and the lease liability is the obligation to make the lease payments related to the underlying asset under lease. Right-of-use asset is measured initially based on the lease liability adjusted for any initial direct costs, prepaid rent, and lease incentives. Right-of use asset is depreciated based on straight line method over the lease term or useful life of right-of-use asset, whichever is less. Subsequently, right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of lease liability.

The lease liability is measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow, in the country where the lease was executed. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the Company is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease. Lease liability is subsequently measured by increase the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any.

The Company has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the statement of profit and loss. For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

(k) Impairment of non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts 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 recognized under the head "Depreciation and amortization expense" in the statement of profit and loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset.

(l) Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

The company uses significant judgement to disclose contingent liabilities. 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 the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

(m) Retirement and other employee benefits

i. Provident fund: Contribution towards Provident Fund for employees is made to the regulatory authorities. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

ii. Gratuity liability: The Company provides for gratuity, a defined benefit plan (the “Gratuity Plan”) covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee’s base salary and the tenure of employment (subject to a maximum of ₹ 20 lacs per employee). The liability is actuarially determined (using the projected unit credit method) at the end of each year. Actuarial gains/losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the year in which they occur.

iii. Compensated absences: The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

iv. State Plans: The contribution to State Plans, a defined contribution plan namely Employee State Insurance Fund and Employees’ Pension Scheme for the Company are charged to the statement of profit and loss as and when employees render related services.

(n) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. **Financial assets**

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Cash and cash equivalents and other bank balances
Cash and cash equivalents in the balance sheet comprise cash in banks which are subject to an insignificant risk of change in value.

Financial assets at amortized cost
A financial asset is measured at the amortized cost if both the following conditions are met:
a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, loans, unbilled revenue, trade and other receivables.

Financial asset at Fair Value through Other Comprehensive Income (OCI)
A financial asset is classified and measured at fair value through OCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent solely payments of principal and interest.

Financial assets included within the OCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from OCI to statement of profit and loss.

Financial assets at Fair Value through Profit and Loss
Any financial asset, which does not meet the criteria for categorization at amortized cost or at fair value through other comprehensive income, is classified at fair value through profit and loss. Financial instruments included in the fair value through profit and loss category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition of financial assets
A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets
The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in the statement of profit and loss.

ii. **Financial liabilities**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. Changes in fair value of such liability are recognized in the statement of profit or loss.

Financial liabilities at amortized cost
The Company's financial liabilities at amortized cost are initially recognized at, net of transaction costs and includes trade payables, borrowings and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method except for deferred consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(o) Earnings per share (EPS)

Basic EPS amounts are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

(p) Adoption of new accounting principles

Onerous Contracts – Cost of Fulfilling a Contract (Amendment to Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets)
The amendment clarified that the 'costs of fulfilling a contract' comprise both the incremental costs and allocation of other direct costs. The company has adopted this amendment effective 1 April 2022 and the adoption did not have any material impact on its financial statements.

(q) Recently issued accounting pronouncements

On 31 March 2023, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2023 effective from 1 April 2023. Following is key amended provision which may have an impact on the financial statements of the company:

Disclosure of accounting policies (amendments to Ind AS 1 - Presentation of Financial Statements)
The amendments intend to assist in deciding which accounting policies to disclose in the financial statements. The amendments to Ind AS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments provide guidance on how to apply the concept of materiality to accounting policy disclosures. The company does not expect this amendment to have any significant impact in its financial statements.

Definition of accounting estimate (amendments to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)
The amendments 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.

Deferred tax related to assets and liabilities arising from a single transaction (amendments to Ind AS 12 - Income Taxes)
The amendments specify how to account for deferred tax on transactions such as leases. The amendments clarify that lease transactions give rise to equal and offsetting temporary differences and financial statements should reflect the future tax impacts of these transactions through recognizing deferred tax. The company is evaluating the impact, if any, in its financial statements.

(All amounts in thousands of ₹ except share data and as stated otherwise)

2. Notes to financial statements

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2023

	Plant and equipment	Office equipment	Computers	Furniture and fittings	Vehicles#	Total
Gross block as at 1 April 2022	3,348	6,890	232,826	1,528	1,462	246,054
Additions	-	-	183,398	-	-	183,398
Disposals	-	155	9,965	17	577	10,714
Gross block as at 31 March 2023	**3,348**	**6,735**	**406,259**	**1,511**	**885**	**418,738**
Accumulated depreciation as at 1 April 2022	2,521	6,608	77,260	1,090	660	88,139
Depreciation	146	119	84,476	109	180	85,030
Disposals	-	156	9,939	17	337	10,449
Accumulated depreciation as at 31 March 2023	**2,667**	**6,571**	**151,797**	**1,182**	**503**	**162,720**
Net block as at 31 March 2023	**681**	**164**	**254,462**	**329**	**382**	**256,018**

#Also refer footnote of note 2.10

The changes in the carrying value for the year ended 31 March 2022

	Plant and equipment	Office equipment	Computers	Furniture and fittings	Vehicles#	Total
Gross block as at 1 April 2021	3,348	6,890	134,636	1,538	2,295	148,707
Additions	-	-	98,235	-	-	98,235
Disposals	-	-	45	10	833	888
Gross block as at 31 March 2022	**3,348**	**6,890**	**232,826**	**1,528**	**1,462**	**246,054**
Accumulated depreciation as at 1 April 2021	2,073	6,224	46,832	935	764	56,828
Depreciation	448	384	30,450	162	413	31,857
Disposals	-	-	22	7	517	546
Accumulated depreciation as at 31 March 2022	**2,521**	**6,608**	**77,260**	**1,090**	**660**	**88,139**
Net block as at 31 March 2022	**827**	**282**	**155,566**	**438**	**802**	**157,915**
Net block as on 1 April 2021	**1,275**	**666**	**87,804**	**603**	**1,531**	**91,879**

#Also refer footnote of note 2.10

` **HCL Training & Staffing Services Private Limited**
Notes to financial statements for the year ended 31 March 2023

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.2 Goodwill & other intangible assets

The changes in the carrying value for the year ended 31 March 2023

	Goodwill	Software	Total
Gross block as at 1 April 2022	16,000	15,355	31,355
Additions	-	51	51
Gross block as at 31 March 2023	**16,000**	**15,406**	**31,406**
Accumulated amortisation as at 1 April 2022	16,000	15,353	31,353
Amortization	-	15	15
Accumulated amortisation as at 31 March 2023	**16,000**	**15,368**	**31,368**
Net block as at 31 March 2023	**-**	**38**	**38**
Estimated remaining useful life (in years)	**-**	**3**	**3**

The changes in the carrying value for the year ended 31 March 2022

	Goodwill	Software	Total
Gross block as at 1 April 2021	16,000	15,355	31,355
Additions	-	-	-
Gross block as at 31 March 2022	**16,000**	**15,355**	**31,355**
Accumulated amortisation as at 1 April 2021	16,000	13,952	29,952
Amortization	-	1,401	1,401
Accumulated amortisation as at 31 March 2022	**16,000**	**15,353**	**31,353**
Net block as at 31 March 2022	-	**2**	**2**
Estimated remaining useful life (in years)	**-**	**1**	**-**

2.3 Other Financial assets

	As at	
	31 March 2023	**31 March 2022**
Current		
Carried at amortized cost		
Security deposits	-	16
Security deposits- related parties (refer note 2.24)	191	183
Other receivables	12,000	-
Other receivables - related parties (refer note 2.24)	2,337	-
	14,528	199
Unsecured, considered doubtful		
Security deposits	191	16
Less: Provision for security deposit	(191)	(16)
	-	-
	14,528	**199**

2.4 Other non current assets

	As at	
	31 March 2023	**31 March 2022**
Unsecured considered good		
Others		
Prepaid expenses	57	296
	57	**296**

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.5 Investments

	As at	
	31 March 2023	**31 March 2022**
<u>Financial assets</u>		
Current		
Unquoted investment		
Carried at fair value through profit and loss		
Investment in mutual funds	99,462	162,722
Aggregate amount of current investments	**99,462**	**162,722**

2.6 Trade receivables - Billed

	As at	
	31 March 2023	**31 March 2022**
Unsecured, considered good (refer note 2.24)	8	89,648
	8	**89,648**

Note:-
1. Includes receivables from related parties amounting to ₹ 8 thousand (31 March 2022 ₹ 89,648 thousand).

Trade receivables - current	**Not Due**	**Outstanding as at 31 March 2023 from the due date of payment**					
		Less than 6 months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed – considered good	-	-	-	-	-	8	8
	-	**-**	**-**	**-**	**-**	**8**	**8**

Trade receivables - current	**Not Due**	**Outstanding as at 31 March 2022 from the due date of payment**					
		Less than 6 months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed – considered good	-	54,852	34,150	572	45	28	89,648
	-	**54,852**	**34,150**	**572**	**45**	**28**	**89,648**

2.7 Cash and cash equivalents

	As at	
	31 March 2023	**31 March 2022**
Cash and cash equivalents		
Balance with banks - in current accounts	6,511	17,439
	6,511	**17,439**

2.8 Other current assets

	As at	
	31 March 2023	**31 March 2022**
Unsecured, considered good		
Advances other than capital advances		
Advances to suppliers	535	722
Others		
Prepaid expenses	4,808	29,825
Goods and service tax recoverable	-	32,960
Other receivables	-	8,346
Other receivables - related parties (refer note 2.24)	-	1,350
	5,343	73,203
Unsecured, considered doubtful		
Advances other than capital advances		
Advances to employees	1,373	1,171
Others		
Goods and service tax recoverable	85,303	4,092
Less: Provision for other current assets (refer note below)	(86,676)	(5,263)
	-	-
	5,343	**73,203**

Note: Provision amounting to ₹ 72,813 thousand (31 March 2022 ₹ Nil) created during the year on goods and service tax recoverable balance standing as on 31 March 2023 which might not be utilized in future due to exemption availed on output supply.

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.9 Share capital

	As at	
	31 March 2023	**31 March 2022**
Authorized 2,000,000 (31 March 2022 : 2,000,000) equity shares of ₹ 10 each	20,000	20,000
Issued, subscribed and fully paid up 1,751,301 (31 March 2022 : 1,751,301) equity shares of ₹ 10 each	17,513	17,513

Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

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 the shareholders.

Reconciliation of the number of shares outstanding at the beginning and at the end of the financial year

	As at			
	31 March 2023		**31 March 2022**	
	No. of shares	₹ in thousands	No. of shares	₹ in thousands
Number of shares at the beginning	1,751,301	17,513	1,751,301	17,513
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	1,751,301	17,513	1,751,301	17,513

Shares held by holding/ultimate holding company:

	As at	
	31 March 2023	**31 March 2022**
HCL Technologies Limited, the holding company (including its nominee) 1,751,301 equity shares of ₹ 10 each	17,513	17,513

Details of shareholders holding more than 5 % shares in the company:-

	As at			
	31 March 2023		**31 March 2022**	
Name of the shareholder	No. of shares	% holding in the class	No. of shares	% holding in the class
1,751,301 Equity shares of ₹ 10 each fully paid HCL Technologies Limited, the holding Company (including its nominee)	1,751,301	100%	1,751,301	100%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

There were no bonus shares issued, no share issued for consideration other than cash and no shares bought back during the current and previous year.

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the company while maximizing shareholder value. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated, borrowings from group companies and support from holding company.

2.10 Borrowings

	Non-current		Current	
	As at		As at	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
Long term borrowing (secured)				
Term loan from banks (refer note below)	190	342	151	149
	190	342	151	149
Less: current maturities of long term borrowings	-	-	(151)	(149)
	190	**342**	**-**	**-**
Short term borrowings (unsecured)				
Loan from related parties	-	-	449,000	130,000
Current maturities of long term borrowings	-	-	151	149
	190	**342**	**449,151**	**130,149**

Note:-

1. Company has availed of term loan of ₹341 thousand (31 March 2022, ₹491 thousand) secured against gross block of vehicles of ₹885 thousand (31 March 2022, ₹1,462 thousand) at interest rates ranging from 7.00%p.a. to 9.15%p.a.. The loans are repayable over a period of 3 to 5 years on a monthly basis.
2. The Company has availed an unsecured short term loan of ₹ 449,000 thousand (31 March 2022, 130,000 thousand) at an interest of 7.1% p.a for ₹ 249,000 thousand (31 March 2022, 30,000 thousand) from HCL software products limited and 8% p.a for ₹ 200,000 thousand (31 March 2022, 100,000 thousand) from C3I support services private limited. The short term loan is repayable on demand.

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.11 Other financial liabilities

	As at	
	31 March 2023	31 March 2022
Non - current		
Carried at amortized cost		
Other payables - related parties (refer note 2 below and 2.24)	583	-
	583	**-**
Current		
Carried at amortized cost		
Accrued salaries and benefits		
Employee bonuses accrued	6,723	10,396
Other employee costs	10,064	11,675
Others		
Interest accrued but not due on borrowings - related parties (refer note 2.24)	2,574	795
Capital accounts payables	170	83,788
Liabilities towards amount refundable (refer note 1 below)	225	99,129
Other payable	37,171	1,596
	56,927	**207,379**

Note 1 : It is a financial liability which represents amount refundable to the students due to the fact that 50% fees got waived on TechBee Program during the year.
Note 2 : Amount payable to HCL Technologies Limited, the ultimate Parent Company againts RSUs awarded to the employees of the Company

2.12 Provisions

	As at	
	31 March 2023	31 March 2022
Non - current		
Provision for employee benefits		
Provision for gratuity (refer note 2.25)	2,089	3,491
Provision for leave benefits	1,172	1,683
	3,261	**5,174**
Current		
Provision for employee benefits		
Provision for gratuity (refer note 2.25)	261	1,340
Provision for leave benefits	307	849
	568	**2,189**

2.13 Other non current liabilities

	As at	
	31 March 2023	31 March 2022
Non Current		
Carried at amortized cost		
Deposits from employee	177	177
	177	**177**

2.14 Trade payables

	As at	
	31 March 2023	31 March 2022
Trade payables	10,225	68,076
Trade payables-related parties (refer note 2.24)	523,688	27,486
	533,913	**95,562**
Unbilled and accruals	28,360	114,068
Unbilled and accruals-related parties (refer note 2.24)	874	1,219
	29,234	**115,287**
Total	**563,147**	**210,849**

Particulars	**Not Due**	**Outstanding as at 31 March 2023 from the due date of payment**				
		Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	5,048	-	-	-	-	5,048
(ii) Others	5,521	519,377	130	-	3,837	528,865
	10,569	**519,377**	**130**	**-**	**3,837**	**533,913**
Unbilled and accruals						29,234
						563,147

Particulars	**Not Due**	**Outstanding as at 31 March 2022 from the due date of payment**				
		Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	19,433	11	40	-	-	19,484
(ii) Others	5,531	65,991	872	270	3,414	76,078
	24,964	**66,002**	**912**	**270**	**3,414**	**95,562**
Unbilled and accruals						115,287
						210,849

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.15 Contract liabilities

	As at	
	31 March 2023	31 March 2022
Current		
Contract liabilities	37,641	119,097
Contract liabilities-related parties (refer note 2.24)	-	8,766
	37,641	**127,863**

2.16 Other current liabilities

	As at	
	31 March 2023	31 March 2022
Advance from students	1,220	12,255
Withholding and other taxes payable	22,729	14,529
	23,949	**26,784**

2.17 Revenue from operations

	Year ended	
	31 March 2023	31 March 2022
Training revenue	558,174	770,375
	558,174	**770,375**

Disaggregate Revenue Information

The disaggregated revenue from customers by geographic area based on location of the customer is as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Geography wise		
India	558,174	770,375
	558,174	**770,375**

Remaining performance obligations

Remaining performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc).

As at 31 March 2023, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was ₹ Nil (31 March 2022, ₹ 224,709 thousand) out of which, approximately Nil (31 March 2022, 100%) is expected to be recognized as revenues within one year.These amounts are not adjusted for variable consideration allocated to remaining performance obligation, which are not probable.

Contract balances

Contract assets : A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our balance sheet. Contract assets primarily related to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivable represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

The company does not have any contract assets as on 31 March 2023 and 31 March 2022.

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.17 Revenue from operations(continued)

Contract liablities : A contract liability arises when there is excess or advance billing over the revenue recognized.
The below table discloses the significant movement in contract liabilities:

	Year ended	
	31 March 2023	**31 March 2022**
Balance as at beginning of the year	127,863	206,556
Additional amounts billed but not recognized as revenue during the year	37,641	127,863
Deduction on account of revenues recognized during the year	(127,863)	(206,556)
Balance as at 31 March 2023	**37,641**	**127,863**

Deferred contract cost : Deferred contract cost represents the contract fulfilment cost and cost for obtaining the contract.
The Company does not have any deferred contract cost as on 31 March 2023 and 31 March 2022.

2.18 Other income

	Year ended	
	31 March 2023	**31 March 2022**
Interest income		
On income tax refund	1,011	972
On others	8	243
Income on investments carried at fair value through profit and loss		
Unrealized gain on fair value changes on mutual funds	58	772
Profit on sale of mutual funds	2,718	3,068
Exchange differences (net)	311	-
Miscellaneous income	-	81
	4,106	**5,136**

2.19 Employee benefits expense

	Year ended	
	31 March 2023	**31 March 2022**
Salaries, wages and bonus	125,502	192,310
Contribution to provident fund and other employee funds	2,986	4,659
Share based payment to employees (refer note below)	464	-
Staff welfare expenses	756	1,424
	129,708	**198,393**

Note : During the year, HCL Technologies Limited ('HCLT'), the ultimate Parent Company instituted the Restricted Stock Unit Plan 2021'("RSU Plan") to provide equity-based incentives to all eligible employees of HCLT and its subsidiaries. Each RSU granted under the plan entitles the holder to one equity share of HCLT at an exercise price, which is approved by the Nomination and Remuneration Committee of HCLT.

"Share based payment expense" represents reimbursement of cost to HCLT, towards RSUs granted by HCLT to the employees of the Company. The fair value of these RSUs are determined using the Black-Scholes Model for RSUs with time and non-market performance-based vesting conditions and Monte Carlo simulation model is used for RSUs with market performance based vesting conditions.

HCL Training & Staffing Services Private Limited

Notes to financial statements for the year ended 31 March 2023

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.20 Finance costs

	Year ended	
	31 March 2023	**31 March 2022**
Interest		
on the lease liability	-	3
on loans from bank	39	89
on short term loan -related parties (refer note 2.24)	27,854	11,093
Bank charges	40	55
	27,933	**11,240**

2.21 Other expenses

	Year ended	
	31 March 2023	**31 March 2022**
Rent (refer note 2.23)	25,918	27,053
Power and fuel	-	61
Insurance	282	156
Repairs and maintenance		
- Plant and machinery	307	-
- Buildings	1,086	219
- Others	2,038	455
Communication costs	6,784	9,419
Travel and conveyance	17,200	11,949
Recruitment, training, development and business promotion expense	216,849	372,206
Legal and professional charges	2,136	8,322
Printing and stationery	229	-
Rates and taxes	9,340	277
Stipend Fees	16,766	7,247
Loss on disposal of property, plant & equipment	83	61
Provisions for doubtful receivables	-	(6)
Exchange differences (net)	-	73
Miscellaneous expenses	5,002	5,258
	304,020	**442,750**

2.22 Income taxes

	Year ended	
	31 March 2023	**31 March 2022**
Income tax charged to statement of profit and loss		
Deferred tax credit	(110,404)	(100,366)
	(110,404)	**(100,366)**
Income tax charged to other comprehensive income		
Expense on re-measurements of defined benefit plans	281	6
	281	**6**

(All amounts in thousands of ₹ except share data and as stated otherwise)

The reconciliation between the Company's provision for income tax and amount computed by applying the statutory income tax rate in India is as follows:

	Year ended	
	31 March 2023	**31 March 2022**
Profit/(Loss) before income tax	(561,119)	25,507
Statutory tax rate in India	25.17%	25.17%
Expected tax expense	(141,222)	6,420
Unrecognised tax benefit	50,830	28,859
Deferred tax created on tax losses and temporary differences	(20,025)	(135,662)
Permanent differences	14	17
Total taxes (income)	**(110,404)**	**(100,366)**
Effective income tax rate	19.68%	-393.48%

Components of deferred tax assets and liabilities as on 31 March 2023

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
Business losses	95,955	124,279	-	220,234
Provision for employee receivable & other current asset	499	95	-	594
Accrued employee costs	1,194	(271)	-	923
Gratuity	1,359	(344)		1,015
Others	8,151	(4,323)	-	3,828
Gross deferred tax assets (A)	**107,158**	**119,436**	**-**	**226,594**
Deferred tax liabilities				
Depreciation and amortization	6,191	9,017	-	15,208
Unrealized gain on mutual funds	203	15		218
Others	404	-	281	685
Gross deferred tax liabilities (B)	**6,798**	**9,032**	**281**	**16,111**
Net deferred tax assets (A-B)	**100,360**	**110,404**	**(281)**	**210,483**

Components of deferred tax assets and liabilities as on 31 March 2022

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
Business losses	1,189	94,767	-	95,955
Provision for doubtful debts	-	499	-	499
Accrued employee costs	-	1,194	-	1,194
Gratuity	-	1,359	-	1,359
Others	-	8,151	-	8,151
Gross deferred tax assets (A)	**1,189**	**105,970**	**-**	**107,158**
Deferred tax liabilities				
Depreciation and amortization	782	5,409	-	6,191
Unrealized gain on mutual funds	9	194	-	203
Others	398	-	6	404
Gross deferred tax liabilities (B)	**1,189**	**5,603**	**6**	**6,798**
Net deferred tax assets (A-B)	**-**	**100,366**	**(6)**	**100,360**

Deferred tax assets primarily related to carried forward losses and other temporary differences amounting to ₹ 50,830 thousand (31 March 2022, ₹ 28,859 thousand) were not recognized as per applicable accounting standards.The tax losses amounting to ₹ 66,021 thousand, ₹ 243,938 thousand, ₹ 153,997 thousand and ₹ 440,206 thousand can be carried forward till March 2027 , March 2028, March 2029 and March 2031 respectively.

The Company has an ongoing litigation with tax authorities related to earlier years that arose in the ordinary course of business. The possibility of any outflow in settlement of litigation is remote.

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.23 Leases

(a) Company as a lessee

Company's significant leasing arrangements are in respect of leases for office spaces and hostels.

The details of the right-of-use asset held by the Company is as follows:

	Building	Total
Balance as at 1 April 2021	**205**	**205**
Depreciation	(205)	(205)
Balance as at 31 March 2022	**-**	**-**
Balance as at 1 April 2022	**-**	**-**
Depreciation	-	-
Balance as at 31 March 2023	**-**	**-**

The reconciliation of lease liabilities is as follows:

	As at	
	31 March 2023	31 March 2022
Balance as at beginning of the year	-	222
Amounts recognized in statement of profit and loss as interest expense	-	3
Payment of lease liabilities	-	(225)
Balance as at end of the year	**-**	**-**

The lease rental expense relating to short-term leases recognized in the statement of profit and loss for the period amounted to ₹ 25,918 thousands (previous year, ₹27,053 thousands)

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HCL Training & Staffing Services Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in thousands of ₹ except share data and as stated otherwise)

2.24 Related party transactions
List of related parties and relationship:

(i) Holding Company :	HCL Technologies Limited (w.e.f. 01-04-2019 via order dated 13-07-2020)
(ii) Fellow Subsidiary Companies :	C3i Support Services Private Limited HCL Software Products Limited HCLT Lanka Private Limited
(iii) Other related parties with whom transactions have taken place Significant Influence :	HCL IT City Lucknow Private Limited HCL Infosystems Limited HCL Avitas Private Limited

Transactions with related parties during the normal course of business	**Holding company**		**Fellow subsidiary**		**Significant influence**	
	Year ended	**Year ended**	**Year ended**	**Year ended**	**Year ended**	**Year ended**
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**	**31 March 2023**	**31 March 2022**
Training revenue	-	-	-	-	(17,217)	111,019
Payment for use of facilities	1,679	888	-	-	-	-
Loan taken	-	-	349,000	-	-	-
Repayment of loan taken	-	-	30,000	20,000	-	-
Consulting charges	446,522	-	-	-	-	-
Other expenses	-	-	-	-	413	-
Interest expense	-	-	27,854	11,093	-	-

Material related party transaction	**Year ended 31 March 2023**	**Year ended 31 March 2022**
Loan taken		
HCL Software Products Limited	249,000	-
C3i Support Services Private Limited	100,000	-
Repayment of loan taken		
HCL Software Products Limited	30,000	20,000
Consulting Charges		
HCL Technologies Limited	446,522	-
Training Revenue		
HCL IT City Lucknow Private Limited	(17,217)	111,019

Outstanding balances	**Holding company**		**Fellow subsidiary**		**Significant influence**	
	As at		**As at**		**As at**	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**	**31 March 2023**	**31 March 2022**
Trade receivables, other financial assets and other assets	1,203	1,210	1,128	938	191	89,017
Trade payables, other financial liabilities, borrowings and other liabilities	525,017	28,374	451,574	130,795	319	16,295

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.25 Employee benefits

The Company has calculated the various benefits provided to employees as given below:

A. Defined contribution plans and state plans
Employer's contribution to Employees Provident Fund
Employer's contribution to Employee Pension Scheme

During the year the Company has recognized the following amounts in the statement of profit and loss :

	Year ended	
	31 March 2023	31 March 2022
Employer's contribution to Employees Provident Fund	1,838	3,022
Employer's contribution to Employee's Pension Scheme	868	1,552
Total	**2,706**	**4,574**

B. Defined benefit plans

Gratuity
The following table sets out the status of the gratuity plan :

Statement of profit and loss

	Year ended	
	31 March 2023	31 March 2022
Current Service cost	(1,420)	1,519
Interest cost (net)	241	168
Net benefit expense/(income)	**(1,179)**	**1,686**

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.25 Employee benefits (continued)

Balance Sheet

	As at	
	31 March 2023	**31 March 2022**
Defined benefit obligations	2,350	4,831
Net plan liability	**2,350**	**4,831**
Current defined benefit obligations	261	1,340
Non-current defined benefit obligations	2,089	3,491

Changes in present value of the defined benefit obligations are as follows:

	Year ended	
	31 March 2023	**31 March 2022**
Opening defined benefit obligations	4,831	3,449
Current service cost	(1,420)	1,519
Interest cost	241	168
Re-measurement (gains) losses in OCI		
Actuarial changes arising from changes in demographic assumptions	368	-
Actuarial changes arising from changes in financial assumptions	(555)	(57)
Experience adjustments	(929)	33
Transfer of employees (refer note below)	-	420
Benefits paid	(186)	(701)
Closing defined benefit obligations	**2,350**	**4,831**

Note

During the current year, the liability of gratuity is increased by Nil (previous year, increased by ₹ 420 thousands) on account of movement (transfer in and out) of employees with HCL Technologies Limited.

The principal assumptions used in determining gratuity liability for the Company's plan are shown below:

	As at	
	31 March 2023	**31 March 2022**
Discount rate	7.45%	5.80%
Estimated Rate of salary increases	6.50%	8.00%
Expected rate of return on assets	NA	NA

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

Discount rate and future salary escalation rate are the key actuarial assumptions to which the defined benefit obligations are particularly sensitive. The following table summarizes the impact on defined benefit obligations as at 31 March 2023 arising due to an increase / decrease in key actuarial assumptions by 50 basis points:

	Discount rate		Salary escalation rate	
	As at		As at	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
Impact of increase	(79)	(110)	70	100
Impact of decrease	84	115	(67)	(96)

(All amounts in thousands of ₹ except share data and as stated otherwise)

2.25 Employee benefits (continued)

The sensitivity analysis presented may not be representative of the actual change in the defined benefit obligations as sensitivities have been calculated to show the movement in defined benefit obligations in isolation and assuming there are no other changes in market conditions. There have been no changes from the previous years in the methods and assumptions used in preparing the sensitivity analysis.

The defined benefit obligations are expected to mature after 31 March 2023 as follows:

Year ending 31 March ,	Cash flows
- 2024	261
- 2025	289
- 2026	524
- 2027	697
- 2028	721
-Thereafter	15,543

The weighted average duration of the payment of these cash flows is 7 years.

2.26 Financial instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2023 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	99,462	-	99,462
Trade receivables	-	8	8
Cash and cash equivalents	-	6,511	6,511
Others (refer note 2.3)	-	14,528	14,528
Total	99,462	21,047	120,509
Financial liabilities			
Borrowings	-	449,342	449,342
Trade payables (including unbilled and accruals)	-	563,148	563,148
Others (refer note 2.11)	-	57,511	57,511
Total	-	1,070,001	1,070,001

The carrying value of financial instruments by categories as at 31 March 2022 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	162,722	-	162,722
Trade receivables (Billed)	-	89,648	89,648
Cash and cash equivalents	-	17,439	17,439
Others (refer note 2.3)	-	199	199
Total	162,722	107,286	270,008
Financial liabilities			
Borrowings	-	130,491	130,491
Trade payables (including unbilled and accruals)	-	210,849	210,849
Others (refer note 2.11)	-	207,379	207,379
Total	-	548,719	548,719

(All amounts in thousands of ₹ unless stated otherwise)

2.26 Financial instruments (continued)

Fair value hierarchy

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

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	99,462	99,462	-	-

There have been no transfers between Level 1 and Level 2 during the year

The assets and liabilities measured at fair value on a recurring basis as at 31 March 2022 and the basis for that measurement is as below:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	162,722	162,722	-	-

There have been no transfers between Level 1 and Level 2 during the year

Valuation methodologies

Investments: The Company's investments consist of investment in debt linked mutual funds which are determined using quoted prices or identical quoted prices of assets or liabilities in active markets and are classified as Level 1.

The Company assessed that fair value of cash and cash equivalents, other financial asset, trade receivables, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(All amounts in thousands of ₹ unless stated otherwise)

2.26 Financial instruments (continued)

(b) Financial risk management

Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. Company has a risk management policy to manage & mitigate these risks.

Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the company's business plan along with reasonable participation in market movement.

1. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The Company is not significantly exposed to fluctuation in foreign currency exchange rates.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency. The Company's large portion of transactions are in Indian rupees and insignificant portion of transactions are in foreign currency.
The fluctuation in exchange rates in respect to the Indian rupee may have potential impact on the statement of profit and loss and other comprehensive income and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately ₹1,231 thousands (31 March 2022, ₹11 thousands) for the year ended 31 March 2023.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of the currency by 1% against the respective functional currency of the Company. The sensitivity analysis presented above may not be

	Financial assets		**Financial liabilities**	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
USD / INR	1,597	1,616	125,445	675
LKR / INR	365	165	-	-
SGD / INR	-	-	(372)	-

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments and borrowings are primarily fixed rate interest bearing. Hence, the Company is not significantly exposed to interest rate risk.

2. Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables and investment securities. The cash resources of the Company are invested with mutual funds and banks after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties.

The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivables and unbilled receivables. No single customer accounted for more than 10% of trade receivables and unbilled receivables.

The allowance for lifetime expected credit loss on customer balances is as below:

	As at	
	31 March 2023	**31 March 2022**
Balance at the beginning of the year	-	6
Additional provision/(reversal) during the year	-	(6)
Balance at the end of the year	**-**	**-**

(All amounts in thousands of ₹ unless stated otherwise)

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3. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the company is capital preservation and liquidity in preference to returns. The company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

Maturity profile of the Company's financial liabilities based on contractual payments is as below:

	Year 1 (Current)	Year 2	Year 3	Year 4-5 and thereafter	Total
As at 31 March 2023					
Trade payables	563,148	-	-	-	563,148
Borrowings	451,750	176	25	-	451,951
Other financial liabities	54,353	583	-	-	54,936
Total	1,069,251	759	25	-	1,070,035

	Year 1 (Current)	Year 2	Year 3	Year 4-5 and thereafter	Total
As at 31 March 2022					
Trade payables	210,850	-	-	-	210,850
Borrowings	130,981	176	176	25	131,358
Other financial liabilities	206,585	-	-	-	206,585
Total	548,416	176	176	25	548,793

2.27 Corporate social responsibility

As required by the Companies Act, 2013, the gross amount required to be spent by the Company on CSR activities is NIL (31 March 2022: NIL) and the amount spent is NIL: (31 March 2022 : ₹ NIL).

2.28 Commitments and contingent liabilities

	As at	
	31 March 2023	**31 March 2022**
i) Capital and other commitments		
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	45	162,889
	45	162,889

Note:-

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company toward Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be published. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.

2.29 Payment to auditors

	Year ended	
	31 March 2023	**31 March 2022**
Statutory audit fees	660	490
Tax audit fees	176	100
	836	**590**

2.30 Earnings per share

The computation of earnings per share is as follows:

	Year ended	
	31 March 2023	**31 March 2022**
Net (Loss)/Profit as per statement of profit and loss for computation of EPS	(450,715)	125,873
Weighted average number of equity shares outstanding in calculating Basic/Diluted EPS	1,751,301	1,751,301
Nominal value of equity shares (in ₹)	10	10
(Loss)/Earnings per equity share (in ₹)		
- Basic	(257.36)	71.87
- Diluted	(257.36)	71.87

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HCL Training & Staffing Services Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in thousands of ₹ unless stated otherwise)

2.31 Ratio

Ratio	Numerator	Denominator	Units	Year ended		% Variance
				31 March 2023	31 March 2022	
Current ratio	Current assets	Current liabilities	Times	0.11	0.51	-78%
Debt equity ratio	Total Debt	Total equity	Times	(0.83)	(1.44)	-42%
Debt service coverage ratio	Earning availables for debt service (refer note 1 below)	Debt service (refer note 2 below)	Times	1.16	5.36	-78%
Return on equity ratio	Net profit after taxes	Average Total equity	%	-143%	82%	-274%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	12.45	13.33	-7%
Trade payables turnover ratio	Net credit purchases (refer note below 4)	Average Trade Payables	Times	1.49	0.40	275%
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 5)	Times	(0.56)	(2.24)	-75%
Net profit ratio	Profit for the year	Revenue from operations	%	-81%	16%	-593%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 6 below)	%	-177%	61%	-391%
Return on investment - Unquoted	Income generated from invested funds	Time weighted average investments	%	4.53%	3.40%	33%

Notes :
(1) Earning availables for debt services = Net profit after taxes + depreciation and amortisation + interest + loss on sale of fixed assets
(2) Debt service = Interest + lease payment + principal repayments
(3) Cost of goods sold includes purchase of stock in trade and change in inventories of stock in trade
(4) Net credit purchase includes purchase of stock-in-trade , change in inventories of stock-in-trade, outsourcing costs and other expenses
(5) Working capital = current assets - current liabilities
(6) Capital employed = Tangible net worth + total debt + deferred tax liability
(7) Tangible networth = Networth - goodwill - other intangible assets - deferred tax assets
(8) Average is calculated based on simple average of opening and closing balances.

Explanation where change in the ratio is more than 25%
Current ratio
Current Ratio has declined due to increase in trade payables in FY 2022-23.
Debt equity ratio
Debt equity ratio has declined due to increase in borrowing for the year.
Debt service coverage ratio
Debt service coverage ratio has declined due to increase in borrowing for the year.
Return on equity ratio
Return on equity ratio has declined due to losses incurred for the year.
Trade payables turnover ratio
Trade payables turnover ratio has declined due to increase in trade payables for the year.
Net capital turnover ratio
Change in net capital turnover ratio is due to decrease in current ratio and revenue from operation.
Net profit ratio
Net profit ratio has decline due to decrease in profit for the year.
Return on capital employed
Return on capital employed has declined due to losses for the year.
Return on investment - Unquoted
Return on investment ratio has improved due to increase in market returns during the year.

(All amounts in thousands of ₹ unless stated otherwise)

2.32 Segment information

The Company's business falls within a single primary business and geographical segment i.e. imparting technical training & education to the candidates and to carry on recruitment & placement for such candidates to other business or commercial entities. There is no reportable segment as envisaged in Ind AS 108 'Operating Segments' notified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules 2014.

2.33 Micro and small enterprises

As per information available with the management, the dues payable to enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" are as follows:

	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Principal	Interest	Principal	Interest
Amount due to vendors	-	-	-	-
Principal amount paid beyond the appointed date	-	-	-	-
Interest under normal credit terms -				
Accrued and unpaid during the year	-	1	-	11
Total interest payable -				
Accrued and unpaid during the year	-	52	-	51

This has been determined on the basis of responses received from vendors on specific confirmation sought by the Company.

2.34 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 (Ultimate Beneficiaries) identified by or on behalf of the Company. 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 ("Ultimate Beneficiaries") identified by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

Vimal Chauhan
Partner
Membership Number: 511230

Place: Gurugram, India
Date: 03 July 2023

For and on behalf of the Board of Directors
of HCL Training & Staffing Services Private Limited

Shiv Kumar Walia
Director
DIN - 09492224

Goutam Rungta
Director
DIN - 08599656

Place: Noida (UP), India
Date: 03 July 2023