

HCL INFOSYSTEMS LTD.

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

Corporate Identity Number - L72200DL1986PLC023955

www.hclinfosystems.com

www.hcl.com

25th September, 2017

To

The Assistant Vice President,
National Stock Exchange of India Limited,
"Exchange plaza"
Bandra-Kurla Complex,
Bandra (East)
Mumbai-400051

To

The Secretary,
BSE Limited, P.J. Tower
Dalal Street
Fort
Mumbai-400001

Sub: Annual Report – FY 2016-17

Ref: Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

Dear Sirs,

With reference to the above mentioned subject, please find the enclosed herewith a copy of Annual Report for FY 2016-17 as approved and adopted in the Annual General Meeting of the Company held on Thursday, 14th September, 2017.

This is for your information and records.

Yours faithfully,

For HCL Infosystems Limited,


Sushil Kumar Jain
Company Secretary & Compliance Officer



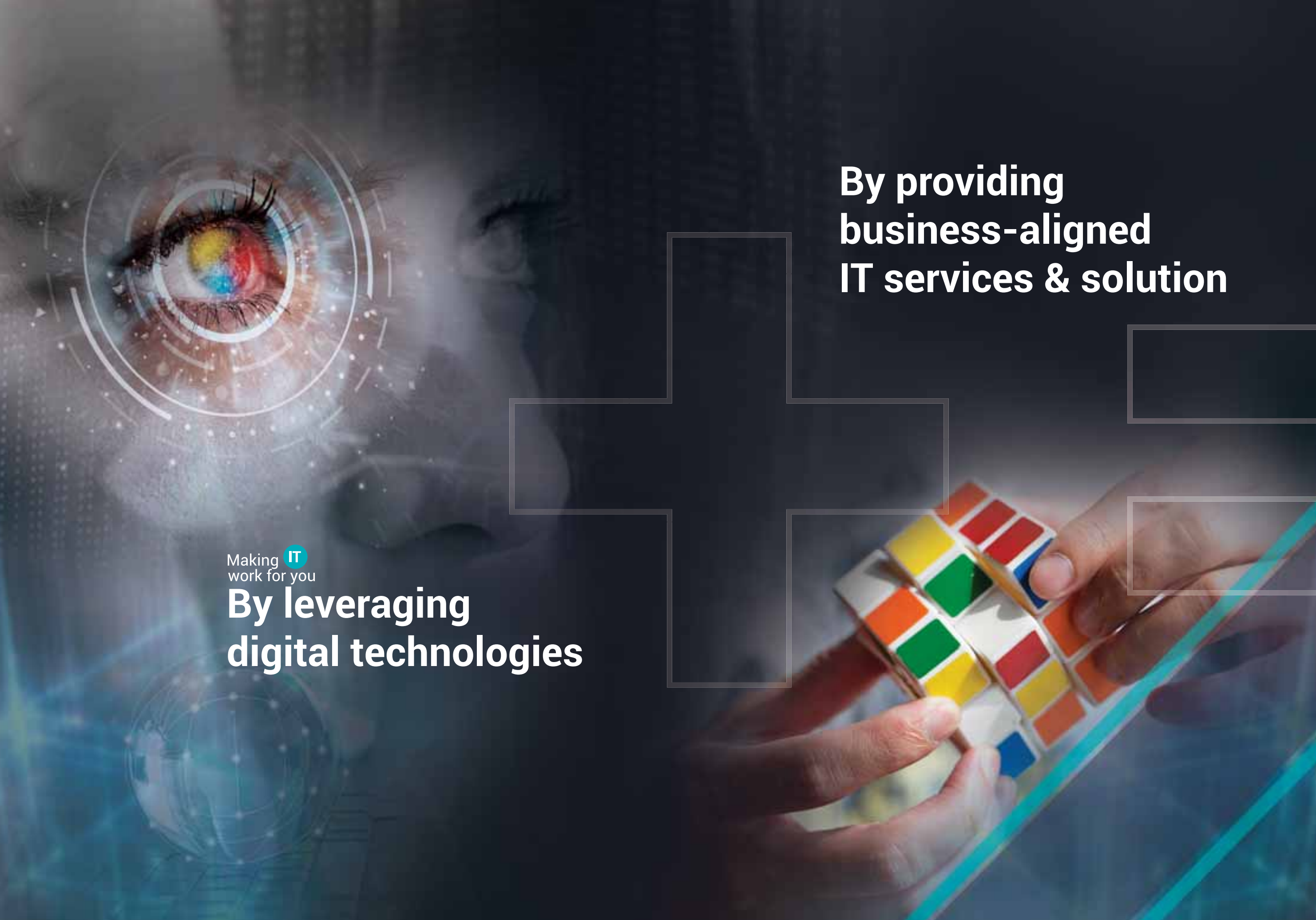
Encl: As Above

Making **IT** work for you

Making **IT**
work for you

**By leveraging
digital technologies**

**By providing
business-aligned
IT services & solution**





To deliver superior business value

Making **IT**
work for you

By leveraging
digital technologies



By providing business-aligned
IT services & solution



To deliver superior
business value

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Nikhil Sinha

Executive Vice-Chairman & Managing Director
Premkumar Seshadri

Directors
Dhirendra Singh
Dilip Kumar Srivastava
Kaushik Dutta
Pawan Kumar Danwar
Ritu Arora
Sangeeta Talwar
V N Koura

CHIEF FINANCIAL OFFICER

S G Murali

COMPANY SECRETARY

Sushil Kumar Jain

AUDITORS

Price Waterhouse, Gurgaon

BANKERS

State Bank of India
Canara Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Limited
Standard Chartered Bank
Axis Bank Limited
Yes Bank Limited
IDFC Bank Ltd.
Indusind Bank Ltd.

REGISTERED OFFICE

806, Siddharth,
96, Nehru Place,
New Delhi - 110 019

CORPORATE OFFICE

E-4, Sector XI, Noida-201 301 (U.P.)

CORPORATE IDENTITY NUMBER

L72200DL1986PLC023955

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MD's Message

Premkumar Seshadri

Executive Vice Chairman & Managing Director
HCL Infosystems Ltd.

“

The transformation journey has enabled us to build a strong distribution and services business together with institutionalization of corporate governance, processes and capability building initiatives.

”

Dear Shareholders,

During the Financial Year 2016-17, the growing momentum of the Enterprise Business focus combined with improved operational efficiency, enhanced productivity and thrust on digital technologies has energized our performance in the Enterprise space. Let me describe how your company performed during FY17.

Your company posted revenue of Rs. 3,738 Crore in FY17. The **Enterprise Business** as a whole grew marginally during the year. However, this should be seen in the context of the fact that during the year we proactively exited unprofitable engagements and variableized our low margin services through our ASP ecosystem. Importantly, our breadth of products, strong reseller partnerships, OEM partnerships and customer value alignment has created a unique proposition for our customers.

The **Enterprise Distribution** turned in a commendable performance with a consistent growth driven by traction with key Enterprise OEMs along with strong performance across Enterprise and Channel. We have significantly enhanced our focus on Cloud through internal investments and strong collaboration with Microsoft.

The **Enterprise Services** business clocked revenue of Rs. 949 crore in FY17. There was a decline in revenue due to ongoing contract rationalization in the domestic services business. It is worth noting that the losses of the overall Services business have declined consistently Q-o-Q during the financial year. The foundation for expansion into higher margin service contracts has been built through capability augmentation to enable us to take advantage of key market trends in the emerging technology services.

In the **Consumer Distribution** business there was a considerable decline in revenue during FY17 due to transition in the business model and a challenging business environment.

I am happy to let you know that the Consumer Distribution business during the financial year has transitioned to a multi-brand, multi-channel business model since January 2017 to expand in the high-potential segments of mobile products. And the business has already achieved an early breakthrough by acquiring the General Trade distributorship in three states for a leading global brand mobility smartphone product suite. This business is set to scale with further tie ups and launches in this financial year.

The total revenue from the **System Integration & Solutions businesses** for the FY stood at Rs. 355 crore. The bright spot in this business is that due to focus on timely completion of existing projects there was higher revenue collection and reduced bills receivables. For example there was an inflow of Rs. 200 Crore from a major Defence Project during this financial year. The risks associated with projects has been mitigated almost entirely with most of the projects achieving commercial closure or nearing completion. In our flagship UIDAI project we crossed another milestone of more than 113 crore Aadhaar card enrollments.

Disciplined working capital management enabled us to see through the financial year without any significant incremental net debt whilst managing the funding of the cash losses entirely through these initiatives.

In October 2015, the company had rolled out PULSE (Personalised Unit Level Self Evaluation), a weekly self-evaluation system for employees to identify gaps and improvement opportunities at an organizational level. Consequently, many processes within functional teams were identified for overhauling and accordingly taken up for action. During the last financial year, we introduced Gold Standards. Demand Desk, an Online Ticketing System that empowers employees to demand action from their colleagues to ensure value creation. It also led to mapping role clusters which helped define full potential for all critical roles.

The transformation journey has enabled us to build a strong distribution and services business together with institutionalization of corporate governance, processes and capability building initiatives.

With the concurrent advent of multiple disruptive digital technologies and rapidly changing business dynamics we stand at an inflection point in the Industry. We are well positioned to take these challenges in our stride and gainfully address the emerging opportunities. I am confident that our continued focus on the Enterprise Business along with multiple internal and market related initiatives will help us lead HCL Infosystems towards sustained growth and profitability.

With Warm Regards

Premkumar Seshadri

Management Discussion & Analysis

- Focus on Enterprise Business, the pillar of our transformation journey
- Building capabilities in emerging technologies for growth
- Consumer Distribution business set to re-launch under the multi-brand model
- Most SI projects having achieved commercial closure or nearing completion
- Significant investments in institutionalization of processes, operational & corporate governance and capability building



Focus on Enterprise Business

The focus on the Enterprise business is the most important pillar in our transformation journey. During the last Financial Year we configured a robust Go-to-Market (GTM) organisation branded as Enterprise 360° which combined our extensive product portfolio of leading global brands with our comprehensive suite of IT services and solutions.



- Enterprise 360° model results in growing traction in the private sector corporate
- Investment in emerging technologies to leverage growth in a challenging market environment
- Cloud first' strategy to deliver cost efficiencies and positively impact business operations

In FY 2016-17, the GTM journey driven by Enterprise 360° has resulted in growing traction for the company's enterprise business and is proving to be the catalyst in our mission to become the preferred Technology Lifecycle Partner for clients.

In addition, the company continues to invest and build competencies in emerging technologies to leverage for growth in a challenging market environment. Our focus on enhancing capabilities in digital technologies such as Cloud Computing, Analytics and Internet of Things (IoT) to deliver business-aligned solutions is helping our clients attain competitive advantage in a dynamic business landscape.

We have adopted a 'Cloud first' strategy to deliver cost efficiencies and positively impact business operations. We have developed multiple IoT pilot solutions for clients across diverse industries such as FMCG, Healthcare and Manufacturing. We believe that IoT applications can not only be a significant new line of business but can also enhance the value of our existing services such as Infrastructure Managed Services.

By focusing on delivering accelerated business impact through digital technologies, we have positioned ourselves as a strong player in the Enterprise space.

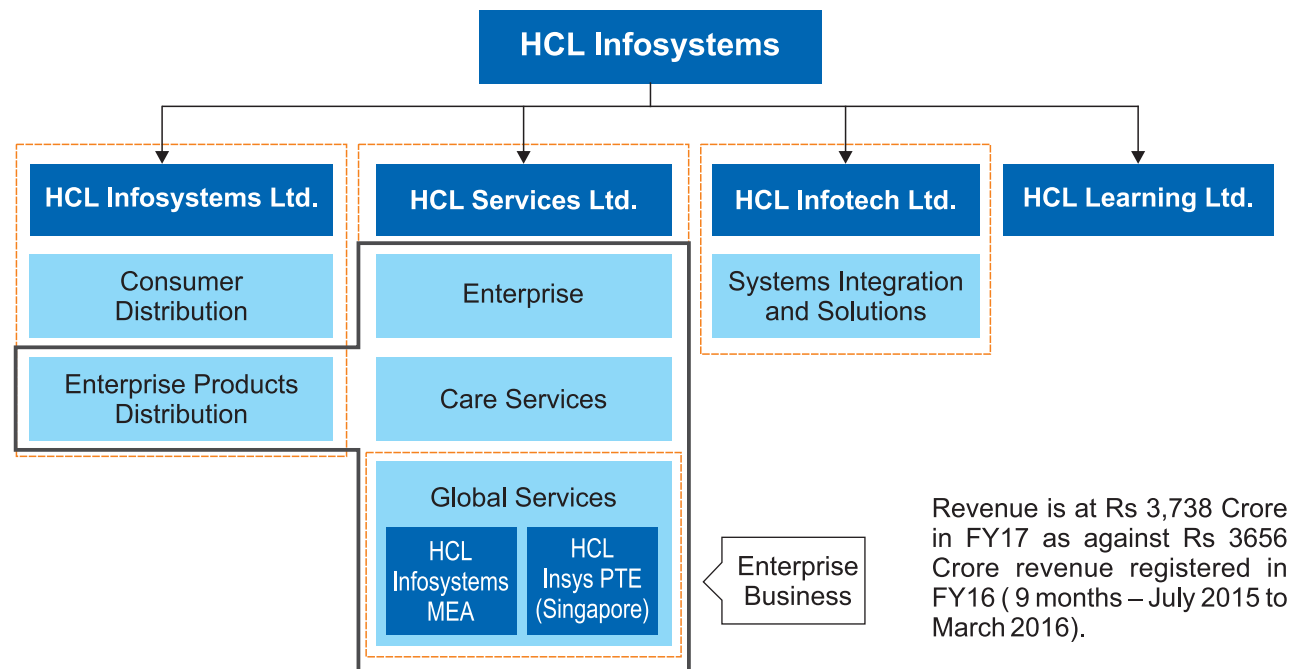
Enterprise 360° Portfolio



Businesses Performance & Highlights

For the purpose of financial reporting, the businesses have been arranged as per the following primary business categories. The numbers provide a line of business-wise view based on management accounts and are not as per reported segments. Please note that FY 17 is for 12 months (Apr'16- Mar'17) whereas FY 16 is for 9 months (Jul'15- Jun'16) , hence the two numbers are not comparable:

Business Categories	Lines of Business
Consumer Business	Third-Party Consumer Products (including Telecom)
Enterprise Business	Enterprise Products & Enterprise Services [Domestic, Care and Global Services (MEA and Singapore)]
Learning	Learning content business
System Integration and Solutions	System Integration and Financial Inclusion

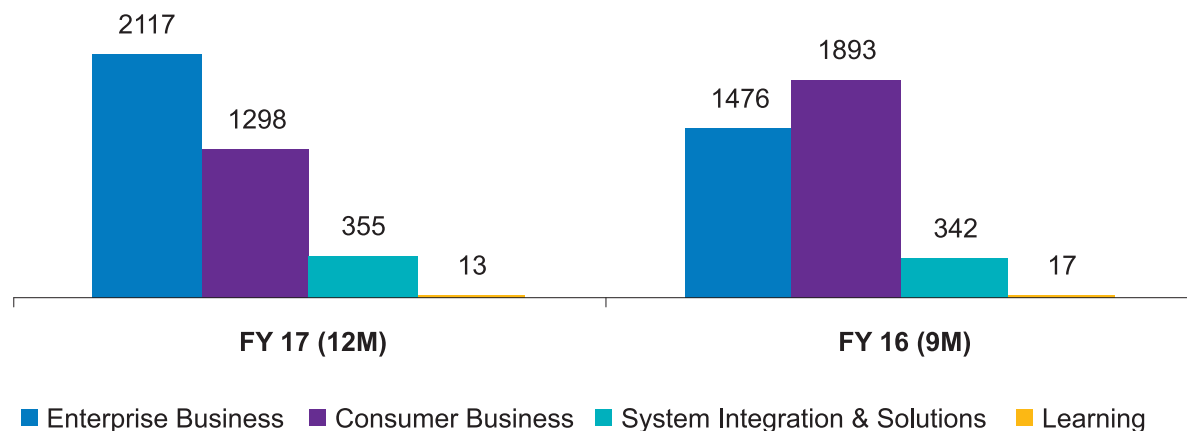


Highlights for the year FY17 were:

- Enterprise Distribution business leads the growth track with consistent increase in revenues during the year. Further, operational efficiencies and enhanced productivity enabled the business to reduce the losses quarter over quarter.
- Consumer Distribution business registered drop in revenue due to a key partner transition. The business has been reconfigured to a multi-brand, multi-channel model since January 2017, which is a comprehensive model comprising General Trade, Organized Trade, Direct-to-Retail, E-Commerce and Micro-Finance Institutions.
- While the Enterprise Services business witnessed decline in revenue due to ongoing rationalisation of unprofitable and low margin

contracts, the losses in this segment consistently came down quarter over quarter.

- In the System Integration (SI) and Solutions business, we continue our focus on timely execution of existing contracts and collection of receivables.
- HCL Learning entered into a strategic arrangement with Everest Edusys and Solutions Pvt. Ltd. through a business transfer agreement for the slump sale of its Digischool business. Subsequent to the closure of the said acquisition, M/s Everest Edusys and Solutions Pvt. Limited would become an associate company of HCL Learning Limited.



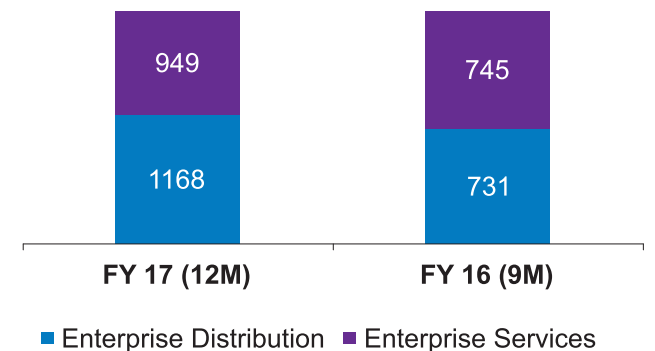
Enterprise Business – Enterprise Distribution & Enterprise Services

The sustained focus of the company on the Enterprise Business resulted in an improved performance for the business vertical, led by the Enterprise Distribution business.

- Enterprise Distribution Business on consistent growth track
- Consolidation of business with key Enterprise OEMs and strong channel performance
- Strengthening of Cloud practice with Microsoft to enable 'Cloud-first' strategy



The **Enterprise Distribution** business continued its robust performance. Consolidation of business with key Enterprise OEMs and strong channel performance resulted in growth for the Enterprise Distribution business. Enabled by Enterprise 360° there was a significant growth in traction with leading global IT OEMs. The business is strengthening its Cloud practices with Microsoft to enable our Cloud-first strategy. Product led service opportunity gathered momentum in the second half of the year thus paving way to consolidate our position for a larger offering to the customers.



The business continued to grow its revenues as well as progressively reduce the Losses before interest and taxes quarter over quarter to become positive in the last quarter of the financial year.



- Revenue of **Enterprise Services** business declined due to rationalization of low margin and non-profitable contracts
- Initiatives taken to build a strong and sustainable delivery organisation
- The Global Services business in Singapore continues to grow

The revenues of the **Enterprise Services** business (comprising Domestic Services, Global Services and Care) declined due to the rationalization of low margin and non-profitable contracts whilst at the same time building a profitable new order book which will start translating into revenues going forward. The business also executed several initiatives to build a strong and sustainable delivery organisation through automation, remote service management, process improvements, manpower optimisation, infrastructure optimisation and induction of ASP's (channel partners) to move to a variabilised cost model in remote/low call volume locations. These initiatives resulted in the loss before interest and tax to progressively decline quarter over quarter.

The business is also continuing to invest in digital enterprise technologies such as Cloud, Internet of Things, Analytics to leverage for growth in a dynamic market environment.

The Global Services business in Singapore has continued to grow profitably whilst being lauded by the customer for excellence in customer satisfaction. The business is building further capability to augment its remote management capabilities to tap emerging opportunities.

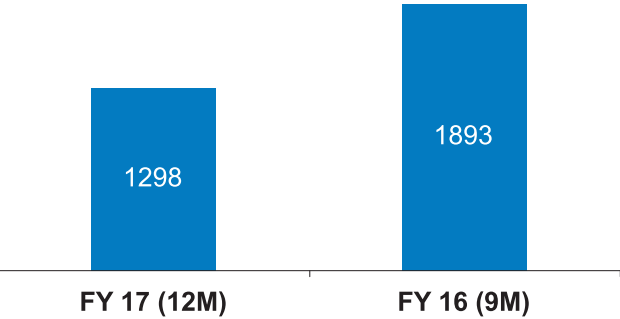
Consumer Business – Consumer Distribution

- Decline in revenue due to transition from key Principal
- Foray into multi-brand, multi-platform business model to expand into the high-potential consumer products
- Appointed distributor for a leading global mobility company's handsets in General Trade channel across three Indian states
- In advanced discussions with major Principals for strategic partnerships




During FY'17, despite the decline in revenues of a Key Principal owing to the transition, the business continued to remain profitable for most of the financial year.

The Consumer Distribution business has forayed into a multi-brand, multi-platform business model since January 2017 to expand in the high-potential consumer products. During the year, the business was appointed as the distributor in General Trade channel for a leading global mobility company's handsets in three Indian states. The long industry experience & reach, the state of the art automation & Technology platforms coupled with a strong market perception both amongst mobile brands & distributors, this business continues to attract major Principals and is in discussion with them for a strategic partnership.



System Integration and Solutions

Continued focus on timely completion of existing projects resulted in higher collection and reduced bills receivables. The business collected Rs. 200 Crore from a major Defence Project during the year. The project

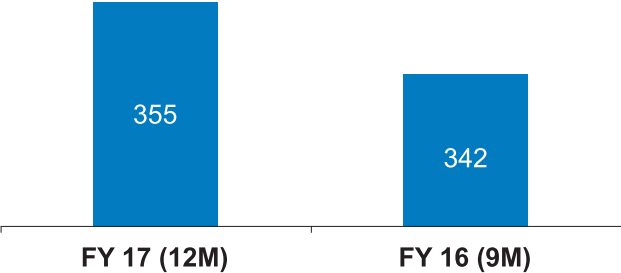


- Focus continues to be on timely completion of existing projects
- Rs. 200 Crore collected from a major Defence Project during the year
- Optimization of cost and enhanced productivity in business operations

rollout phase for most of the projects is nearing completion. Cost optimization combined with improved productivity ensured that the business operations stayed on track.

The Company also managed to fund the cash losses incurred during the year entirely out of the working capital improvement through recovery of debtors and thus managing to retain the net debt around the same last levels as last financial year. Several cost reduction initiatives implemented across business units enabled the Company to sustain its competitiveness in a challenging environment.

The Company is at the tail end of its transformation journey, with the Consumer Distribution business set to re-launch under the multi-brand model, the Enterprise Distribution business well penetrated in the Corporate segment as well as becoming profitable, the Global business consolidating on its profitable portfolio, and the Domestic Services business having shed its low margin business and entering a new phase of emerging service offerings. The project associated risks of the SI business have been significantly reduced, with most of the projects having achieved commercial closure or nearing completion. The organization has been right sized with an optimal cost structure and has either exited or divested subscale business units. Significant investments have been made both in the institutionalization of processes, operational and corporate governance and capability building to enter a new phase of growth in the coming year.



Quality Initiatives

The financial year 2016-17 was focused on Customer & Partner experience management and loyalty enhancement. HCL Infosystems appointed an external agency to conduct its first 'Net Promoter Score (NPS) Survey' for all the go-to-market verticals as well as the Enterprise & Consumer Distribution businesses.

- Focus on Customer & Partner experience management and loyalty enhancement
- Conducted NPS Survey for all go-to-market verticals and Distribution businesses
- Annual C-SAT Survey of Global Services' clients showed significant improvement, enabling improved business



The annual Customer Satisfaction (C-SAT) Survey of Global Services' clients showed significant improvement in ratings. Improved C-SAT enabled improved business.

The e-learning module of the company's foundation course on Quality - Qkonnnect – was introduced. Since its launch, more than 1200 employees across India and global organization have been certified. Awareness programme on Service Management System (SMS) & Information Security Management System (ISMS) were conducted across regions as per the annual training plan.

Training and certifications - New courses were designed & launched during the year, for which few batches have already been initiated.

- Three-day training programme on 'ISO 20000-1 Standard, IQA Certification & SMS Implementation'
- Two-day training programme on Service Management System (SMS) – ISO 20K, CMMI & ITIL Way
- Customer Experience Management Through IT Service Management
- Customer Experience Management – Master Class

Integration of quality training within the overall training programme of the organisation, helped smooth rollout and administration of quality training sessions.

New initiatives:

- Six high impact process improvement projects were initiated in the areas of Sales, Services, Collections and Customer Relations, with the objective to improve Operational Efficiencies and Customer Retentions. These projects are: Lead to Order, Invoice to Cash, Vendor Payout, Consumption Optimization, ECS/PDC Bounce Reduction and LD/Penalty Control.
- An Asset Management Framework that can be reused in multiple engagements with clients was established during the year. ISO 55000 standards is being adopted by the company as a best practice.
- A framework is being established to address organizational emotional aspects, while working on Customer engagements to cater to the need of Net Promoter Score maximization.

On the System Certification front, the company achieved **CMMI-SW Level 3** during the year. Also following certifications are being successfully continued -

- Quality Management System (QMS) – ISO 9001 for HCL Infosystems, HCL Services, HCL Insys Pte Ltd & HCL Infotech Ltd.
- Services Management System (SMS) – ISO 20000-1 for HCL Services
- Information Security Management System (ISMS) – ISO 27001 for Noida Data Center, HCL Insys Pte Ltd and ITOC Pondicherry.
- CMMI-SVC 1.3 for Enterprise Services

The Quality function was felicitated with several awards, including 'Best Use of Lean Six Sigma: Field Service in IT' for Customer Experience Improvement, at World Quality Congress Conference held in Mumbai in 2016 and 'Enterprise EQ', during CXELA Customer Experience Engagement Loyalty Congress & Awards held in Mumbai. The company also contributed in 'Customer Obsession Award' led by CII (sponsored by Microsoft). HCL Insys Pte Ltd was awarded 'Golden Globe Tigers Award' for its work in customer satisfaction improvement, at a function in KL, Malaysia. The Quality Head was felicitated with an award for 'Innovative Leadership in Quality' during the same function.

- Integration of quality within the overall training programmes of the organisation
- Six high impact process improvement projects initiated across functions to improve Operational Efficiencies and Customer Retention
- ISO 55000 standards adopted by the company as a best practice
- Achieved CMMI-SW Level 3 in the SI business



HCL Business Risks & Mitigation Measures

Performance of our various businesses can get impacted by various risks posed by the changing business model of certain businesses and the external environment. Your Company continuously reviews and strengthens the Enterprise Risk Management (ERM) framework to address various business risks. ERM involves risk identification, assessment and risk mitigation planning for strategic, operational and compliance related risks across business units and functions.

Risk Measurement is operationalized through well-defined metrics linked to the outcome. Continuous monitoring of risk is done by tracking the identified metric. Based on the overall risk assessment, the mitigation action is refined and revised. The ERM framework forms an integral part of the quarterly management reviews. It also provides methods and processes to manage the risks that might hamper the business achieving key objectives and to initiate actions required to mitigate these risks.

- ERM involves risk identification, assessment and risk mitigation planning for strategic, operational and compliance related risks across business units and function
- Mitigation action is refined and revised based on the overall risk assessment
- ERM framework an integral part of the quarterly management reviews



The following table provides a glimpse of some of the key risks and their mitigation measures that the Company tracks regularly at an overall level (in addition to the individual business risks tracked at the individual business level):

S. No.	Risk Category	Risk Description	Mitigation Action Plan
1	Treasury and Funding Risk	<ul style="list-style-type: none">• Hardening of interest rate increases costs, particularly for high working capital cycle businesses• Higher cost of borrowing with any downward revision in credit rating	<ul style="list-style-type: none">• Daily/Weekly cash flow management to reduce need for borrowings and to ensure collections within the credit period extended to customers• Meet WC related borrowings through appropriate supplier credits• Improve business performance to ensure debt servicing
	Liquidity & Solvency risk	<ul style="list-style-type: none">• Access to external financing is crucial for continuity. A liquidity risk could arise if external financing is not available	<ul style="list-style-type: none">• To secure long term loan to be in line with the projected cash flows to ensure debt servicing• Enable early refinancing and a spread with different expiration dates for external loans• Consult regularly with external debt providers to discuss the ongoing business, results, and strategy.


S. No.	Risk Category	Risk Description	Mitigation Action Plan
2	Human Capital Risk	<ul style="list-style-type: none"> Given the rationalization of manpower across business units, there can be a potential increase in employee attrition, increasing cost as well as operational issues specially in businesses that are people dependent (all service businesses) Undesirable attrition 	<ul style="list-style-type: none"> Comprehensive employee engagement program including skill upgradation/ training Implement a system for performance measurement and annual reviews Ensure effective employer branding and communication to the labour market Succession Planning
3	Regulatory Risk	<ul style="list-style-type: none"> Changes in the legal and regulatory environment tend to increase the risk of non-compliance with local, national & international laws and regulations, as well as tax legislation Failure to comply with applicable regulations could lead to fines, claims and reputational damage 	<ul style="list-style-type: none"> Implement risk and control systems and processes aimed at compliance with all applicable laws and regulations Establish corporate functions to monitor local risks and challenges (e.g. tax, finance and legal) Involve experts/consultants where necessary
4	Disruptive Technology & Changes in Consumer Preferences	<ul style="list-style-type: none"> A technology business is always exposed to sudden & unanticipated technology disruptions. This exposes the Company to becoming uncompetitive in terms of product/ service offerings to the customers 	<ul style="list-style-type: none"> Identify emerging technology trends and continuously evaluate its business impact Upgrade the product/service offerings to tap these opportunities (e.g. Cloud, Internet of Things, Mobility, Analytics etc.) Continuous Learning and Development programs for the business teams including workshops with Technology Consultants/ OEM's Review the policies governing the ordering and stocking of inventory for such items which could face the risk of obsolescence
5	Changes in Portfolio or Health of major Distribution Partners or Vendors	<ul style="list-style-type: none"> High degree of dependence on a particular supplier or Business Partner exposes us to swings in the business based on performance of vendor/ partner (e.g. Microsoft in our Distribution business) 	<ul style="list-style-type: none"> Portfolio expansion and diversification in Distribution business Vendor diversification to prevent dependence on a single supplier/ service provider

S. No.	Risk Category	Risk Description	Mitigation Action Plan
6	Fixed Cost pressure during transformation of business units	<ul style="list-style-type: none"> Drop in sales and GM earned while fixed costs in the business remain fixed 	<ul style="list-style-type: none"> Constant review and optimization of fixed costs Variabalise fixed costs to the extent possible
7	Customer Credit Risk	<ul style="list-style-type: none"> Customer default in payments (including channel partners) 	<ul style="list-style-type: none"> Credit Insurance of Credit offered to all the channel partners Robust credit control management through detailed evaluation, inputs from the market on credit worthiness of channel partners/ customers Timely intervention through extensive management reviews to mitigate any potential exposure
8	Brand Positioning & Reputational Risk	<ul style="list-style-type: none"> Negative reports in media – print, online and social media, damaging customer and stakeholder perception 	<ul style="list-style-type: none"> Pro-active engagement through positive news dissemination, increasing social media presence and resolving customer queries through social media
9	Business Continuity Plan (BCP)	<ul style="list-style-type: none"> Disruption in business operation due to any natural or manmade disasters 	<ul style="list-style-type: none"> Separate BCP prepared for every business and reviewed on a defined timeframe DR strategy for other business applications, interfacing with SA, formalized and periodically reviewed
10	Fraudulent and Unethical Behaviour	<ul style="list-style-type: none"> Behaviour deemed to be unethical could lead to loss of business and reputation of the Brand 	<ul style="list-style-type: none"> Implement code of ethics and whistle-blower policy Ensure that senior management demonstrate 'tone at the top' Implement a zero-tolerance policy Continuous training and awareness to team members to act with honesty, integrity and respect Availability of appropriate forums to review, identify and address any violation including prompt consequential action

Internal Control Systems and their adequacy


The Company has an Internal Audit function designed to review the adequacy of internal control checks in the system which covers all significant areas of the Company's operations such as accounting and finance, procurement, business operations, statutory compliances, IT processes, safeguarding of assets and their protection against unauthorized use, among others. The Internal Audit function performs the internal audit of Company's activities based on an Internal Audit plan, which is reviewed each year and approved by the Board Audit Committee. The Audit Committee reviews the reports submitted by internal auditors. Suggestions for improvement are considered and the Audit Committee follows up on corrective action. Disciplinary action is taken, wherever required, for non-compliance to corporate policies and controls.

- Internal Audit function designed to review the adequacy of internal control checks in the system which covers all significant areas of the Company's operations
- Internal Audit plan is reviewed each year and approved by the Board Audit Committee



Human Resource Development

Over the past 40+ years, HCL Infosystems has been one of the pioneers in developing internal talent pool through its dedicated focus on employee development and people practices. It is a matter of pride for us that our alumnae hold senior management positions in major IT companies both in India and globally. It is our brand and our entrepreneurial culture that has consistently enabled us to attract talent.



- Employee strength of the Company as on 31st March 2017 – 3879
- Augmentation of leadership pipeline through induction of SmarTeam

As on 31st March 2017, the employee strength of the Company stood at 3879. Besides full time employees the Company also engaged over 3983 associates for various short term projects from time to time.

Talent Acquisition: During the year, the Company further strengthened its management and operating teams by inducting high performing talent from reputed organizations.

The Company had embarked on the journey of Enterprise 360° in FY15-16 and this year too, the company continued its journey with a handpicked team of internal Star performers and New Leaders which has enabled business traction.

The Company continued the augmentation of the leadership pipeline through induction of SmarTeam (3 to 5 years work experience post MBA from Tier 1 institutes) and Senior Management Trainees.

Talent Development: The Company made significant investments in skill & competency enhancements for individuals, work-teams and functions, especially in the Enterprise Business both in Products Distribution and Services, to improve our offerings in the market.

During the year, the Company completed 22,792 Man-days of trainings (6.47 Man-days/permanent employee) and 28,810 Man-days of trainings (4.93 Man-days/overall employees) including Technical and behavioural training. Focus for this year was to accelerate the development of high potential talent through customised interventions. Also 11 in-house behavioural modules were developed to cater to identified needs. In addition to classroom trainings, new online modules were also designed and launched. Talent Management Module was introduced for structured capability building for domestic services delivery team.

Assessment and Development Centre: Assessment and Development centre was conducted across various grades of the organisation. As a part of the journey, identified employees were provided development opportunities through a combination of workshops, live projects, mentors, online courses, etc. Post their development journey, they were assessed by a pool of assessors through multiple tools to check their readiness for movement to the next role.


Gold Standards. – In Oct 2015, the company rolled out PULSE (Personalised Unit Level Self Evaluation) across the organisation to help employees evaluate their weekly performance and take timely steps to ensure that they are able to demonstrate the critical behaviours that will help them achieve Gold Standards. in their business area. In FY 16-17 the company continued with PULSE for its employees. This weekly self and manager evaluation aimed at improving transparency and accountability in employee-manager transactions and is backed by a robust set of analytics that identify gaps and improvement opportunities at an organizational level. Results from the analytics have helped us identify crucial lags and gaps within the organization, especially in the backend support systems. Consequently, many processes within functional teams were identified for overhauling and accordingly taken up for action. During the year, we introduced Gold Standards. Demand Desk, an Online Ticketing System that empowers employees to demand action from their colleagues. The ticket can be closed only when the requestor is satisfied with the response. It also led to mapping role clusters which helped define full potential for a role. There has also been better reporting of Code of Conduct violations now with much swifter actions being taken upon them.

Talent Management & Engagement: The Company concluded the development journey of its “HCL Value Club Programme”. This intervention was a comprehensive Total Rewards Package including L&D for identified critical talent for the business transformation initiative.

To check the pulse of the organization, a comprehensive **employee listening** exercise was conducted by the HR leadership team across locations. An action plan “**Communication framework**” was designed for structured Connect sessions of leadership with the employees.

Company has also initiated a project named **SPARK** to design ongoing, consistent and outcome driven engagement calendar for FY 17-18. As a part of this initiative, leaders within businesses have been identified as SPARK champions and focus group discussions have been conducted with identified employees to solicit engagement ideas for next year.

- Company completed 22,792 Man-days of training (6.47 Man-days/ permanent employee) during the year
- Project 'SPARK' to design ongoing, consistent and outcome driven engagement calendar for FY 17-18



Disclaimer

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



FINANCIAL COMMENTS ON CONSOLIDATED OPERATIONS FOR THE YEAR ENDED MARCH 31, 2017

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These financial statements are the first financial statements of the Group under Ind AS. The Company has made available an explanation of how the transition from Indian GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows (Refer note 38 of Consolidated Financial Statements).

Previous Year Comparables

The previous financial year of the Company was for a nine month period from 1st July, 2015 to 31st March, 2016 (hereinafter referred as "Year ended 31 March, 2016") as against twelve months for the year ended March 31, 2017 in current year. Accordingly, the figures for the current financial year are not comparable to those of previous year.

The Management Discussion and Analysis on Financial performance relates to Consolidated Financial statements of the Company and its subsidiaries. This should be read in conjunction with the financial statements and related notes to the consolidated accounts for the year ended March 31, 2017.

RESULTS OF OPERATIONS

₹ Crores

Particulars	FY 17 (12 months)	% of Revenue	FY 16 (9 months)	% of Revenue
Revenue	3,738	100.0	3,656	100.0
Cost of Sales	3,034	81.2	3,051	83.5
Gross Margin	704	18.8	605	16.5
Personnel Costs	541	14.5	458	12.5
Administration, Selling & Others	283	7.6	241	6.6
Depreciation	39	1.0	32	0.9
Interest income on Lease Rental	13	0.3	19	0.5
Exchange differences Loss/ (Gain)	(3)	(0.1)	4	0.1
Operating Other Income	103	2.8	98	2.7
Operating Profit/ (Loss) before Doubtful Debts provision	(41)	(1.1)	(13)	(0.4)
Provision for Doubtful Debts	27	0.7	36	1.0
Investment & Other Income	26	0.7	23	0.6
Borrowing costs	190	5.1	126	3.4
Profit / (Loss) Before Exceptional Items and Tax	(232)	(6.2)	(152)	(4.2)
Exceptional Items (Gain/ (Loss))	(61)	(1.6)	(67)	(1.8)
Tax Expense	(45)	(1.2)	(5)	(0.1)
Profit/ (Loss) After Tax	(248)	(6.6)	(214)	(5.9)
Other Comprehensive Income	(7)	(0.2)	5	0.1
Total Comprehensive Income/(Loss) for the Year	(255)	(6.8)	(209)	(5.7)

Note: 9 months represents period from 1st July to 31st Mar

Revenue

Consolidated Revenues for the year FY 17 (12 months) was ₹3,738 crores as against ₹3,656 crores for period FY 16 (9 months). Key composition of segment revenue was as under:

₹ Crores

Particulars	FY 17 (12 Months)	% of Total	FY 16 (9 Months)	% of Total
Hardware Products and Solutions	362	9.7	357	9.8
Services	946	25.3	741	20.3
Distribution	2470	66.1	2609	71.4
Learning	13	0.4	17	0.5
Inter- Segment Elimination	(53)	(1.4)	(68)	(1.9)
Total	3,738	100.0	3,656	100.0

- Services business composition of total revenue increased from 20.3% in FY 16 (9 months) to 25.3% in FY 17, mainly due to increase in Global Services Business (from 7.5% to 10.1%) and Consumer Services Business (from 3.4% to 5.1%)
- Distribution business composition of total revenue decreased from 71.4% in FY 16 (9 months) to 66.1% in FY 17, mainly due to the decline in consumer distribution business (from 51.8% to 34.7%) on account of transition into a multibrand business model, which could not be completely offset by the increase in enterprise distribution business (from 20.0% to 31.2%).
- Hardware products and solutions business and Learning business composition of total revenue in FY 17 remained unchanged at 9.7% and 0.4% respectively.

Gross Margin

Gross margin percentage increased by 229 bps from 16.5% in FY 16 (9 months) to 18.8% in FY 17, mainly on account of change in revenue mix (Services business with a high margin and Enterprise distribution business registered an increase in the composition of total revenue, whereas the Hardware Solution business remained flat). In absolute terms, gross margin was ₹704 crores in FY 17 as against ₹605 crores in nine months period ended on March'16.

Personnel Costs

Personnel costs was ₹541 crores in FY 17 as against ₹458 crores in nine months period ended on March'16.

Administration, Selling and Other Expenses

Administration, Selling & other expenses was ₹283 crores in FY 17 as against ₹241 crores in nine months period ended on March'16.

₹ Crores

Particulars	FY 17 (12 months)	% of Total	FY 16 (9 months)	% of Total
Rent	49	17.2	33	13.8
Retainership Expenses	41	14.4	30	12.6
Legal, Professional & Consultancy Charges	39	13.6	37	15.5
Travelling and Conveyance	32	11.3	34	14.3
Packing, Freight and Forwarding	16	5.6	16	6.5
Communication	15	5.4	14	5.7
Bank Charges	12	4.1	9	3.9
Office Electricity and Water	11	3.8	8	3.2
Others	69	24.5	59	24.5
Total	283	100.0	241	100.0

Depreciation

Depreciation was at ₹39 crores in FY 17 as against ₹32 crores in nine months period ended on March'16.

Interest income on Lease Rental

Interest income on lease rental was ₹13 crores in FY 17 as against ₹19 crores in nine months period ended on March'16 in line with the reduction in the lease rent recoverable. This income is operational in nature, on assets offered to our customers on a managed lease as a part of our offering in Solutions and Learning businesses.

Operating Other Income

Operating other income was at ₹103 crores in FY 17 as against ₹98 crores in nine months period ended on March'16. The income was mainly due to interest income on discounted receivables in the hardware and solutions business.

₹ Crores

Particulars	FY 17 (12 months)	% of Total	FY 16 (9 months)	% of Total
Interest income on discounted receivables	102	99.3	88	89.9
Provisions/Liabilities written back	1	0.7	10	10.1
Total	103	100	98	100

Operating Profit/ (Loss)

Operating Profit/ (Loss) before exceptional items and doubtful debts was ₹(41) crores ((1.1)% of revenue) in FY 17 as against ₹ (13) crores ((0.4)% of revenue) in nine months period ended on March'16.

Provision for Doubtful Debts

Provisions for doubtful debts were ₹27 crores (0.7 % of revenue) in FY 17 as against ₹36 crores (1.0% of revenue) in nine months period ended on March'16. The reduction was mainly in the Enterprise Distribution business.

Investment & Other Income

Investment & other income was at ₹26 crores in FY 17 as against ₹23 crores in nine months period ended on March'16.

Finance Costs

Finance costs was ₹190 crores in FY 17 against ₹126 crores in nine months period ended on March'16. The increase in cost was mainly attributable to loan processing fees on long term loans.

Exceptional Items

Net Gain/ (Loss) from Exceptional items was ₹ (61) crores in FY 17 as against ₹ (67) crores in nine months period ended on March'16.

₹ Crores

Particulars	FY 17 (12 Months)	FY 16 (9 Months)
a. Impairment of Goodwill	(61)	(70)
b. Profit on sale of properties	-	3
Total (c) = (a - b)	(61)	(67)

During the year, the Company has recognised Impairment of Goodwill of ₹ 11 crores (year ended March 31, 2016: ₹ 70 crores) and ₹ 50 crores (year ended March 31, 2016: NIL) for Learning and Services businesses respectively. Impairment in respect to Learning business has been recognised considering the impending transaction of sale of Digischool business undertaking. In respect of Services business, the Company has taken an impairment charge of ₹ 50 crores considering its past business performance in the markets where it operates, changes in the market dynamics, current business strategy and focus areas for the future years.

Tax Expense

Tax expense net of deferred tax was ₹ (45) crores in FY 17 as against ₹ (5) crores in nine months period ended on March'16.

Profit/ (Loss) after Tax

Profit/ (Loss) after Tax changed from (5.9)% of revenue in FY 16 to (6.6)% in FY 17. The loss for FY 17 was ₹(248) crores as against ₹(214) crores in nine months period ended on March'16.

Total comprehensive income/ (loss) for FY 17 was ₹(255) crores as against ₹ (209) crores in nine months period ended on March'16.

FINANCIAL CONDITION

Particulars	₹ Crores	
	FY 17 (12 Months)	FY 16 (9 Months)
EQUITY AND LIABILITIES		
Net Worth	549	804
Non Current Liabilities	433	566
Current Liabilities	2,202	2,196
Total	3,184	3,566
ASSETS		
Non-current Assets		
Property, Plant & Equipment and Intangible Assets	643	732
Others	501	444
Current Assets		
Investments	121	50
Others	1,919	2,340
Total	3,184	3,566

Net Worth

The Equity Share Capital of the company remained unchanged at ₹ 45 crores. However the other equity reduced by ₹ 255 crores on account of total comprehensive income/ (loss) during the year FY 17.

Non Current Liabilities

Non-current liabilities were at ₹433 crores as at March 31, 2017 as compared to ₹566 crores as at March 31, 2016 mainly due to decrease in Bank borrowings and term loans by ₹102 crores.

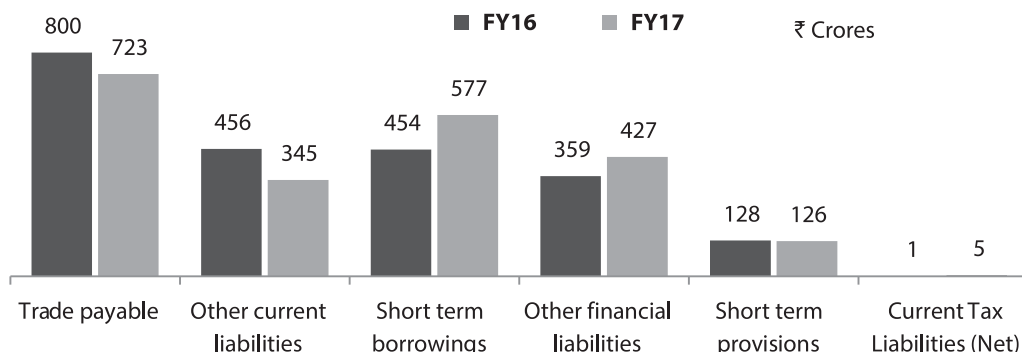
Net Borrowings

The net borrowings were at ₹1,023 crores as at March 31, 2017 as compared to ₹1,013 crores as at March 31, 2016.

Particulars	₹ Crores	
	March 31, 2017	March 31, 2016
Borrowings	1,337	1,281
Less: Investments	121	50
Less: Cash & Bank	193	218
Net Borrowings	1,023	1,013

Current Liabilities

Current liabilities were at ₹2,202 crores as at March 31, 2017 as compared to ₹ 2,196 crores as at March 31, 2016. The details are as follows:



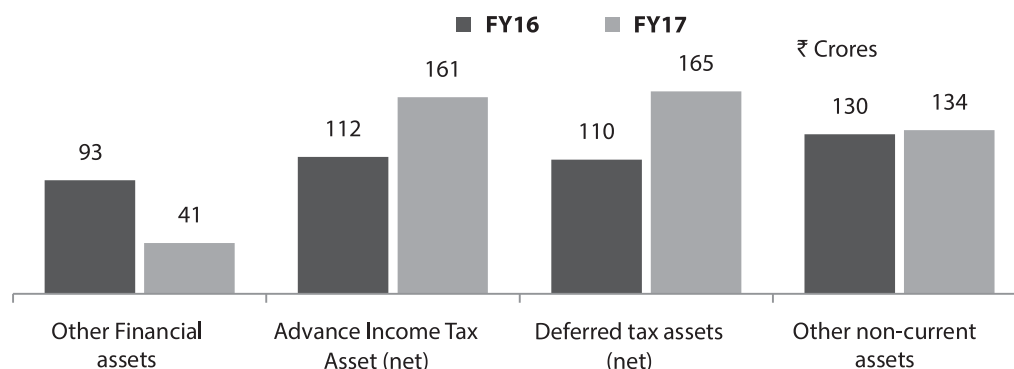
- Trade payables (including acceptances) were lower by ₹77 crores. The reduction is mainly in distribution business by ₹ 88 crores, partially offset by increase in services business by ₹16 crores.
- Other current liabilities were lower by ₹111 crores, mainly due to decrease in deferred revenue by ₹95 crores (₹ 214 crores as at March 31, 2017) and advance received from customer decreased by ₹12 crores (₹ 104 crores as at March 31, 2017)
- The short term borrowings were higher by ₹123 crores, due to increase in short term loan of ₹149 crores taken during the year, increase in commercial paper by ₹70 crores (₹ 195 crores as at March 31, 2017) and decrease in cash credit by ₹95 crores (₹ 9 crores as at March 31, 2017). Other financial liabilities mainly comprise of current maturity of long term debts, which increased by ₹48 crores to ₹343 crores as at March 31, 2017.

Property, Plant & Equipment and Intangible Assets

Property, Plant & Equipment and Intangible Assets as at March 31, 2017 was ₹643 crores including Goodwill on consolidation as against ₹ 732 crores as at March 31, 2016. The reduction is mainly due to impairment of Goodwill for ₹61 cores in Services ₹ 50 crores and Learning ₹ 11 crores.

Non Current Assets

Non-current assets were at ₹501 crores as at March 31, 2017 as compared to ₹444 crores as at March 31, 2016. The details are as follows:



- Other Financial Assets mainly comprise of Lease rent recoverable, which decreased by ₹52 crores to ₹34 crores as at March 31, 2017. The reduction is mainly in Hardware and Solutions business by ₹ 27 crores and the Learning business by ₹ 20 crores.
- Advance income tax asset (net) was higher by ₹49 crores.
- Deferred tax assets (net) were higher by ₹56 crores.
- Other non-current assets mainly comprises of balances with Government Authorities, which increased by ₹ 18 crores to ₹120 crores as at March 31, 2017, mainly on account of increase in VAT deposits under protest with the government related to the consumer distribution business.

Current Assets

Investments

Investments in mutual funds as at March 31, 2017 were ₹121 crores as against ₹50 crores as at March 31, 2016.

Inventories

Inventories as at March 31, 2017 were ₹141 crores as against ₹214 crores as at March 31, 2016. The reduction is mainly in the Consumer Distribution business by ₹ 29 crores and Enterprise business by ₹ 21 crores.

Trade Receivables

Debtors as at March 31, 2017 were ₹1,293 crores as against ₹1,550 crores as at March 31, 2016. The reduction is mainly in the System Integration business by ₹ 332 crores.

Cash and Bank

Cash in hand & Balances with Bank in collection / disbursement accounts and term deposits was ₹ 193 crores as at March 31, 2017 as against ₹218 crores as at March 31, 2016.

Other Financial Assets

Other Financial Assets were at ₹188 crores as at March 31, 2017 as compared to ₹ 265 crores as at March 31, 2016.

- o Lease rent recoverable decreased by ₹45 crores to ₹38 crores as at March 31, 2017. The reduction is mainly in the Hardware and Solutions business by ₹ 40 crores
- o Unbilled revenue decreased by ₹23 crores to ₹ 137 crores as at March 31, 2017. The reduction is mainly in the Hardware and Solutions business by ₹ 16 crores.

Other Current Assets

Other current assets were at ₹104 crores as at March 31, 2017 as compared to ₹ 91 crores as at March 31, 2016.

- o Balances with Government Authorities, increased by ₹ 14 crores to ₹44 crores as at March 31, 2017
- o Prepaid expenses decreased by ₹ 7 crores to ₹ 33 crores as at March 31, 2017.
- o Advance to creditors increased by ₹ 8 crores to ₹ 25 crores as at March 31, 2017.

CASH FLOW STATEMENT

A summary of cash statement is given below:

Particulars	₹ Crores	
	FY 17 (12 Months)	FY 16 (9 Months)
Cash and cash equivalents at the beginning of the year	199	124
Operating Profit/(Loss) before change in operating assets and liabilities	(104)	(84)
Changes in operating assets and liabilities	76	(99)
Taxes (Paid)/Received (Net of Tax Deducted at Source)	(2)	(3)
Cash from Operating Activities (A)	(30)	(186)
Cash from/(used in) Investing Activities (B)	105	349
Cash from/(used in) Financing Activities (C)	(136)	(88)
Net Increase/ (Decrease) in Cash and Bank Balances = (A+B+C)	(61)	75
Cash and cash equivalents at the end of the year	138	199

Cash flow from investing activities (B)

In FY 17 the Company has generated ₹105 crores for investing activities as against ₹349 crores in FY 16 as under:

Particulars	₹ Crores	
	FY 17 (12 Months)	FY 16 (9 Months)
Property, Plant & Equipment (including Intangible Assets) (net)	(13)	(30)
Sale/ (purchase) of investments	(68)	189
Lease rent recoverable	94	75
Investment in deposits (net) with banks	(36)	(9)
Interest income	122	110
Dividend income	5	6
Net cash generated from investing activities	105	349

Cash flow from financing activities (C)

In FY 17 the Company used ₹136 crores for financing activities as against ₹88 crores in FY 16 as under:

Particulars	₹ Crores	
	FY 17 (12 Months)	FY 16 (9 Months)
Proceeds from borrowings (net)	56	32
Interest paid	(191)	(120)
Amount transferred to investor education & protection fund	(1)	(0)
Net cash used in investing activities	(136)	(88)

Report on Corporate Social Responsibility

Introduction

Corporate Social Responsibility (CSR) at HCL Infosystems Limited is inspired by a vision of National transformation with strong commitment to sustainable growth. The Company has created business models to connect communities with technologies, alongside delivering long term shareholder value. The Company shall design and implement CSR programs that positively impact communities. The Company believes that creating shared value with stakeholder and communities shall enable drivers of growth. Our guiding principle is "Creating tomorrow's enterprise together".

Our Approach

HCL Infosystems shall use following channels to drive its CSR initiatives:

- **Education & Skill development:** provide & facilitate quality of education to underprivileged children through the use of Information Communication Technology (ICT)
- **Community Development:** provide ICT support to health care, health awareness programs, support to integrated child development
- **Environment:** work towards sustainable sanitation and environment conservation
- **Special Projects:** Awareness Programs on Financial Inclusion for rural communities not covered under banking ambit

Policy

- The Company is committed to preserve environment in and around its operational jurisdiction.
- The Company is committed to implement corporate social responsibility programs at touch points where we operate. This is for ensuring the long term sustainability of such interventions.
- The Company supports organizations / institutions engaged in building linkages with local, regional and rural communities & markets.
- The Company is committed to align its corporate social responsibility with communities and institutions so as to contribute in sustainable development by adopting innovations and technologies for improving health care, education and financial inclusion.
- The Company is committed to engage in affirmative action interventions expanding skill development & vocational trainings, so as to generate livelihoods for disadvantaged sections of society.
- The Company shall align and integrate the corporate social responsibility programs with the business process of the Company and make them outcome oriented.

- The Company shall sustain and continuously improve standards of environment, health and safety through collective endeavor of the Company and the employees at all levels.
- The Company shall endeavor to spend a minimum of 2% of the average net profits on corporate social responsibility programs. The corporate social responsibility corpus would also include any income arising from the corporate social responsibility activities and any surplus arising out of such activities.
- The Company declares that any surplus arising out of activities related to corporate social responsibility will not be accounted as business profits.

CSR Committee Membership and Organization

- The Committee shall be appointed by and will serve at the discretion of the Board. The Committee shall consist of no fewer than three (3) Director Members with at least one (1) member being an Independent Director of the Board.
- The members of the CSR Committee shall be appointed by the Board.
- The members of the Committee shall meet as and when the Company is required to incur expenditure on the CSR activities in future. Minutes of the meeting shall be submitted to the board.

Committee Responsibilities and Authority

- Every year, the CSR Committee shall place, a CSR plan outlining the CSR programmes to be carried out during the financial year and the specified budgets thereof for the Board's approval.
- The Board will consider and approve the CSR plan with any modification(s) that may be deemed necessary.
- The CSR Committee shall assign the task of implementation of the CSR plan within specified budgets and timeframes to CSR operations team.
- The CSR operations team shall carry out such CSR programmes as determined by the CSR Committee within the specified budgets and timeframes and report back to the CSR Committee on the progress thereon on quarterly basis.
- The CSR Committee shall review the implementation of the CSR programmes once a quarter and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR programmes in accordance with this Policy.
- At the end of every financial year, the CSR Committee shall submit its report to the Board.
- The Committee shall review and reassess the adequacy of this charter as and when the Company is required to

incur expenditure on CSR activities and recommend the changes, if any, to the Board for approval.

The policy is available on the website of the Company: <https://www.hclinfosystems.com/investors/>

Social Responsibility & Community Development

Being a socially responsible and sensitive corporate citizen is an integral part of your Company's business model. The average profit of the Company for the last three years is negative but still the Company has undertaken various CSR activities and has organized several activities for employees to contribute towards the underprivileged sections of society. Your Company continues to be committed to equal opportunities and non-discrimination towards all employees.

Employee Volunteering

Your Company continues to encourage employees to volunteer and contribute to various social causes.

- HCL Employees celebrated "Joy of Giving Week" where employees donated clothes and stationery to 'Goonj', an NGO that works towards welfare of under privileged people
- Some of the Employees visited "Goonj" site and have become volunteers for upliftment of underprivileged and are participating in their social campaign "Goonj Ka Gullak"
- HCL Infosystems undertook a 'Cleanliness drive' as part of its commitment to the 'Swachh Bharat initiative'. The drive received an enthusiastic response from the employees, who participated in the cleanliness activities held in a park in Noida and Auro beach in Pondicherry. It was covered in India CSR.
- HCL supported the cause of "Blood Donation" through Red Cross Society. Employees actively participated for the good cause.
- NGO named "Sukarya" which works for Women & Child welfare in villages of India, set up a stall in HCL office for selling products manufactured by underprivileged women. The initiative received an encouraging response from the employees.

Statement on non-discriminatory employment policy of the business entity

Equal Opportunities & Non Discrimination Policy: According to this policy, HCL Infosystems does not discriminate against any employee or job applicant on the basis of race, color, religion, gender, age, sexual orientation, nationality, pregnancy status, marital status, family status and different ability. All employees or job applicants are judged on the principle of equal employment opportunity.

Initiatives for Affirmative Action

Your Company is working towards ensuring equal opportunities to all sections of the society. As a part of its commitment to 'CII's Affirmative Action Code of Conduct', HCL Infosystems has taken proactive actions to provide equal opportunity for employability, training and mentoring to all sections of the society.

1. The composition of the CSR Committee:

The composition of the committee is as under:

S. No.	Name	Category
1	Ms. Sangeeta Talwar (Chairperson)	Independent & Non-Executive Director
2	Mr. Pawan Kumar Danwar (Member)	Non-Independent & Non- Executive Director
3	Mr. Dilip Kumar Srivastava (Member)	Non-Independent & Non- Executive Director

2. Average net profit of the Company for last three financial years:

The average profit for last three financial years is negative.

3. Prescribed CSR Expenditure (two per cent of the amount as in item 2 above):

Not required.

4. Details of CSR spent during the financial year:

Not required, as the average profit for the last three financial years is negative.

5. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

NA

6. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

NA

Environment Sustainability Report

Environment Management - Our Commitment to Social Responsibility:

Your Company believes in building a symbiotic relationship with manufacturers, consumers and recyclers with the aim to promote integration and sustainability in operations so that there is minimum stress on the environment.

Your Company over the years has integrated and innovated products for its customer's giving key emphasis on product life cycle management, commencing from sourcing, manufacturing to installation and recovery at the end-of-life of the product to ensure protection of the environment, health and safety of all stakeholders.

Environment Management Policy under HCL ecoSafe aims to encapsulate knowledge, awareness, and key developments on all environmental issues faced by today's world and to incorporate these in HCL's operations by assuring our commitment in delivering quality solutions, services and products.

Information provided along with the product: All the products carry adequate information on customer health and safety. Your Company mentions the hazardous constituents present in the product and describes the process for disposal of Waste of Electrical & Electronic Equipment (WEEE) in its information booklet. The symbol of crossed out wheeled bin placed on the product/product packaging indicates that the product should not be disposed in the municipal waste. The details on collection of e-waste and how to dispose old equipment is mentioned in detail on the website www.hclinfosystems.com

Electronic Waste Management:

The key objective of your Company's 'E-Waste Policy' aims at providing efficient and easy product recovery options to its consumers to facilitate responsible product retirement of all its manufactured Electrical & Electronic Equipment (EEE) products. Waste of Electrical & Electronic Equipment has been a subject of concern globally and nationally. Your Company believes that the manufacturers of electronic goods are responsible for facilitating an environment friendly disposal, once the product has reached the end of its life. The Company is no more in the manufacturing of products.

Recognizing the need to minimize the hazardous impact of e-waste on the environment, your Company has formulated a comprehensive program for the recovery and recycling of WEEE in an environmentally safe manner.

Separate Collection/Recovery:

Your Company extends the recycling facility to its users regardless of the fact, when and where they have purchased

the product. Your Company assures to all its customers that the entire process of recycling/disposal of WEEE will be carried out by an authorized recycling agency.

Green Bag Campaign:

Under your Company's Green Bag Campaign we collect old equipment from your Company's customers across India. We are not only reaching out to all our customers but are spreading awareness about proper recycling of electronic waste. We have witnessed positive improvement in e-waste collection since the last five years. Last year we have collected more than 53 Metric Tons (March 2017) of e-waste and have successfully disposed it through our Government approved Authorized Recycler.

Energy Management:

Energy is one field where we have made a considerable improvement. Your Company is evaluating options on how to use more and more renewable sources of energy. HCL Green Data Centre at Head Office, Noida is the first Data Centre Building in India to be a LEED IC PLATINUM certified by the US-Green Building Council.

Sd/-
Mr. Premkumar Seshadri
**Executive Vice-Chairman
& Managing Director**

Date : 30th May, 2017
Place : Noida

Sd/-
Ms. Sangeeta Talwar
**Chairperson
(CSR Committee)**

Directors' Report

To the Members,

Your Directors have pleasure in presenting their Thirty First Annual Report, together with the Audited Accounts for the financial year ended 31st March, 2017.

Financial Highlights

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2016-17	2015-16 (9 Months)	2016-17	2015-16 (9 Months)
Net Sales and other income	3,883.21	3,792.38	2,312.97	2,572.43
Profit before exceptional items Interest, Depreciation and Tax	(2.19)	5.81	52.83	62.55
Finance Charges	190.29	125.69	104.60	81.49
Depreciation and Amortization	39.19	31.98	4.80	4.12
Exceptional Items	(61.00)	(67.22)	(320.19)	(159.01)
Profit before Tax	(292.67)	(219.08)	(376.76)	(182.07)
Provision for Taxation: Current	11.31	8.89	6.31	8.41
Deferred Tax Expenses / (Credit)	(56.31)	(13.67)	(20.68)	(3.17)
Net Profit after Tax (Before Minority Interest)	(247.67)	(214.30)	(362.39)	(187.31)
Net Profit after Tax (After Minority Interest)	(247.67)	(214.30)	(362.39)	(187.31)

Performance

In pursuance to the requirement of Section 2(41) of the Companies Act, 2013, the Company last year had changed its previous financial year to end on 31st March, 2016 i.e. from 1st July, 2015 to 31st March, 2016 (9 months). Hence, the figures for the current financial year (12 months) are not comparable with the figures of the previous year (9 months).

The consolidated net revenue of the Company for the year ended 31st March 2017 was ₹ 3,883.21 Crores as against ₹ 3,792.38 Crores during the previous year (9 months) ended 31st March, 2016. The consolidated loss before tax for the year ended, 31st March, 2017 was ₹ 292.67 Crores as against ₹ 219.08 Crores during the previous year (9 months) ended 31st March, 2016. The net revenue on standalone basis for the year ended, 31st March, 2017 was ₹ 2,312.97 Crores as against ₹ 2,572.43 Crores during the previous year (9 months) ended 31st March, 2016. The loss before tax for the year ended, 31st March, 2017 was ₹ 376.76 Crores as against ₹ 182.07 during the previous year (9 months) ended 31st March, 2016.

Your Board of Directors do not recommend any dividend for the year under review.

Operations

A detailed analysis and insight into the financial performance and operations of your Company for the year ended 31st March, 2017 is appearing in the Management Discussion and Analysis, forming part of the Annual Report. There has been no changes in the nature of business of the Company.

After closure of the financial year, the Board of Directors has given its approval for sale of DigiSchool Business undertaking of HCL Learning Limited, a wholly owned subsidiary, on a going concern basis.

Transfer to reserves

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

Awards & Recognition

Your Company was felicitated with the CMO Asia Award for Brand Excellence in the 'Telecom Service Category' for the second consecutive year. Your company was recognized for providing excellent end-to-end support services for various product categories across locations in India.

HCL Services won "Best Use of Lean Six Sigma: Field Services in IT" award at World Quality Congress Conference for significantly improving Customer Experience for a leading multi-national OEM. The lean Six Sigma project undertaken by HCL Services helped augment client relationship and loyalty, leading to increased business & profitability for the OEM. The Customer Experience compliance (CE) improved from 89% in Q4 FY16 to 92% in Q1 FY17, with Enterprise CE achieving a remarkable 100% CE in the same period.

Employee Stock Option Plan

Employee Stock Option Scheme 2000

Pursuant to the approval of the Shareholders at an Extra-Ordinary General Meeting held on 25th February, 2000 for

grant of options to the employees of the Company and its subsidiaries (the Scheme 2000), the Board of Directors had approved the grant of 31,90,200 options including the options that had lapsed out of each grant. Each option confers on the employee a right for five equity shares of ₹2/- each.

During the year under review, no shares were allotted under ESOP scheme 2000.

Employee Stock Based Compensation Plan 2005

Pursuant to the approval of Shareholders of the Company through a Postal Ballot, the result whereof was declared on 13th June, 2005, the Board of Directors had granted 33,35,487 options including the options that had lapsed out of each grant under the Employee Stock Based Compensation Plan 2005 (the Plan 2005). Each option confers on the employee a right for five equity shares of ₹ 2/- each at the market price as specified in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, on the date of grant.

During the year under review, no shares were allotted under ESOP Plan 2005.

Credit Rating

The credit rating by ICRA continued at 'A1', indicating the very strong degree of safety regarding timely payment of financial obligations to the Company's Commercial Paper program of ₹ 300 crores.

The current long term rating assigned by India Rating to the Company is 'A-', indicating adequate degree of safety regarding timely servicing of financial obligations.

Fixed Deposits

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

Listing

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

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

The Company has paid the listing fee for the year 2017-2018 to BSE and NSE.

Directors and Key Managerial Personnel (KMP)

During the period under review, Mr. Sanjeev Sharma, the Independent Director, has resigned from the directorship of the Company w.e.f. 13th March, 2017. Dr. Pradeep Kumar Khosla, the another Independent Director, resigned from the directorship of the Company after closure of the financial year. The Board places on record its appreciation for the contributions made by the above Directors during their respective tenure as director with the Company.

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

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

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

Committees of Board

Currently, the Board has 6 (Six) Committees: Accounts and Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee, Finance Committee and Technology Committee. A detailed note on Committees is provided in the Corporate Governance Report.

Board and Committees Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a formal annual performance evaluation has been done by the Board of its own performance, the Directors individually as well as the evaluation of its Committees.

The Company had appointed an external agency to assist Nomination & Remuneration Committee (NRC) in drafting the questionnaires for the purpose of evaluation of the Board & the Individual Directors and the Board Committees. The structured questionnaires were circulated to all the Directors, requesting them to fill and return the duly filled questionnaires to the Company giving their views for evaluation of the self & the peers.

The feedback of the evaluation was shared by the Board Chairman with each Board members, the entire Board and the Board Committees and a roadmap was framed for taking the corrective actions on.

Independent Directors of the Company in their separate meeting held on 24th March, 2017 reviewed the performance of the Non-Independent Directors and the Board as a whole. They also reviewed the performance of the Chairperson of the Company.

Criteria/Policy on Appointment and Remuneration

The Board has, on the recommendation of the Nomination & Remuneration Committee (NRC) framed a criteria for appointment of Directors, Key Managerial Personnel/Senior Management. The Board has also adopted a remuneration policy for Directors, Key Managerial Personnel/ Senior

Management and other employees. The criteria/policy on appointment and remuneration are stated in the Corporate Governance Report.

Board Meetings

During the financial year 2016-17, 8 (Eight) Board Meetings were held and the gap between two meetings did not exceed one hundred and twenty days. The details of Board Meetings held are stated in the Corporate Governance Report.

Corporate Social Responsibility (CSR)

A report on Corporate Social Responsibility (CSR) is attached as Annexure to this Report. The policy on CSR had been revised by the Board in its meeting held on 24th March, 2017 which can be accessed on the website of the Company.

Corporate Governance Report and Management Discussion and Analysis Statement

The Corporate Governance Report and the Management Discussion and Analysis Statement are attached and are to be read with the Directors' Report.

Insider Trading Regulations

As per the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company had adopted the 'Code of Conduct for Internal Procedures and to Regulate, Monitor and Report Trading By Insiders' and the 'Code of Fair Disclosure' w.e.f. 15th May, 2015.

Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the company and that such internal Financial controls are adequate and were operating effectively.
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws

and that such systems were adequate and operating effectively.

Particulars of Employees and related disclosures

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

(a) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Non-Executive Directors	Ratio to median remuneration	Remuneration (₹)
Dr. Nikhil Sinha	-	-
Mr. V.N. Koura	-	-
Dr. Pradeep Kumar Khosla	0.95	2,25,000
Ms. Sangeeta Talwar	8.26	19,50,000
Mr. Kaushik Dutta	6.35	15,00,000
Mr. Dharendra Singh	7.63	18,00,000
Mr. Pawan Kumar Danwar	-	-
Mr. Dilip Kumar Srivastava	-	-
Mr. Sanjeev Sharma*	1.59	3,75,000
Ms. Ritu Arora**	0.95	2,25,000

Executive Directors	Ratio to median remuneration	Remuneration
Mr. Premkumar Seshadri	-	-

Note:

- No sitting fees is paid to Executive Director and Non-Independent Director.
- The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:**

Mr. Premkumar Seshadri, Executive Vice Chairman & Managing Director is not paid any remuneration by the Company.

No remuneration, other than the sitting fees was paid to Non-Executive and Independent Directors, which continued to be paid @ ₹ 75,000/- per Board/ Board Committee meeting, as was paid during the year 2015-16.

*Mr. Sanjeev Sharma resigned from Directorship of the Company w.e.f. 13th March, 2017.

**Ms. Ritu Arora started getting the sitting fees for the Board/ Committee meeting held on and after 31st January, 2017.

The percentage increase in the remuneration of the Chief Financial Officer and Company Secretary were 30.13 % and 16.90 % respectively.

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

The percentage increase in the median remuneration of the employees in the financial year was 4.1%.

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

The number of permanent employees on rolls of the Company at the end of the financial year were 3413.

(e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

- The Average Annual increase was around 4.1%
- Not Applicable for managerial remuneration, as no remuneration is paid by the Company to the Managing Director by the Company

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

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

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

Particulars of Loans, Guarantees or Investments

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

Related Party Transactions

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all related party transactions under the provisions of Section 188 and other applicable sections of the Companies Act, 2013 read with relevant rules for the financial year 2016-17. The Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Policy on dealing with related party transactions is available on the website of the Company. <https://www.hclinfosystems.com/investors/>

Internal Control Systems

Your Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Vigil Mechanism/ Whistle Blower Policy for Directors and employee to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The said Policy is posted on the website of the Company and can be assessed at <https://www.hclinfosystems.com/investors/>

Policy against Sexual Harassment

The organization endeavors to ensure a safe, protected and congenial work environment where employees shall deliver their best without any inhibition, threat or fear. Hence, the prevention of sexual harassment at workplace policy has been evolved.

The Company has put in place a 'Policy on Prevention and Redressal of Sexual Harassment at Workplace' under the name of "With You". As per the policy, any employee may report his/her complaint to the supervisor or HR representative or member of the Committee or to the With You email-id "withyou@hcl.com", in writing as mentioned.

The Committee would then investigate and submit its report within 45 working days. We affirm that adequate access was provided to any complainant who wished to register a complaint under the policy, during the year.

Risk Management Policy

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

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

Auditors & Auditors' Report

Statutory Auditors

Pursuant to the provisions of section 139 of the Companies Act, 2013, an audit firm can act as auditors for a maximum tenure of two terms of 5 consecutive years. For the purpose of reckoning this limit, existing tenure of the auditors needs to be counted. However, companies have been given a transition period of 3 years from April 1, 2014 to comply with this provision. M/s Price Waterhouse, Chartered Accountants, existing auditor's firm has completed two terms of five consecutive years with the Company.

M/s Price Waterhouse, Chartered Accountants, who are the statutory auditors of the Company, hold office until the conclusion of forthcoming Thirty First (31st) Annual General Meeting. It is proposed to appoint M/s BSR & Associates LLP, Chartered Accountants (FRN – 116231W/W-100024) as statutory auditors of the Company from the conclusion of

forthcoming Thirty First (31st) Annual General Meeting till the conclusion of Thirty Sixth (36th) AGM to be held in the year 2022. They have confirmed their eligibility to the effect that their appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for appointment. It is also proposed to authorize the Board of Directors to fix their remuneration.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Audit

Pursuant to the requirements of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s VKC & Associates, Practicing Company Secretaries Registration no. P2017UP060600 as the Secretarial Auditor for the year ended on 31st March, 2017. The Secretarial Audit report issued by VKC & Associates, Practicing Company Secretaries is attached separately to this report. The report does not contain any qualification, reservation or adverse remark.

Additional information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is attached as Annexure to this Report.

Consolidated Financial Statement

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

Subsidiaries, Joint Ventures and Associate Companies

A list of Subsidiaries/Associates/JVs is given in the Extract of Annual Return attached to this report.

Policy for determining material subsidiaries of the Company is available on the website of the Company at <https://www.hclinfosystems.com/investors/>

On sale of the entire stake held by the Company in Nokia HCL Mobile Internet Services Limited, the JV with Nokia, stands cancelled during the year.

HCL Infosystems South Africa Pty Limited, a step down wholly owned subsidiary of your Company has been deregistered during the year.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is attached herewith as "Annexure to this Report".

Significant and Material Orders Passed by the Regulators or Courts

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Acknowledgements

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

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

On behalf of the Board of Directors

Sd/-
Premkumar Seshadri
(Executive Vice Chairman &
Managing Director)

Sd/-
Dhirendra Singh
(Director)

Place: Noida
Date: 30th May, 2017

Annexure to Director's Report

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014

A. Conservation of Energy

Your Company has executed measures at its facilities to reduce power consumption. By generating awareness about Energy Conservation amongst employees, we were able to save approximately 1000 units of electrical energy during the period ending 31st March 2017.

B. Research & Development

1. Product Innovation & Engineering

Your company's Research & Development (R&D) unit "HCL Labs" was set up with a mission to create diverse services across various domains that can enable your company to venture into new businesses and acquire new customers. These services intend to bring continuous improvement in reducing delivery cost and time, increase customer relationship with high customer satisfaction (CSAT) and sustain its stronghold in the market for longer period.

The Puducherry R&D center has been working towards enhancing EMS (Enterprise Management System), IoT & Automation products with the convergence of Operational technologies (Connected Things - Vehicles, equipment, devices and people to drive Smart Logistics, Manufacturing and Cities etc.).

Different Tools have been built in Puducherry to provide the following services:

1. Enterprise Infrastructure Monitoring & Management
2. Enterprise Asset Management
3. Integrated Service Management
4. Client and DC Automation

In addition to the above, a platform was developed for deployment in IoT (Internet of Things) solutions, with a strong roadmap in building IOT Platform and Automation Utilities that helps in creating a unique differentiator against other competitive service providers. HCL Labs is currently creating engines and processes for delivering world-class services and solutions in terms of quality and standards.

2. Expenditure on R & D (Consolidated)

	(₹/ Crores)
Capital :	NIL
Revenue :	NIL
Total :	NIL

3. Technology Absorption, Adaptation and Innovation

HCL Labs has introduced yet another pioneering technology that enables banking for the unbanked in rural and urban migrant population in India, a huge challenge in the country that can be surmounted only with the use of technology. With an objective to perform banking transactions of any bank /branch customer at the Business Correspondent Agent using Hand-held Terminal device, the following initiative has been undertaken:

AEPS OFF -US (Inter Bank Aadhaar Transaction)

HCL has successfully integrated HHT (Hand-held Terminal) devices with National Payment Corporation of India (NPCI) /UIDAI and with Banks' CBS (Core Banking Server) as another medium to perform inter-bank Aadhaar Enabled Payment System (AEPS) transactions. Customers simply need to link their Aadhaar number with their bank accounts to avail this banking service. During the transaction, the customer will be required to initiate the AEPS OFF-US, and the transaction will be drawn on the desired NPCI member Bank. The process is independent of branch and does not require any voucher/slips/ or ATM cards. The authentication of such transactions take place with the help of Customers' biometric data which is stored at the UIDAI server. This makes the system not only robust but also enables a real time transaction syncing with the Banks' CBS system. As compared to any other RuPay / Master/ Visa transaction cost, it is a very cost effective method of providing banking services to the rural and unmanaged segment.

4. Foreign Exchange earnings and outgo

During the year under review, the Company's Standalone earnings in foreign currency were ₹ 6.94 Crores (Previous period ₹ 0.88 Crores). The Standalone expenditure in foreign currency including imports during the year amounted to ₹ 126.19 Crores (Previous period ₹ 2.03 Crores).

Your Company has taken the following steps to increase its Foreign Exchange earnings:

HCL Infosystems MEA, the Company's subsidiary based out of Dubai achieved traction in the following:

- Bagged Datacentre Transformation Project from Daman Insurance worth AED 16 Million
- Received sign off for all old projects of DEWA

HCL Insys Pte. Ltd., the company's subsidiary based out of Singapore won following major orders:

- Bagged ATFM (Agency Tenant Facility Management), an 8-year program to provide IT Managed Services to the entire Government of Singapore –
 - Total Contract Value in excess of SGD 320 Million
 - Potential tenants / clients is greater than 50

- Service subscription commencement incrementally from July 2017 and will reach peak during JFM 2019
- Major focus of ATFM is to use Remote Administration and ticket reduction / elimination through automation thereby reducing onsite man-effort required to manage Agency's IT Infrastructure and Application

- Achieved overall Revenue of SGD\$ 68.09 Million during the financial year
- Renewed contracts for Annual Contract Value worth over SGD10 Million; completed with supplementary Net Addition of 7 to 10%
- Process & Productivity improvements (Higher CSAT achievement through CSI framework for all agencies; Improvement in margin through higher productivity)

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L72200DL1986PLC023955
ii) Registration Date	17/04/1986
iii) Name of the Company	HCL Infosystems Limited
iv) Category / Sub-Category of the Company	Company having Share Capital
v) Address of the Registered office and contact details	806, Siddharth, 96, Nehru Place, New Delhi – 110019 Tel. No. 011 26444812
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Alankit Assignments Limited 205-208, Anarkali Complex Jhandewalan Extension, New Delhi-110055 Tel. No. 011-42541234, 23541234 Fax No. 23552001 E-Mail : rta@alankit.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1	Cellular Phones	46524- Wholesale of telephone, mobile phone and communications equipment and parts	57.14
2	Computers/ Micro Processor based systems	46511- Wholesale of computers and computer peripheral equipment	41.01

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	HCL Services Limited (formerly known as HCL Care Limited)	U93000DL2012PLC242938	Subsidiary	100	2(87)(ii)
2	HCL Infotech Limited (formerly known as HCL System Integration Limited)	U72200DL2012PLC242944	Subsidiary	100	2(87)(ii)
3	HCL Learning Limited	U80900DL2012PLC242907	Subsidiary	100	2(87)(ii)
4	Digilife Distribution and Marketing Services Limited (formerly known as HCL Security Limited)	U72900DL2008PLC175605	Subsidiary	100	2(87)(ii)
5	Pimpri Chinchwad eServices Limited	U72200DL2010PLC208539	Subsidiary	85	2(87)(ii)
6	HCL Computing Products Limited	U72900DL2012PLC238730	Subsidiary	100	2(87)(ii)
7	HCL Insys Pte Limited, Singapore (Through HCL Services Limited)		Subsidiary	100	2(87)(ii)
8	HCL Investments Pte Limited, Singapore; (Through HCL Infotech Limited)		Subsidiary	100	2(87)(ii)
9	HCL Infosystems MEA FZE, Dubai (Through HCL Insys Pte Limited, Singapore)		Subsidiary	100	2(87)(ii)

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
10	HCL Infosystems LLC, Dubai; (Through HCL Infosystems MEA FZE, Dubai)		Subsidiary	49	2(87)(i)
11	HCL Infosystems MEA LLC Abu Dhabi (Through HCL Infosystems MEA FZE, Dubai)		Subsidiary	49	2(87)(i)
12	HCL Infosystems Qatar WLL, Qatar (Through HCL Infosystems MEA LLC, Abu Dhabi)		Subsidiary	49	2(87)(i)
13	HCL Touch Inc., US (Through HCL Services Limited)		Subsidiary	100	2(87)(ii)
14	HCL Infosystems South Africa Pty Limited, South Africa* (Through HCL Investments Pte Limited, Singapore)		Subsidiary	100	2(87)(ii)
15	Nokia HCL Mobile Internet Services Limited**	U74900DL2009PLC188379	Associate	49	2(6)

*HCL Infosystems South Africa Pty Limited, South Africa deregistered w.e.f. 4th January, 2017.

** Ceased to be Associate w.e.f. 4th August, 2016 on sale of the entire stake in its share capital by the Company

IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 31 st March, 2016)				No. of Shares held at the end of the year (As on 31 st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	22,65,808	-	22,65,808	1.02	4,40,105	-	4,40,105	0.20	-0.82*
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	12,71,12,036	-	12,71,12,036	57.02	12,89,37,739	-	12,89,37,739	57.84	0.82*
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other..	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-									
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-									
Total shareholding of Promoter									
(A) = (A)(1)+(A)(2)	12,93,77,844	-	12,93,77,844	58.04	12,93,77,844	-	12,93,77,844	58.04	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	6,367	10,750	17,117	0.01	5,000	10,750	15,750	0.01	-
b) Banks/FI	42,39,120	7,750	42,46,870	1.90	44,28,815	7,750	44,36,565	1.99	0.09
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	10,39,561	500	10,40,061	0.47	94,976	500	95,476	0.04	-0.43
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investor	26,92,918	-	26,92,918	1.21	42,15,719	-	42,15,719	1.89	0.68
Sub-total (B)(1):-	79,77,966	19,000	79,96,966	3.59	87,44,510	19,000	87,63,510	3.93	0.34

Category of Shareholders	No. of Shares held at the beginning of the year (As on 31 st March, 2016)				No. of Shares held at the end of the year (As on 31 st March, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,58,74,643	14,33,380	1,73,08,023	7.76	1,31,17,778	14,33,380	1,45,51,158	6.53	-1.23
ii) Overseas	70,000	-	70,000	0.03	70,000	-	70,000	0.03	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4,85,35,710	15,80,038	5,01,15,748	22.48	5,30,81,755	15,11,630	5,45,93,385	24.49	2.01
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,54,85,651	86,625	1,55,72,276	6.99	1,25,89,684	86,625	1,26,76,309	5.69	-1.30
c) Others (specify)									
i) NRI	24,01,997	7,000	24,08,997	1.08	27,93,098	7,000	28,00,098	1.26	0.18
ii) Trust	67,770	5	67,775	0.03	85,320	5	85,325	0.04	0.01
iii) Foreign Body Corporate	-	2,000	2,000	0.00	-	2,000	2,000	0.00	-
Sub-total (B)(2):-	824,35,771	31,09,048	8,55,44,819	38.37	8,17,37,635	30,40,640	8,47,78,275	38.04	3.13
Total Public Shareholding (B) = (B)(1) + (B)(2)	9,04,13,737	31,28,048	9,35,41,785	41.96	9,04,82,145	30,59,640	9,35,41,785	41.96	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2,197,91,581	31,28,048	22,29,19,629	100.00	21,98,59,989	30,59,640	22,29,19,629	100.00	0.00

*Ms. Nina Puri, Promoter, transferred her shares to M/s Vireet Investments Private Limited, a company owned and controlled by her along with her family members.

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 31 st March, 2016)			Shareholding at the end of the year (As on 31 st March, 2017)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mr. Ajai Chowdhry	1,98,490	0.09	-	1,98,490	0.09	-	-
2	Ms. Gita Chowdhry	1,52,445	0.07	-	1,52,445	0.07	-	-
3	Ms. Kiran Malhotra	59,060	0.03	-	59,060	0.02	-	-
4	Mr. Shiv Nadar	2,070	0.00	-	2,070	0.00	-	-
5	Ms. Roshni Nadar	1,960	0.00	-	1,960	0.00	-	-
6	Ms. Poorva Malhotra	12,880	0.01	-	12,880	0.01	-	-
7	Mr. Akshay Chowdhry	900	0.00	-	900	0.00	-	-
8	Mr. Shiven Malhotra	11,880	0.01	-	11,880	0.01	-	-
9	Ms. Kiran Nadar	420	0.00	-	420	0.00	-	-
10	Ms. Nina Puri*	18,25,703	0.82	-	-	-	-	-
11	M/s Vireet Investments Private Limited*	-	-	-	18,25,703	0.82	-	-
12	M/s HCL Corporation Pvt. Ltd. (Formerly, Guddu Investments (Pondicherry) Pvt. Ltd.)	11,13,82,239	49.97	-	11,13,82,239	49.97	-	-
13	M/s Vama Sundari Investments (Delhi) Pvt Ltd	10,38,848	0.47	-	10,38,848	0.47	-	-
14	M/s AKM Systems Pvt. Ltd.	1,19,97,007	5.38	-	1,19,97,007	5.38	-	-
15	M/s Apollo Trading And Finance Pvt. Ltd.	13,46,971	0.60	-	13,46,971	0.60	-	-
16	M/s BFL Investments & Financial Consultants Pvt. Ltd.	13,46,971	0.60	-	13,46,971	0.60	-	-
	Total	12,93,77,844	58.04	-	12,93,77,844	58.04	-	-

*Ms. Nina Puri, Promoter, transferred her shares to M/s Vireet Investments Private Limited, a company owned and controlled by her along with her family members.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year (As on 31 st March, 2016)		Cumulative Shareholding during the year (As on 31 st March, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	12,93,77,844	58.04	12,93,77,844	58.04
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	*		-	-
	At the End of the year	12,93,77,844	58.04	12,93,77,844	58.04

*Ms. Nina Puri, Promoter, transferred her shares to M/s Vireet Investments Private Limited, a company owned and controlled by her along with her family members.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	GOPIKISHAN SHIVKISHAN DAMANI		15,00,000	0.6729	15,00,000	0.6729
	Add: Market Purchase	08.04.2016	14,20,000	0.6370	29,20,000	1.3099
	Less: Market Sale	07.10.2016	-4,00,000	-0.1794	25,20,000	1.1305
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	25,20,000	1.1305
2	LIFE INSURANCE CORPORATION OF INDIA			21,31,085	0.9560	21,31,085
	Add/Less:		0	0.0000	21,31,085	0.9560
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	21,31,085	0.9560
3	BHADRA JAYANTILAL SHAH			22,00,000	0.9869	22,00,000
	Less: Market Sale	16.12.2016	-1,00,000	-0.0449	21,00,000	0.9420
	Less: Market Sale	23.12.2016	-1,00,000	-0.0449	20,00,000	0.8972
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	20,00,000	0.8972
4	CHETAN JAYANTILAL SHAH		22,00,000	0.9869	22,00,000	0.9869
	Less: Market Sale	16.12.2016	-2,00,000	-0.0897	20,00,000	0.8972
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	20,00,000	0.8972
5	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC. (DFAIDG)		10,78,773	0.4839	10,78,773	0.4839
	Add: Market Purchase	06.01.2017	1,24,236	0.0557	12,03,009	0.5397
	Add: Market Purchase	20.01.2017	32,883	0.0148	12,35,892	0.5544
	Add: Market Purchase	27.01.2017	99,118	0.0445	13,35,010	0.5989
	Add: Market Purchase	10.02.2017	37,743	0.0169	13,72,753	0.6158
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	13,72,753	0.6158

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	MV SCIF MAURITIUS		7,85,365	0.3523	7,85,365	0.3523
	Add: Market Purchase	22.04.2016	79,198	0.0355	8,64,563	0.3878
	Add: Market Purchase	29.04.2016	29,692	0.0133	8,94,255	0.4012
	Add: Market Purchase	24.06.2016	31,184	0.0140	9,25,439	0.4151
	Less: Market Sale	19.08.2016	-10,221	-0.0046	9,15,218	0.4106
	Add: Market Purchase	23.09.2016	5,066	0.0023	9,20,284	0.4128
	Less: Market Sale	23.12.2016	-45,805	-0.0205	8,74,479	0.3923
	Less: Market Sale	06.01.2017	-9,785	-0.0044	8,64,694	0.3879
	Less: Market Sale	03.02.2017	-3,142	-0.0014	8,61,552	0.3865
	Less: Market Sale	03.03.2017	-12,384	-0.0056	8,49,168	0.3809
	Add: Market Purchase	24.03.2017	15,523	0.0070	8,64,691	0.3879
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	8,64,691	0.3879
7	SUBHASH ARORA INVESTMENT P LTD		8,19,250	0.3675	8,19,250	0.3675
	Add/Less:		0	0.0000	8,19,250	0.3675
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	8,19,250	0.3675
8	RAMESH DAMANI		5,92,029	0.2656	5,92,029	0.2656
	Add: Market Purchase	26.08.2016	25,000	0.0112	6,17,029	0.2768
	Add: Market Purchase	07.10.2016	1,00,000	0.0449	7,17,029	0.3217
	Less: Market Sale	21.10.2016	-25,000	-0.0112	6,92,029	0.3104
	Less: Market Sale	28.10.2016	-25,000	-0.0112	6,67,029	0.2992
	Add: Market Purchase	16.12.2016	50,000	0.0224	7,17,029	0.3217
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	7,17,029	0.3217
9	GENERAL INSURANCE CORPORATION OF INDIA		7,00,000	0.3140	7,00,000	0.3140
	Add/Less:		0	0.0000	7,00,000	0.3140
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	7,00,000	0.3140
10	ICICI BANK LIMITED					
			3,55,378	0.1594	3,55,378	0.1594
	Less: Market Sale	08.04.2016	-1,328	-0.0006	3,54,050	0.1588
	Less: Market Sale	15.04.2016	-550	-0.0002	3,53,500	0.1586
	Less: Market Sale	22.04.2016	-2,954	-0.0013	3,50,546	0.1573
	Add: Market Purchase	29.04.2016	25,308	0.0114	3,75,854	0.1686
	Add: Market Purchase	06.05.2016	46,051	0.0207	4,21,905	0.1893
	Add: Market Purchase	13.05.2016	9,250	0.0041	4,31,155	0.1934
	Add: Market Purchase	20.05.2016	1,757	0.0008	4,32,912	0.1942
	Add: Market Purchase	27.05.2016	1,009	0.0005	4,33,921	0.1947
	Less: Market Sale	03.06.2016	-96,558	-0.0433	3,37,363	0.1513
	Less: Market Sale	10.06.2016	-1,411	-0.0006	3,35,952	0.1507

Sl. No.			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Add: Market Purchase	17.06.2016	8,385	0.0038	3,44,337	0.1545
	Add: Market Purchase	24.06.2016	91,029	0.0408	4,35,366	0.1953
	Add: Market Purchase	30.06.2016	20,368	0.0091	4,55,734	0.2044
	Less: Market Sale	08.07.2016	-10,747	-0.0048	4,44,987	0.1996
	Add: Market Purchase	15.07.2016	46,357	0.0208	4,91,344	0.2204
	Less: Market Sale	22.07.2016	-63,153	-0.0283	4,28,191	0.1921
	Add: Market Purchase	29.07.2016	23,277	0.0104	4,51,468	0.2025
	Add: Market Purchase	05.08.2016	3,036	0.0014	4,54,504	0.2039
	Less: Market Sale	12.08.2016	-20,379	-0.0091	4,34,125	0.1947
	Less: Market Sale	19.08.2016	-170	-0.0001	4,33,955	0.1947
	Add: Market Purchase	26.08.2016	1,707	0.0008	4,35,662	0.1954
	Add: Market Purchase	02.09.2016	1,22,471	0.0549	5,58,133	0.2504
	Less: Market Sale	09.09.2016	-11,268	-0.0051	5,46,865	0.2453
	Add: Market Purchase	16.09.2016	3,140	0.0014	5,50,005	0.2467
	Less: Market Sale	23.09.2016	-49,479	-0.0222	5,00,526	0.2245
	Less: Market Sale	30.09.2016	-29,227	-0.0131	4,71,299	0.2114
	Less: Market Sale	07.10.2016	-5,248	-0.0024	4,66,051	0.2091
	Add: Market Purchase	14.10.2016	3,79,019	0.1700	8,45,070	0.3791
	Add: Market Purchase	21.10.2016	14,315	0.0064	8,59,385	0.3855
	Less: Market Sale	28.10.2016	-6,615	-0.0030	8,52,770	0.3825
	Add: Market Purchase	04.11.2016	2,244	0.0010	8,55,014	0.3836
	Less: Market Sale	11.11.2016	-3,643	-0.0016	8,51,371	0.3819
	Add: Market Purchase	18.11.2016	14,532	0.0065	8,65,903	0.3884
	Add: Market Purchase	25.11.2016	795	0.0004	8,66,698	0.3888
	Less: Market Sale	02.12.2016	-6,030	-0.0027	8,606,68	0.3861
	Less: Market Sale	09.12.2016	-13,683	-0.0061	8,46,985	0.3800
	Add: Market Purchase	16.12.2016	3,956	0.0018	8,50,941	0.3817
	Less: Market Sale	23.12.2016	-22,824	-0.0102	8,28,117	0.3715
	Less: Market Sale	31.12.2016	-329	-0.0001	8,27,788	0.3713
	Less: Market Sale	06.01.2017	-32,757	-0.0147	7,95,031	0.3566
	Less: Market Sale	13.01.2017	-1,84,633	-0.0828	6,10,398	0.2738
	Less: Market Sale	20.01.2017	-1,80,299	-0.0809	4,30,099	0.1929
	Add: Market Purchase	27.01.2017	2,781	0.0012	4,32,880	0.1942
	Less: Market Sale	03.02.2017	-12,092	-0.0054	4,20,788	0.1888
	Add: Market Purchase	10.02.2017	5,004	0.0022	4,25,792	0.1910
	Add: Market Purchase	17.02.2017	5,831	0.0026	4,31,623	0.1936
	Add: Market Purchase	24.02.2017	18,127	0.0081	4,49,750	0.2018
	Add: Market Purchase	03.03.2017	14,604	0.0066	4,64,354	0.2083
	Add: Market Purchase	10.03.2017	34,063	0.0153	4,98,417	0.2236
	Add: Market Purchase	17.03.2017	13,342	0.0060	5,11,759	0.2296
	Add: Market Purchase	24.03.2017	1,03,700	0.0465	6,15,459	0.2761
	Less: Market Sale	31.03.2017	-18,714	-0.0084	5,96,745	0.2677
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	5,96,745	0.2677

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Kaushik Dutta (At the beginning of the year)	4,000	0.002	-	-
	Add:	-	-	-	-
	Less:	-	-	-	-
	At the End of the year			4,000	0.002
Key Managerial Personnel					
	-	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	27,563.92	29,918.40	-	57,482.32
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	220.37	223.77	-	444.14
Total (i+ii+iii)	27,784.29	30,142.17	-	57,926.46
Change in Indebtedness during the financial year				
• Addition	-1,198.92	9,140.70		7,941.78
• Reduction				
Net Change	-1,198.92	9,140.70		7,941.78
Indebtedness at the end of the financial year				
i) Principal Amount	26,365.00	39,059.10		65,424.10
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	149.09	312.53		461.62
Total (i+ii+iii)	26,514.09	39,371.63		65,885.72

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ In Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
		Mr. Premkumar Seshadri	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify...		
5.	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	NA	

B. Remuneration to other directors:
(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Fee for attending board /committee meetings	Commission	Others, please specify	Total Amount
1.	Independent Directors				
	Dr. Pradeep Kumar Khosla	2.25	-	-	2.25
	Ms. Sangeeta Talwar	19.50	-	-	19.50
	Mr. Kaushik Dutta	15.00	-	-	15.00
	Mr. Dharendra Singh	18.00	-	-	18.00
	Mr. Sanjeev Sharma*	3.75	-	-	3.75
	Ms. Ritu Arora**	2.25	-	-	2.25
	Total (1)				60.75
2.	Other Non-Executive Directors				
	Dr. Nikhil Sinha	-	-	-	-
	Mr. V.N. Koura	-	-	-	-
	Mr. Pawan Kumar Danwar	-	-	-	-
	Mr. Dilip Kumar Srivastava	-	-	-	-
	Total (2)				
	Total (B)=(1+2)				-
	Total Managerial Remuneration	-	-		
	Overall Ceiling as per the Act	₹ 1,00,000 per Board/ Committee meeting			

*Mr. Sanjeev Sharma, Independent Director, has resigned from the directorship of the Company w.e.f. 13th March, 2017

**Ms. Ritu Arora started getting the sitting fees for the Board/Committee meeting held on and after 31st January, 2017.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD
(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. S. G. Murali CFO	Mr. Sushil Kumar Jain Company Secretary	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	237.06	43.06	280.12
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10.25	3.28	13.53
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total	247.31	46.34	293.65

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Information Regarding Employee Stock Option Scheme

The details of the options granted under the HCL Infosystems Limited, Employee Stock Option Scheme 2000 (Scheme 2000) and Employee Stock Based Compensation Plan 2005 (Scheme 2005) as on 31st March, 2017 are given below:-

Employee Stock Option Scheme 2000 (Scheme 2000)

Options Granted : 31,90,200 which confer a right to get 1 equity share of ₹10/- each (each equity share of the face value of ₹ 10/- has been sub divided into five equity shares of ₹ 2/- each).

Pricing Formula : The members of the Company at the Extra Ordinary General Meeting held on 25th February, 2000 approved the exercise price as the price which will be not less than 85% of the fair market value of the shares on the date on which the Board of Directors of the Company approved the Grant of such options to the employees or such price as the Board of Directors may determine in accordance with the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). The members of the Company at the Annual General Meeting held on 21st October, 2004, approved the amendment to the pricing formula that the options granted but not yet exercised by the employees or options that would be granted in future, would be at the market price on the date of grant. For this purpose the market price as specified in the amended provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the regulations/guidelines prescribed by SEBI or any relevant authority, from time to time to the extent applicable.

Variance of terms of options : The pricing formula has been amended that the options granted but not yet exercised by the employees or options that would be granted in future, would be at the market price. For this purpose, the market price means the market price as specified in the amended provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the regulations/guidelines prescribed by SEBI or any relevant authority, from time to time to the extent applicable.

Options Details :	Date of Grant	Grant Price (₹)	Options Vested till 31/03/2017	Options Exercised till 31/03/2017	Options Lapsed/ Forfeited during year ended 31/03/2017	Options in force as on 31/03/2017
	10-Aug-00	289.00	Fully vested	13,63,708	-	-
	28-Jan-04	538.15	Fully vested	8,44,093	-	-
	25-Aug-04	603.95	Fully vested	57,892	-	-
	18-Jan-05	809.85	Fully vested	39,977	-	-
	15-Feb-05	809.30	Fully vested	2,400	-	-
	15-Mar-05	834.40	Fully vested	3,794	-	-
	15-Apr-05	789.85	Fully vested	960	-	-
	14-May-05	770.15	Fully vested	970	-	-
	15-Jun-05	756.15	Fully vested	3,565	-	-
	15-Jul-05	978.75	Fully vested	1,318	-	-
	13-Aug-05	1144.00	Fully vested	-	-	-
	15-Sep-05	1271.25	Fully vested	-	-	-
	15-Mar-07	648.75	Fully vested	7,300	-	-
	23-Jan-08	898.25	Fully vested	-	4,171	-
	18-Aug-09	627.25	Fully vested	-	-	-
	26-Oct-10	586.75	Fully vested	-	-	-
	2-Feb-11	516.50	Fully vested	-	-	-
	30-Jan-12	233.25	Fully vested	-	-	-
	18-Jun-12	202.00	Fully vested	-	-	-
	9-Sep-13	132.00	Fully vested	6,000	4,000	-
	18-Sep-14	380.00	3,000	-	-	-
	21-Nov-14	363.75	3,000	-	10,000	-
	Total			23,31,977	18,171	-

Vesting Details : 30%-12 months after the grant date
30%- 24 months after the grant date
40%- 42 months after the grant date

Employee Stock Based Compensation Plan 2005 (Scheme 2005)

Options Granted : 33,35,487 which confer a right to get 5 equity shares of ₹ 2/- each.

Pricing Formula : As per the resolution passed by members of the Company, through postal ballot, the result whereof was declared on 13th June, 2005, the options are granted at the market price on the date of grant or such price as the Board of Directors may determine in accordance with the Regulations and Guidelines prescribed by SEBI or other relevant authority from time to time. For this purpose, the market price as specified in the amended provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the regulations/guidelines prescribed by SEBI or any relevant authority from time to time to the extent applicable.

Variance of terms of options : No variation made.

Options Details :	Date of Grant	Grant Price (₹)	Options Vested till 31/03/2017	Options Exercised till 31/03/2017	Options Lapsed/ Forfeited during year ended 31/03/2017	Options in force as on 31/03/2017
	13-Aug-05	1144.00	Fully vested	9,074	-	-
	19-Oct-05	1157.50	Fully vested	-	-	-
	15-Nov-05	1267.75	Fully vested	-	-	-
	15-Dec-05	1348.25	Fully vested	-	-	-
	14-Jan-06	1300.00	Fully vested	-	-	-
	15-Feb-06	1308.00	Fully vested	-	-	-
	16-Mar-06	1031.00	Fully vested	-	-	-
	17-Apr-06	868.75	Fully vested	-	160	-
	15-May-06	842.50	Fully vested	-	810	-
	15-Jun-06	620.50	Fully vested	430	540	-
	17-Jul-06	673.75	Fully vested	80	310	-
	15-Mar-07	648.75	Fully vested	7,860	35,180	-
	23-Jan-08	898.25	Fully vested	-	5,895	4,065
	16-Aug-11	375.00	Fully vested	-	-	-
	17-Aug-11	375.00	Fully vested	-	7,000	-
	18-Jun-12	202.00	800	-	-	-
	30-Jan-13	186.00	16,000	-	-	16,000
	14-Feb-13	178.00	-	-	-	-
	10-May-13	187.00	2,000	2,000	-	-
Total				19,444	49,895	20,065

Vesting Details : 20%-12 months after the grant date
20%- 24 months after the grant date
20%- 36 months after the grant date
20%- 48 months after the grant date
20%- 60 months after the grant date

Other Details

S. No.	Description	Scheme 2000	Scheme 2005
1.	Total number of shares arising as a result of exercise of options :	1,16,59,885 equity shares of ₹ 2 each	97,221 equity shares of ₹2/- each
2.	Money realised by exercise of options :	₹ 93,18,26,384.15	₹1,61,74,774.80
3.	Weighted average exercise price of options granted (₹) :	₹ 653.85	₹ 1044.55
4.	Weighted average fair value of options granted (₹) :	₹ 84.90	₹ 148.95
5.	Employee-wise details of options granted to:		

S. No.	Description	Scheme 2000	Scheme 2005
	(i) Senior Management :		
	• Mr. Sutikshan Naithani	-	20,000
	• Mr. Sushil Kumar Jain	-	2,500
	(ii) Employees holding 5% or more of the total number of options granted during the year :	NIL	NIL
	(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	NIL

The fair value of each stock option granted under Employee Stock Option Plan 2000 and Employee Stock Based Compensation Plan 2005, as on the date of grant has been computed using Black-Scholes Option Pricing Formula and the model inputs are given as under:

Description	Scheme 2000	Scheme 2005
Volatility :	31% to 68%	31% to 65%
Risk free rate :	6.25% to 6.783%	6.25% to 6.82%
Exercise Price :	₹ 132.00 to ₹ 1,271.25	₹ 178.00 to ₹ 1,348.25
Time to Maturity (years) :	2.20 to 5.50	2.50 to 7.00
Dividend Yield :	0% to 32%	0% to 37%
Life of options :	8.5 Years	10 Years
Fair Value of options as at the grant date :	₹ 1.69 to ₹ 196.18	₹ 0.00 to ₹ 268.16

Notes:

1. Volatility: Based on historical volatility in the share price movement of the Company.
2. Risk Free Rate: Being the interest rate applicable for maturity equal to the expected life of options based on yield curve for Government Securities.
3. Time to Maturity: Vesting period and volatility of the underlying equity shares have been considered for estimation.
4. Dividend Yield: Based on historical dividend payouts.

Auditors' Certificate

The Board of Directors
HCL Infosystems Limited
806, Siddharth
96, Nehru Place
New Delhi -110019

Report of Statutory Auditors to HCL Infosystems Limited pursuant to requirement of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

1. This report is issued in accordance with the terms of our agreement dated May 2, 2017.
2. The accompanying Share based Employee Benefit Scheme Employee Stock Option Plan Scheme 2000 (hereinafter referred to as "the 2000 Plan") and Employee Stock based Compensation Plan 2005 (hereinafter referred to as "the Plan") contains provisions with regard to issuance of securities of HCL Infosystems Limited (hereinafter referred to as the "Company") as approved by the shareholders of the Company, which we have initialed for identification purposes only.

Management's Responsibility

3. The Management of the Company is responsible for the implementation of the Scheme in accordance with the requirements of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as the "Regulations") and in accordance with the special resolution passed by the shareholders of the Company under Section 192 A of the Companies Act, 1956 approving the Scheme on February 25, 2000 for "the 2000 Plan" and on June 13, 2005 for "the Plan" (hereinafter referred to as the "Shareholders Resolution").
4. The Management is also responsible for ensuring that the Company complies with the requirements of the Equity Listing Agreement and for furnishing the relevant information to the Securities and Exchange Board of India.

Auditors' Responsibility

5. Pursuant to the requirements of the Regulations it is our responsibility to obtain reasonable assurance and form an opinion as to whether the accompanying Scheme is implemented in compliance with the Regulations and Shareholders Resolution. For the purpose of our examination reliance was placed on audited financial statements for the year ended March 31, 2017 and books and records of the Company.
6. The financial statements referred to in paragraph 5 above, have been audited by us on which we issued an unmodified audit opinion vide our reports dated May 30, 2017. Our audits of these financial statements were conducted in accordance with the Standards on Auditing as referred to in section 143(10) of the Companies Act 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
7. We carried out our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

9. Based on our examination, as above, and according to the information and explanations given to us, we report that the Company has implemented the Scheme in accordance with the Regulations and the Shareholders' Resolution.

Restriction on Use

10. Our work was performed solely to assist you in meeting your responsibilities in relation to the compliance of the Scheme with the Regulations. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing

in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.

11. This report is addressed to and provided to the Board of Directors of the Company pursuant to Regulation 13 of the Regulations solely to enable the Board of Directors of the Company to place it before the shareholders at the ensuing annual general meeting of the Company and should not be used by any other person or for any other purpose. Price Waterhouse do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

Place: Noida
Date: May 30, 2017

Report On Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

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

2. BOARD OF DIRECTORS:

- (i) As on 31st March, 2017, the Board of Directors of the Company comprises of Ten Directors. Of the Ten Directors, Nine are Non-Executive Directors and Five are Independent Directors including Two Women Directors. The Composition of the Board is in conformity with Regulation 17(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (ii) None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees as specified in Regulation 26(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 across all the Public Companies in which he is a Director. Necessary disclosures regarding Committee position in other public companies as on 31st March, 2017 have been made by the Directors.
- (iii) All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013 (Act). The maximum tenure of Independent Directors is in accordance with the Act.
- (iv) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2016-17 and the last Annual General Meeting and the number of Directorship and Committee Chairmanship/ Memberships held by them in other public companies is given below. Other Directorship do not include directorship of private limited companies, foreign companies and companies incorporated under Section 8 of the Companies Act, 2013. Chairmanship/Membership of Board Committees includes only Audit Committee and Stakeholders' Relationship Committee.

Names	Category	No of Board Meetings during 2016-17		Whether attended last AGM held on 29 th September, 2016	No. of Directorships in other public companies as on 31 st March, 2017	No. of Committee positions held in other public companies as on 31 st March, 2017	
		Held	Attended			Chairman	Member
Dr. Nikhil Sinha (Chairman)	Non Independent & Non-Executive Director	8	6	Yes	2	-	-
Mr. Premkumar Seshadri (Executive Vice Chairman & Managing Director)	Executive Director	8	6	Yes	3	-	1
Mr. Dilip Kumar Srivastava	Non Independent & Non-Executive Director	8	8	No	4	-	-
Mr. Dharendra Singh	Independent & Non-Executive Director	8	7	Yes	4	3	1
Mr. Kaushik Dutta	Independent & Non-Executive Director	8	8	Yes	8	-	5
Mr. Pawan Kumar Danwar	Non Independent & Non-Executive Director	8	8	Yes	2	-	2
Dr. Pradeep K. Khosla*	Independent & Non-Executive Director	8	2	No	-	-	-
Ms. Ritu Arora	Independent & Non-Executive Director	8	6	No	-	-	-
Ms. Sangeeta Talwar	Independent & Non-Executive Director	8	8	No	4	-	-
Mr. Sanjeev Sharma**	Independent & Non-Executive Director	7	5	Yes	2	1	1
Mr. V N Koura	Non-Independent & Non-Executive Director	8	3	No	1	-	-

*Dr. Pradeep K. Khosla resigned from Directorship of the Company w.e.f. 12th June, 2017.

**Mr. Sanjeev Sharma resigned from Directorship of the Company w.e.f. 13th March, 2017.

- (v) Eight Board Meetings were held during the financial year 2016-17 and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the Board Meetings were held are as follows:

24/25 th May, 2016	22 nd July, 2016	30 th July, 2016
17 th August, 2016	28 th October, 2016	11 th January, 2017
31 st January, 2017	24 th March, 2017	

- (vi) Necessary information as mentioned in Part A of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the Board for their consideration.

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

- a. Annual operating plans and budgets and all updates.
- b. Capital budgets and all updates.
- c. Quarterly Results for the Company and its operating divisions or business segments.
- d. Minutes of meetings of Audit Committee and other Committees of the Board.
- e. The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary, if any
- f. Show cause, demand, prosecution notices and penalty notices which are materially important.
- g. Details of any joint venture or collaboration agreement.
- h. Quarterly details of foreign exchange exposures and steps taken by management to limit the risks of adverse exchange rate movement, if material.
- i. Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- j. Discussion & review of Business Operations.
- k. Advancing inter-corporate loan to subsidiaries.
- l. Issue of corporate guarantees(s) on behalf of subsidiaries
- m. Minutes of meetings of Board of Directors of subsidiary companies.
- n. Review of operations of subsidiary companies.
- o. Review of related party transactions.
- p. Approval to make payment of remuneration by way of commission to Non Executive Director.
- q. Review of statutory compliances.

3. COMMITTEES OF THE BOARD

(i) ACCOUNTS AND AUDIT COMMITTEE:

- a. The Accounts and Audit Committee of the Company was constituted in August' 1998.
- b. The Committee is governed by a Charter.
- c. The functions of the Audit Committee inter-alia include the following:
 1. Recommending to the Board, the appointment, re-appointment, remuneration and terms of appointment and, if required, the replacement or removal of the auditors of the Company.
 2. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 3. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 4. To review and monitor the auditor's independence and performance, and effectiveness of audit process.
 5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report under Companies Act.
 - Changes, if any, in accounting policies and practices and reasons for the same

- Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
6. Review, with the management, the quarterly financial statements before submission to the board for approval.
 7. Examination of the financial statements and the auditors' report thereon.
 8. Evaluation of internal financial controls and risk management systems.
 9. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 10. Reviewing & monitoring, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 11. Approval or any subsequent modification of transactions of the company with related parties.
 12. Scrutiny of inter-corporate loans and investments.
 13. Valuation of undertakings or assets of the Company, wherever necessary.
 14. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 15. Discussion with internal auditors of any significant findings and follow up there on.
 16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 19. To review the functioning of the Whistle Blower mechanism
 20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 21. The Audit Committee shall mandatorily review the following information:
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the Chief internal auditor.
 22. To perform any other function as may be assigned by the Board from time to time.
- d. The composition, powers, roles and the terms of reference of the Committee are in terms of the requirement of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Committee members have reasonable knowledge of finance and accounting and two members possess financial and accounting expertise.

- e. The Composition of the Accounts and Audit Committee and details of meetings attended by its chairman/ members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Kaushik Dutta (Chairman)	Independent & Non-executive	7	7
Mr. Dharendra Singh	Independent & Non-executive	7	7
Dr. Nikhil Sinha	Non-Independent & Non-executive	7	6
Ms. Ritu Arora	Independent & Non-executive	7	5
Ms. Sangeeta Talwar	Independent & Non-executive	7	7

- f. The Audit Committee met Seven times during the financial year 2016-17 on the following dates:

24 th May, 2016	30 th June, 2016	29 th July, 2016
28 th October, 2016	11 th January, 2017	31 st January, 2017
24 th March, 2017		

- g. The previous Annual General Meeting of the Company was held on 29th September, 2016 and it was attended by the Chairman of the Committee.
- h. The Company Secretary of the Company acts as Secretary to the Committee.

(ii) NOMINATION AND REMUNERATION COMMITTEE:

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

Charter of the Committee:

The purpose of the Committee is to:

- Manage the following set of activities with respect to members of the Board of Directors of the Company:
 - Appointment of Directors
 - Formulate the criteria for determining qualification, positive attributes and independence of Directors
 - Review and recommend potential candidates to the Board for appointment with due consideration to Board diversity
 - Evaluation of performance of the Directors of the Board
 - Establish criteria for evaluation of Director's performance
 - Conduct evaluation and submit the report to Chairman of the Board (if necessary the committee may seek external consulting assistance in this matter)
 - Remuneration of Directors including Executive & Non-Executive Directors
 - Recommend policy for approval by the Board
- Manage the following set of activities with respect to Key Managerial Personnel viz. Executive Directors, Managing Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary of the Company and in future, such persons as recommended by the Board:
 - Establish and Review the performance scorecard for key managerial personnel for each financial year
 - Review and recommend compensation, incentive & bonus plans for MD/CEO and other Key Managerial Personnel on the basis of Performance evaluation outcomes
 - The committee should also review, guide and finalize succession planning for Key Managerial Personnel
- Manage the following set of activities with respect to Senior Management of the Company:
 - Review the performance scorecard for the Senior Management for each financial year
 - Review and recommend to the Board the compensation, incentive & bonus plans for Senior Management as proposed by the CEO on the basis of his / her evaluation of the Performance outcomes of the Senior Management
 - The committee should also review, guide and finalize succession planning for Senior Management

4. Other activities:

- Wherever considered necessary, the committee may review matters such as Organizational Structure, HR Charter, proposal from the CEO on annual compensation plan, pay hikes and budgets across organization for all employees globally etc.
- Review & recommend the Stock Option Plans
- Approve the individual grant of options to employees and/or non-independent Directors
- In case considered appropriate the Board may recommend a review of any other areas considered critical to performance of Business

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

Name	Category	No. of Meetings	
		Held	Attended
Mr. Dharendra Singh (Chairman)	Independent & Non-executive	5	5
Mr. Dilip Kumar Srivastava	Non - Independent & Non-executive	5	5
Ms. Sangeeta Talwar	Independent & Non-executive	5	5

e. The Committee met Five times during the financial year 2016-17 on the following dates:

24 th May, 2016	24 th June, 2016	28 th October, 2016
11 th January, 2017	24 th March, 2017	

f. Compensation policy for Non-Executive Directors (NEDs):

Within the ceiling of 1% of the net profits of the Company computed under the applicable provisions of the Companies Act, 2013 and after obtaining the approval of the shareholders, the Non-executive Directors (other than Promoter Director) are paid a commission, the amount whereof is determined based on the policy adopted by the Company laying down the criteria relating to their positions on the Board and the various Board Committees. However, in view of the losses incurred by the Company during the year ended 31st March, 2017, the Board has decided that no commission be paid to Non-executive Directors for the year ending 31st March, 2017.

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

g. Details of remuneration paid / payable to all the Directors for the period from 1st April, 2016 to 31st March, 2017:

(₹ /Lacs)					
Name	Salary & Allowances	Perquisites	Performance Linked Bonus	Commission	Sitting Fees
Executive Director					
Mr. Premkumar Seshadri	NIL	NIL	NIL	NIL	NIL
Non-executive Directors					
Dr. Nikhil Sinha	NIL	NIL	NIL	NIL	NIL
Mr. V N Koura	NIL	NIL	NIL	NIL	NIL
Mr. Dilip Kumar Srivastava	NIL	NIL	NIL	NIL	NIL
Mr. Pawan Kumar Danwar	NIL	NIL	NIL	NIL	NIL
Dr. Pradeep K. Khosla	NIL	NIL	NIL	NIL	2.25
Mr. Dharendra Singh	NIL	NIL	NIL	NIL	18.00
Ms. Sangeeta Talwar	NIL	NIL	NIL	NIL	19.50
Mr. Kaushik Dutta	NIL	NIL	NIL	NIL	15.00
Mr. Sanjeev Sharma*	NIL	NIL	NIL	NIL	3.75
Ms. Ritu Arora**	NIL	NIL	NIL	NIL	2.25

* Mr. Sanjeev Sharma resigned from Directorship of the Company w.e.f. 13th March, 2017

** Ms. Ritu Arora started getting sitting fees for Board/Committees meetings held on and after 31st January, 2017

1. Mr. Premkumar Seshadri is not paid any remuneration by the Company.
2. The above remuneration excludes reimbursement of expenses on actual to the Directors for attending meetings of the Board/Committees.

h. Details of Stock Options issued to Directors:

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

i. Period of contract of Executive Director:

Mr. Premkumar Seshadri, Managing Director: 3 Years from 1st January, 2015.

j. There were no pecuniary relationships or material, financial and commercial transactions of the Senior Management vis-à-vis the Company.

k. As on 31st March, 2017, Mr. Kaushik Dutta was holding 4,000 shares in the Company. No other Director was holding any shares of the Company as on 31st March 2017. There is not any relationship between the Directors of the Company.

(iii) STAKEHOLDERS RELATIONSHIP COMMITTEE:

- The Stakeholders Relationship Committee was constituted to oversee and review all matters connected with the transfer & transmission of Shares of the Company and the matters related thereto and redressal of Shareholders/Investors' complaints.
- The composition of the Stakeholders Relationship Committee and the details of meetings attended by its chairperson/members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Ms. Sangeeta Talwar (Chairperson)	Independent & Non-executive	4	4
Mr. Dharendra Singh	Independent & Non-executive	4	4
Mr. Premkumar Seshadri	Non-Independent & executive	4	4

c. The Committee met four times during the financial year 2016-17 on the following dates:

24 th May, 2016	29 th July, 2016	28 th October, 2016
31 st January, 2017		

d. Name, designation and address of Compliance Officer:

Mr. Sushil Kumar Jain
Company Secretary
HCL Infosystems Limited
E- 4,5,6, Sector 11,
NOIDA (U.P.) – 201301
Tel: 0120-2526490
Fax: 91 120 2523791

e. During the year under review, the Company received Three Complaints from SEBI/Stock Exchanges/MCA. The Complaint was redressed to the satisfaction of the shareholder. No complaint was pending either at beginning or at the end of the year. There were no shares pending for transfer as on 31st March, 2017.

(iv) OTHER COMMITTEES

a. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

4. The composition of the Corporate Social Responsibility Committee and the details of meetings attended by its chairperson/members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Ms. Sangeeta Talwar (Chairperson)	Independent & Non-executive	1	1
Mr. Pawan Kumar Danwar	Non-Independent & Non-executive	1	1
Mr. Dilip Kumar Srivastava	Non-Independent & Non-executive	1	1

b. FINANCE COMMITTEE

1. The Company constituted a Committee of Director in 1999 and renamed as Finance Committee in 2011.
2. The Committee is governed by a Charter.
3. The terms of reference of the Committee inter alia includes to:-
 - Capital structure plans and specific equity and debt financings
 - Annual budgets and other financial estimates and provide its recommendations to the Board
 - Review the actual performance of the Company against the plans
 - Capital expenditure plans and specific capital projects
 - Evaluate the performance of and returns on approved capital expenditure
 - Customer financing
 - Mergers, acquisitions and divestitures
 - Evaluate the performance of acquisitions
 - Fresh/further Investment in subsidiaries / JVs / branches
 - Evaluate the performance of subsidiaries / JVs / branches
 - Plans and strategies for managing the foreign exchange exposure
 - Investment of surplus funds
 - Recommend dividend policy to the Board
 - Insurance coverage and program
 - Review the corporate guarantees / bonds provided by the Company either directly or through banks in connection with the Company's business, to any third parties, and recommend the same to the Board
 - Approve opening / closing of bank accounts of the Company and change in signatories for operating the bank accounts.
 - Review of the total BG issued v/s BG Limits
4. The composition of the Finance Committee and the details of meetings attended by its chairperson/members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Kaushik Dutta (Chairperson)	Independent & Non-executive	5	5
Mr. Premkumar Seshadri	Non-Independent & executive	5	3
Mr. Pawan Kumar Danwar	Non-Independent & Non-executive	5	5
Ms. Ritu Arora	Independent & Non-executive	5	4

c. TECHNOLOGY COMMITTEE

1. The Technology Committee was constituted in 2014.
2. The Committee is governed by a Charter.
3. The terms of reference of the Committee inter alia includes to:-
 - The Committee shall review and discuss with management the Company's overall technology and innovation strategy, including objectives, strategic initiatives, investments and research and

development activities. Such review and discussions shall include, at the Committee's election, (i) participating in and facilitating the strategic planning process with regard to technology and innovation; (ii) reviewing and analyzing technology budget support for corporate strategic initiatives; and (iii) in recognition of the need to respond quickly to a rapidly evolving market environment, assisting management in prioritizing technology support for corporate strategic initiatives.

- The Committee shall consult with the Finance Committee in connection with the Finance Committee's review and authorization of, or formulation of recommendations to the Board regarding, material acquisitions, dispositions, capital expenditures and long-term commitments, to the extent such actions relate to the Company's technology and innovation strategy.
 - The Committee shall periodically monitor and evaluate the performance of the Company's initiatives in support of its technology and innovation strategy, including the execution, consumer acceptance and integration of new products and services.
 - The Committee shall review and discuss with management, as appropriate, major technology risks and opportunities for the Company, and emerging issues and trends in the broader marketplace.
 - The Committee may delegate authority to individual Committee members or such subcommittees as the Committee deems appropriate and shall review the actions of all such individuals or subcommittees as appropriate.
 - The Committee may retain and terminate independent legal, financial or other advisers as it may deem necessary.
 - The Committee shall report to the Board regularly on its actions and deliberations and shall make recommendations, where appropriate, to the Board regarding the Company's technology strategy, policies and practices.
4. The composition of the Technology Committee and the details of meetings attended by its chairperson/ members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Premkumar Seshadri (Chairperson)	Non-Independent & executive	2	2
Dr. Nikhil Sinha	Non-Independent & Non-executive	2	2
Dr. Pradeep Kumar Khosla	Independent & Non-executive	2	1

4. INDEPENDENT DIRECTORS' MEETING

During the period under review, the Independent Directors met on 24th March, 2017, inter alia, to discuss:

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

All the Independent Directors were present at the Meeting, except Dr. Pradeep Kumar Khosla and Ms. Ritu Arora who could not attend the meeting as they were not available in India.

5. FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS

During the year under review, no Independent Director was inducted on the Board of the Company. Apart of this the Company frequently organizes the familiarisation programme to update the Independent Directors on the business and operations of the Company.

The details of such familiarization programmes are posted on the website of the Company and can be accessed at <https://www.hclinfosystems.com/investors/>

6. CRITERIA/POLICY FOR APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND THEIR REMUNERATION

a. Criteria of appointment of Director

Qualification & Criteria

The Directors shall meet the criteria for qualification, experience and independence (in case of Independent Directors), as laid down by the Nomination & Remuneration Committee.

The proposed appointee shall also fulfill the following requirements:

1. Shall possess a director's identification number;
2. Shall not be disqualified under the Companies Act, 2013;
3. Shall provide his/her written consent to act as a Director;
4. Shall endeavour to attend all Board meetings and wherever he/she is appointed as a Board committee ("Committee") member, the Committee meetings;
5. Shall abide by the Code of Conduct established by the Company for directors and senior management personnel;
6. Shall disclose his/her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his/her shareholding at the time of appointment and the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
7. Shall meet the requirements of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 concerning independence of directors, in the case of appointment of Independent Directors;
8. Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013 and other relevant laws.

The Nomination and Remuneration Committee (NRC) shall evaluate each individual with the objective of having a Board that best enables the success of the Company's business.

Vacation of office of Director

The office of Director shall be deemed to be vacated as per the provisions of the Companies Act, 2013.

b. Criteria of appointment of Senior Management

The following criteria are adopted for appointment of the Senior Management:

1. There has to be a clear vacancy / requirement for the job for which the candidate (internal / external) is considered. The position should be cleared by the CPO & Managing Director.
2. The job description / responsibilities/ reporting relationships must be clearly defined.
3. The candidate being considered must be a known functional expert in the relevant field of work.
4. The Senior Management candidate shall be interviewed by CPO, MD and by the panel decided by CPO & MD.
5. The appointment of the final shortlisted candidate must also be approved by the Departmental Heads/CPO & MD.

Senior Management Personnel shall abide by the Code of Conduct established by the Company.

The NRC shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

c. Criteria for Determining Qualifications, Positive Attributes and Independence of a Director

1. Qualification for appointment of directors (including Independent Director)

- Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- Their skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.
- As per the applicable provisions of Companies Act 2013, Rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

2. Positive attributes of Directors (including Independent Directors):

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.

- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- To exercise his/her responsibilities in a bona-fide manner in the interest of the Company.
- To assist the Company in implementing the best corporate governance practices.
- To maintain confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. Independence of Independent Directors-

An Independent director should meet the requirements of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 concerning independence of directors.

d. Remuneration Policy

1. Key principles of the Policy

While designing compensation for Directors, Key Managerial Personnel and Senior Management, the following set of principles act as guiding factors:

- Aligning key executive and board remuneration with the long term interests of the Company and its shareholders;
- Minimize complexity and ensure transparency;
- Link compensation to long term strategy and annual business performance of the Company.
- Promotes a culture of meritocracy and is linked to key performance and business drivers.
- Reflective of line expertise, market competitiveness so as to attract the best talent.
- In evaluating the suitability of individual Board members, the Committee will take into account multiple factors, including their general understanding of the business, education, professional background, personal achievements, etc. Few important criteria against which each prospective candidate will also be evaluated are personal and professional ethics, integrity and values.
- Conduct a review of remuneration on a periodic basis to ensure directors of the Company are compensated effectively in a manner consistent with the business strategy of the Company, and to further ensure that the Company will be able to attract, retain and reward those who contribute to the success of the Company.

2. Remuneration Policy for Executive Directors

- The remuneration paid to Executive Directors is recommended by the Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
- At the Board meeting, only the Non-Executive and Independent Directors participate in the item approving the remuneration paid to the Executive Directors. The remuneration is arrived at by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits are pursuant to the sections 178 and 197 of the Act, read with schedule V to the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Board on the recommendation of the, Committee shall also review and approve the remuneration payable to the Key Managerial Personnel (KMP) of the Company.

- The remuneration structure to the Executive Directors and the KMP shall interalia include the following components as:-
 - basic pay,
 - perquisite & allowances,
 - stock options,
 - annual performance bonus, and
 - retiral benefits
- In determining the remuneration (including the fixed increment and performance bonus) the Committee shall ensure/ consider the following:
 - the relationship of remuneration and performance benchmarks is clear;
 - balance between fixed and incentive pay reflecting short and long term performance objectives is appropriate as per the working of the Company and its goals;
 - responsibility required to be shouldered by the Executive Director, the industry benchmarks and the current trends;
 - Company's performance vis-à-vis the annual budget achievement and individual performance vis-a-vis the KRAs / KPIs.

3. Remuneration policy for Non- Executive & Independent Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or attended by them, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- A Non-Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Committee subject to approval from the shareholders.
- The total commission payable to the Non-Executive Directors shall not exceed 1% of the net profit of the Company;
- The commission shall be payable on prorata basis to those Directors who occupy office for a part of the year.
- The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company.

4. Remuneration policy for Key Managerial Personnel/Senior Management & Other Employees

- The Key Managerial Personnel /senior management & other employees shall be paid remuneration basis their employment agreement with the Company.
- Performance of Key Managerial Personnel/senior management & other employees shall be evaluated periodically against the defined & agreed Key Result Areas aligned to business & organization objectives transparently.
- The Remuneration for Key Managerial Personnel/senior management & other employees shall include fixed and performance bonus/ variable, balancing the short and long term performance objectives, scope of the role; appropriate as per the working of the Company and its goals.
- Schemes detailing the performance parameters & metrics for Key Managerial Personnel/senior management & other employees to earn their bonus/ variable shall be documented & made available for them to read & comprehend.
- Any changes in the remuneration value or structure for Key Managerial Personnel/senior management & other employees shall be in accordance to applicable employment law & will be communicated in writing to them.

7. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a formal annual performance evaluation has been done by the Board of its own performance, the Directors individually as well as the evaluation of its Committees.

The Company had appointed an external agency to assist in drafting the questionnaires for the evaluation of the Board, Committees and Individual directors. The structured questionnaires were circulated to all the Directors, requesting them to fill and return the duly filled questionnaires to the Company. Based on the feedbacks received from Directors, the Board completed the evaluation of the Board as a whole, the Committees of the Board and the Individual Directors including Independent Directors.

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

8. CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT:

The Company has adopted a comprehensive Code of Conduct for its Directors and Senior Management, which lays the standards of business conduct, ethics and governance.

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

The declaration signed by the "Executive Vice Chairman & MD" is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2016-17."

Sd/-
Premkumar Seshadri
Executive Vice Chairman & MD

9. UNLISTED SUBSIDIARY COMPANIES:

The Company has Thirteen unlisted subsidiaries as on 31st March, 2017 as under:

S. No.	Name of the Company	Date of Incorporation / Acquisition
1.	Digilife Distribution and Marketing Services Limited	19 th March, 2008
2.	HCL Services Limited (formerly known as HCL Care Limited)	28 th September, 2012
3.	HCL Learning Limited	28 th September, 2012
4.	HCL Infotech Limited (formerly known as HCL System Integration Limited)	28 th September, 2012
5.	Pimpri Chinchwad eServices Limited	21 st September, 2010
6.	HCL Computing Products Limited	12 th July, 2012
7.	HCL Infosystems MEA FZE, Dubai (acquired)	4 th July, 2010
8.	HCL Infosystems LLC, Dubai (acquired)	4 th July, 2010
9.	HCL Infosystems MEA LLC Abu Dhabi (acquired)	4 th July, 2010
10.	HCL Insys Pte. Limited, Singapore	17 th December, 2009
11.	HCL Investments Pte. Limited, Singapore	29 th November, 2010
12.	HCL Touch Inc., US	29 th August, 2011
13.	HCL Infosystems Qatar WLL (acquired)	26 th January, 2012

Note:

HCL Infosystems South Africa (Pty) Limited, South Africa, the erstwhile wholly owned subsidiary ceased to step down on deregistration by Companies and Intellectual Property Commission w.e.f. 4th January, 2017

The Audit Committee reviewed the financial statements of the unlisted subsidiary companies. The Minutes of the Board and Committee Meetings of the unlisted subsidiary companies are regularly placed before the Board. The Board also review the statement of all significant transaction and arrangement entered into by the unlisted subsidiary companies. Presently the company is having a policy on Subsidiaries which is posted on the website of the Company and can be assessed at <https://www.hclinfosystems.com/investors/>

10. RELATED PARTY TRANSACTIONS

All the related party transactions as defined under the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered during the financial year 2016-17 were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the financial year 2016-17. The Company has not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Board of Directors of the Company has on the recommendation of the Audit Committee, adopted a Related Party Transactions Policy in compliance with the applicable provisions of the Companies Act 2013 and the Listing Regulations. The said Policy is posted on the website of the Company and can be assessed at <https://www.hclinfosystems.com/investors/>

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

11. VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Vigil Mechanism/ Whistle Blower Policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. No person has been denied access to the Chairman of the Audit Committee. The said policy is posted on the website of the Company and can be assessed at <https://www.hclinfosystems.com/investors/>

12. PROHIBITION OF INSIDER TRADING

As Per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company had adopted the revised Code of Conduct for internal Procedures and to regulate, monitor and report trading by Insiders.

13. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Location
2015-16	29 th September, 2016	10:00 A.M.	Kamani Auditorium, 1, Copernicus Marg, New Delhi- 110001
2014-15	19 th November, 2015	10:00 A.M.	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001
2013-14	12 th November, 2014	10:30 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001

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

29th September, 2016

- Approval for offer or invitation to subscribe to Redeemable Non- Convertible Debentures on Private Placement Basis

19th November, 2015

No Special Resolution was passed

12th November, 2014

- To continue payment of remuneration on existing basis to Mr. Harshavardhan Madhav Chitale, Managing Director & CEO.

14. POSTAL BALLOT

No resolution had been approved through Postal Ballot during the year.

15. MD/CFO CERTIFICATION:

The Certificate as stipulated in Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the Board along with the financial statements for the financial year ended 31st March, 2017 and the Board reviewed the same.

16. DISCLOSURES:

- (i) The Company has complied with the requirements of the Stock Exchanges/SEBI/any Statutory Authority on all matters related to capital markets during the last three years. There are no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authorities relating to the above.

- (ii) A qualified Practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- (iii) As per risk management policy adopted by the Company, the Company had identified the risk which in the opinion of the Board may threaten the existence of the Company. The top management of the Company takes periodic review of the business processes and environment risk analysis reports by the respective business heads. It covers identifying, analysing, planning, monitoring, controlling and preventing risks.
- (iv) Pursuant to Section 204 of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit has been done by M/s VKC & Associates, a firm of Practicing Company Secretaries.
- (v) The Company has fulfilled the following non-mandatory requirements as prescribed in Part E of Schedule II Regulation 27(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 :
 - a. The Company has appointed separate persons to the post of Chairperson and Managing Director.
 - b. The statutory financial statements of the Company are unqualified.
 - c. Internal Auditor can directly report to the Audit Committee.

17. MEANS OF COMMUNICATION:

- (i) **Quarterly/Half Yearly/Annual Results:** The Quarterly, Half Yearly and Annual Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.
- (ii) **News Releases:** The Quarterly, Half Yearly and Annual Results of the Company are published in the prescribed format within 48 hours of the conclusion of the meeting of the Board in which they are considered, at least in one English newspaper circulating in the whole or substantially the whole of India and in one Vernacular newspaper of the State where the Registered Office of the Company is situated.

The quarterly financial results during the financial year 2016-17 were published as detailed below:

Quarter (FY 2016-17)	Date of Board Meeting	Date of Publication	Name of the Newspaper
1	24/25 th May, 2016	26 th May, 2016	Business Standard
2	30 th July, 2016	1 st August, 2016	Business Standard
3	28 th October, 2016	29 th October, 2016	Business Standard
4	31 st January, 2017	1 st February, 2017	Business Standard

- (iii) **Website:** The Company's website www.hclinfosystems.com contains a separate section on 'Investors' where the latest shareholders information is available. The Quarterly, Half Yearly and Annual Results are regularly posted on the website. Press releases made by the Company from time to time and presentations made to investors and analysts are displayed on the Company's website.
- (iv) **NSE Electronic Application Processing System (NEAPS), BSE Corporate Compliance & Listing centre:**
National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) have developed web based applications for Corporates. Periodical compliances like financial results, shareholding Pattern and corporate governance report etc. are also filed electronically on NEAPS/ BSE Listing centre.
- (v) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report. The Annual Report is also available on the Company's website.
- (vi) **Reminders to Investors:** Reminders for unpaid/unclaimed dividend are sent to the Shareholders as per records.

21. GENERAL SHAREHOLDERS' INFORMATION:

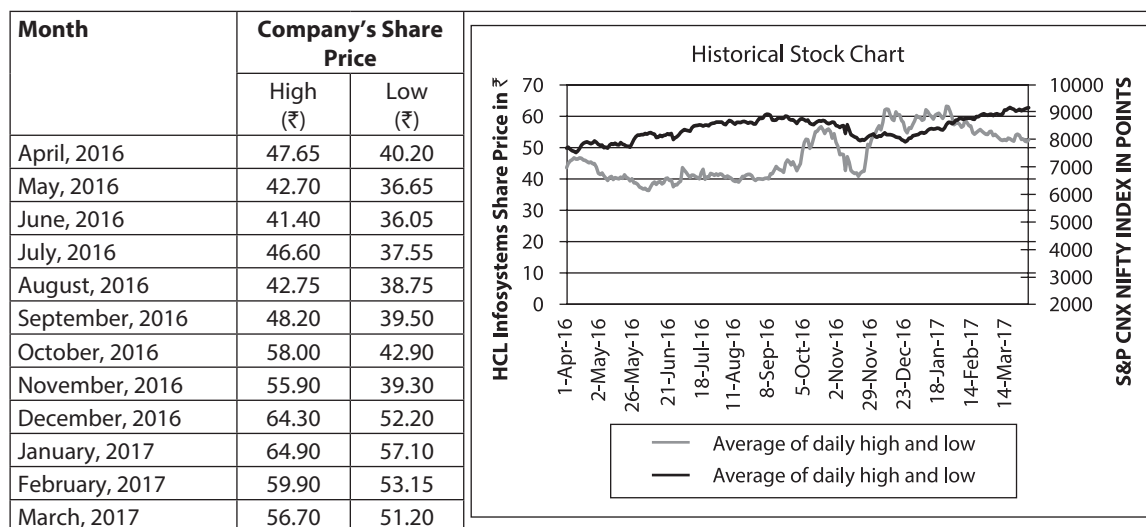
- (i) Annual General Meeting:

Date : Thursday, 14th September, 2017

Time : 10:00 A.M.

Venue : Kamani Auditorium, 1, Copernicus Marg, New Delhi- 110001

- (ii) The Company follows April to March year end.
- (iii) Financial Calendar (Tentative Calendar for the financial year 2017-18):
- | | | |
|---|---|--------------------------------|
| Adoption of Results for the quarter ending 30 th June, 2017 | : | 26 th July, 2017 |
| Adoption of Results for the quarter ending 30 th September, 2017 | : | 25 th October, 2017 |
| Adoption of Results for the quarter ending 31 st December, 2017 | : | 29 th January, 2018 |
| Adoption of Results for the quarter ending 31 st March, 2018 | : | 30 th May, 2018 |
- (iv) Date of Book Closure : 11th September, 2017 (Monday) to 14th September, 2017 (Thursday) (both days inclusive)
- (v) Listing on Stock Exchanges : National Stock Exchange of India Limited
BSE Limited
- (vi) Stock Codes/Symbol:
- | | | |
|--|---|--------------------------|
| National Stock Exchange of India Limited | : | HCL-INSYS |
| BSE Limited | : | Physical Form – 179 |
| | : | Electronic Form – 500179 |
- (vii) Market price data:



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

- (viii) Registrar and Transfer Agents (RTA):

Name & Address : M/s. Alankit Assignments Limited
205-208, Anarkali Complex
Jhanewalan Extension,
New Delhi-110055

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

Phone No. : 011-42541234, 23541234

Fax No. : 23552001

E-Mail : rta@alankit.com

- (ix) Share Transfer System:

Transfer of dematerialized shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with Alankit Assignments Limited, the RTA of the Company, at their address mentioned above. Transfer of shares in physical form are normally processed within 10-15 days from the date of receipt, if the documents are complete in all respects.

- (x) Shareholders' Referencer:

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

(xi) Distribution of Shareholding as on 31st March, 2017:

No. of equity shares	Shareholders		Total Shares	
	Number	(%)	Number	(%)
Upto 500	75,008	79.07	1,13,24,589	5.08
501-1000	9,624	10.15	81,28,824	3.65
1001-2000	4,944	5.21	77,54,025	3.48
2001-3000	1,762	1.86	46,19,275	2.07
3001-4000	768	0.81	28,06,731	1.26
4001-5000	807	0.85	38,99,787	1.75
5001-10000	1,008	1.06	77,77,955	3.49
10001 and above	936	0.99	17,66,08,443	79.22
Total	94,857	100.00	22,29,19,629	100.00

(xii) Shareholding pattern as on 31st March, 2017:

Category	No. of shares	Percentage (%)
Promoters / Promoters Group	12,93,77,844	58.04
Mutual Funds / UTI	15,750	0.01
NBFCs	2,16,950	0.10
Financial Institutions / Banks	44,36,565	1.99
Foreign Portfolio Investors	43,11,195	1.93
Bodies Corporate	1,43,34,208	6.43
Indian Public	6,72,69,694	30.17
NRI / OCBs/Foreign Body Corporate/Trust	29,57,423	1.33
TOTAL	22,29,19,629	100.00

(xiii) Dematerialization of shares:

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the depositories in India i.e. NSDL & CDSL. As on 31st March, 2017, 98.63 % equity shares of the Company were held in dematerialized form.

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

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

(xiv) The Company has not issued any GDRs/ADRs. There are no outstanding Warrants or Convertible instruments as on 31st March, 2017.

(xv) Plant locations:

- Plot Nos. 1, 2, 27 & 28, Sector- 5, I.I.E - Pant Nagar (SIDCUL-Rudrapur), Distt.-Udham Singh Nagar, Uttarakhand - 263 153
- R.S. No: 107/5,6 & 7, Main road, Sedarapet, Pondicherry-605111

(xvi) Address for Correspondence:

The shareholders may address their communication/suggestions/grievances/queries to the Registrar and Share Transfer Agents at the address mentioned above, or to:

The Company Secretary

HCL Infosystems Limited

E - 4, 5, 6, Sector - 11,

NOIDA (U.P.) - 201301.

Tel. No.: 0120-2520977, 2526518, 2526519

Fax: 91-120-2523791

Email: cosec@hcl.com

(xvii) Company Website:

The Company has its website namely www.hclinfosystems.in. This provides detailed information about the Company, its subsidiaries, products and services offered, locations of its corporate office and various sales offices etc. It also contains updated information on the financial performance of the Company and procedures involved in completing various investors' related transactions expeditiously. The quarterly results, annual reports and shareholding distributions etc. are updated on the website of the Company from time to time.

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of HCL Infosystems Limited

We have examined the compliance of conditions of Corporate Governance by HCL Infosystems Limited, for the year ended March 31, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place : Noida
Date: May 30, 2017

Avijit Mukerji
Partner
Membership Number: 056155

Secretarial Audit Report

(For the Financial Year ended on 31st March, 2017)

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

To

The Members,

HCL INFOSYSTEMS LIMITED

CIN: L72200DL1986PLC023955

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not Applicable**
 - (e) The Securities and exchange board of India (Share Based Employee Benefits) Regulations, 2014;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations, 2008; - **Not Applicable**
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; - **Not Applicable**
 - (i) The Securities and Exchange Board of India (Buy back of securities) Regulations, 1998; - **Not Applicable**
- (vi) The Company has identified following laws applicable specifically to the Company:
 - 1. The Information Technology Act, 2000;
 - 2. The Indian Copyright Act, 1957;
 - 3. The Patents Act, 1970;

4. The Trade Marks Act, 1999;
5. The Legal Metrology Act, 2009.

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

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

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

We further report that the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in case of shorter notice, with due consent from the directors have been obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the Company has no specific event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards & guidelines, if any.

**For VKC & Associates;
(Company Secretaries)**

Date : 30th May, 2017
Place : Noida

CS Mohit K Dixit
Partner ACS No. 49021, C P No. 17827

Note: This report is to be read with our letter of even date which is annexed as '**Annexure- A**' and forms an integral part of this report.

To

The Members,

HCL INFOSYSTEMS LIMITED

CIN: L72200DL1986PLC023955

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

Our report of even date is to be read along with this letter -

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For VKC & Associates;
(Company Secretaries)**

Date : 30th May, 2017

Place : Noida

**CS Mohit K Dixit
Partner ACS No. 49021, C P No. 17827**

Annual Accounts - Parent Company

Independent Auditors' Report

TO

The Members of HCL Infosystems Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of HCL Infosystems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the 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 March 31, 2017, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the nine months period ended March 31, 2016 and the transition date opening balance sheet as at July 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the nine months period ended March 31, 2016 and for the year ended

June 30, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 25, 2016 and August 20, 2015 respectively. The adjustments to the financial statements for the nine months ended March 31, 2016 for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us, on which we have expressed an unmodified opinion vide our report dated, January 31, 2017. The adjustments to the financial statements for the year ended June 30, 2015 for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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 Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone Ind AS financial statements – Refer Note 29 and 42;
 - ii. The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2017;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 54.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

Place of the Signature : Noida
Date : May 30, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of HCL Infosystems Limited on the standalone Ind AS financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of HCL Infosystems Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (ICAI). 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.
5. 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes 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 Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting 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.

Place of the Signature: Noida
Date : May 30, 2017

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Number : 056155

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of HCL Infosystems Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2017

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company, except for the immovable property mentioned below.

Particulars	Gross Block	Net Block
Land and Building, Ambattur, Chennai	5.58 Crores	3.24 Crores

- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has granted unsecured loans, to one company covered in the register maintained under Section 189 of the Act.
- (b) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
- (c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- (d) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of value added tax and employees' state insurance and is regular in depositing undisputed statutory dues, including sales tax, service tax, provident fund, income tax, duty of customs, duty of excise and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax, duty of customs as at March 31, 2017 which have not been deposited on account of a dispute. The particulars of dues of income tax, sales tax, value added tax and duty of excise as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In crores)	Amount deposited (Rs. In crores)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	3.00	-	2011-12	CIT (Appeal)
Income Tax Act, 1961	Income Tax	0.77	-	2012-13	CIT (Appeal)
Income Tax Act, 1961	Income Tax	2.41	-	2004-05 2005-06 2006-07	Assessing Officer/ Income Tax Appellate Tribunal

Name of the statute	Nature of dues	Amount (Rs. In crores)	Amount deposited (Rs. In crores)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	99.65	7.49	2002-2014	CESTAT / Commissioner (Appeals)
Haryana Sales Tax, 1973	Sales Tax	0.20	-	2012-2013	Assessing Authority
Maharashtra Value Added Tax Act, 2002	Sales Tax	2.76	0.68	2005-2012	Joint Commissioner Appeal
M.P. Value Added Tax Act, 2002	Sales Tax	0.25	0.17	2011-2014	Joint Commissioner Appeal
Jharkhand Value Added Tax Act, 2005	Sales Tax	0.59	0.04	2011-2012	Joint Commissioner Appeal
Bihar Value Added Tax Act, 2005	Sales Tax	9.64	5.26	2006-2007 2008-2015	Joint Commissioner Appeal
Orissa Value Added Tax Act, 2004	Sales Tax	0.17	0.01	2012-2014	Honorable High Court of Orissa/ Deputy commissioner Appeal (Bhubaneswar)
Karnataka Value Added Tax Act, 2003	Sales Tax	9.07	0.94	2006-2012	Deputy commissioner Appeal/ Honorable High Court of Karnataka/Tribunal
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	0.27	0.20	2006-2007 2008-2009	Deputy commissioner Appeal (Hyderabad)
Punjab General Sales Tax Act, 1948	Sales Tax	0.12	0.03	2007-2008	Deputy commissioner Appeals Punjab
Jammu & Kashmir Value Added Tax Act, 2005	Sales Tax	2.71	0.04	2007-2008 2008-2009	Deputy Commissioner Appeals Jammu
The Uttarakhand Value Added Tax Act-2005	Sales Tax	-	0.37	2012-2013	Assessing Officer
Kerala General Sales Tax Act, 1963	Sales Tax	0.58	0.22	2007-2008 2008-2009 2009-2010 2010-2011 2011-2012 2013-2014 2014-2015 2016-2017	Commercial Tax Officer
Rajasthan Sales Tax Act, 1994	Sales Tax	178.17	71.67	2008-2015	Deputy Commissioner (Appeals) of Commercial Tax Jaipur / Tax board Commercial Tax Jaipur / Tax board / Commercial Tax Jaipur / Hon'ble Rajasthan High Court
West Bengal Sales Tax Act, 1994	Sales Tax	13.97	1.26	2005-2006 2007-2012 2013-2014	Board of Sales Tax Kolkata / Sales Tax Tribunal, Kolkata / Additional Commissioner (Appeals) of Sales Tax Kolkata
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	0.59	6.64	2004-2005 2006-2008 2009-2016	Commercial Tax Officer Chennai / Deputy Commissioner (Appeals) of Sales Tax Chennai
Delhi Sales Tax Act, 1975	Sales Tax	16.71	0.27	2003-2004 2005-2006 2007-2014	Tribunal of Sales Tax Delhi / Deputy Commissioner (Appeals) of Sales Tax Delhi/ Assistant Commissioner Sales Tax

Name of the statute	Nature of dues	Amount (Rs. In crores)	Amount deposited (Rs. In crores)	Period to which the amount relates	Forum where the dispute is pending
U.P. Value Added Tax Act-2008	Sales Tax	20.35	6.32	2007-2016	Tribunal Commercial Tax, Noida/ Additional Commissioner (Appeals) of Commercial Tax/ Noida/ Hon'ble High court Allahabad
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	0.83	0.57	2003-2007	Tribunal Commercial Tax, Noida/ Additional Commissioner (Appeals) of Commercial Tax/ Noida/ Hon'ble High court Allahabad

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has not paid/ provided for managerial remuneration- Refer Note-52 to the financial statements. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act..
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

Place of the Signature : Noida
Date : May 30, 2017

Balance Sheet

as at March 31, 2017

		Notes	As at 31.03.2017 ₹/Crores		As at 31.03.2016 ₹/Crores		As at 01.07.2015 ₹/Crores			
I. ASSETS										
(1) Non-current assets										
Property, Plant and Equipment		3	76.49	795.65	81.48	1,016.35	80.70	749.78		
Capital work-in-progress		5	-		0.25		0.15			
Intangible assets		4	0.19		0.04		0.11			
Financial Assets										
(i) Investments		6	535.51		777.51		589.50			
(ii) Other financial assets		8	0.53		0.56		1.06			
Deferred tax assets (net)		9	64.70		44.04		46.48			
Other non-current assets		10	109.45		93.17		31.78			
Advance Income Tax (Net)		11	8.78		19.30		-			
(2) Current assets										
Inventories		12	59.47	1,125.69	95.76	1,185.80	126.80	2,096.99		
Financial Assets		-								
(i) Investments		7	120.87		50.16		235.66			
(ii) Trade receivables		13	432.00		302.23		399.39			
(iii) Cash and cash equivalents		14	67.68		94.39		61.88			
(iv) Bank balances other than (iii) above		15	4.41		4.94		5.33			
(v) Loans		16	389.02		598.84		1,202.27			
(vi) Other financial assets		17	6.30		4.69		5.11			
Other current assets		18	45.94		34.79		60.55			
Total Assets					1,921.34		2,202.15			2,846.77
II. EQUITY AND LIABILITIES										
(1) Equity										
Equity Share capital		19	44.58	622.07	44.58	984.40	44.58	1,171.64		
Other Equity		20	577.49		939.82	1,127.06				
(2) Liabilities										
Non-current liabilities										
Financial Liabilities										
(i) Borrowings		21	134.11		106.70		163.50			
(ii) Trade Payables		22	-		-		0.59			
(iii) Other financial liabilities		23	-		5.32		5.32			
Provisions		24	5.33		4.76	116.78	2.60			
Current liabilities										
Financial Liabilities										
(i) Borrowings		25	568.28	423.53		575.98				
(ii) Trade payables		26	391.87	434.07		532.88				
(iii) Other financial liabilities		27	144.62	151.07		309.29				
Other current liabilities		28	47.96	87.32		79.32				
Provisions		29	7.10	4.98		4.61				
Current Tax Liabilities		30	-	-	1,100.97	1.04				
Total Equity and Liabilities				1,921.34		2,202.15		2,846.77		
Significant Accounting Policies		1.2								

This is the Balance Sheet referred to in our report of even date

For Price Waterhouse

Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI

Partner
Membership Number - 056155

Place : Noida

Dated : May 30, 2017

The notes referred to above form an integral part of the Balance Sheet

For and on behalf of the Board of Directors
PREMKUMAR SESHADRI

Executive Vice Chairman
& Managing Director
DIN - 03114983

S G MURALI

Group Chief Financial Officer

KAUSHIK DUTTA

Director
DIN - 03328890

SUSHIL KUMAR JAIN

Company Secretary

Statement of Profit & Loss

for the year ended March 31, 2017

	Notes	Year ended 31.03.2017 ₹/Crores		Nine months ended 31.03.2016 ₹/Crores	
Income :					
Revenue From Operations	31		2,265.36		2,499.27
Other Income	32		47.61		73.16
Total Income			2,312.97		2,572.43
Expenses :					
Cost of materials consumed			0.79		0.08
Purchases of Stock-in-Trade			2,078.06		2,321.83
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	33		36.13		31.23
Other direct expense	34		26.63		22.60
Employee benefits expense	35		58.11		54.87
Finance costs	36		104.60		81.52
Depreciation and amortization expense	3,4		4.80		4.12
Other expenses	37		60.42		79.24
Total expenses			2,369.54		2,595.49
Loss before exceptional items and tax			(56.57)		(23.06)
Exceptional Items	41		(320.19)		(159.01)
Loss before tax			(376.76)		(182.07)
Income Tax expense:					
(1) Current tax		6.31		8.41	
(2) Deferred tax	56	(20.68)	(14.37)	(3.17)	5.24
Loss for the year/period			(362.39)		(187.31)
Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss					
Gain/(loss) on remeasurement of defined benefit plan	51	0.08		0.04	
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.02	0.06	0.01	0.03
Total Comprehensive Loss for the year / period			(362.33)		(187.28)
Loss per equity share					
(1) Basic	49		(16.25)		(8.40)
(2) Diluted			(16.25)		(8.40)
Significant Accounting Policies	1,2				

This is the Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse

Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI

Partner
Membership Number - 056155

Place : Noida

Dated : May 30, 2017

The notes referred to above form an integral part of the Statement of Profit and Loss

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI

Executive Vice Chairman
& Managing Director
DIN - 03114983

S G MURALI

Group Chief Financial Officer

KAUSHIK DUTTA

Director
DIN - 03328890

SUSHIL KUMAR JAIN

Company Secretary

Cash Flow Statement

for the year ended March 31, 2017

	Year ended 31.03.2017 ₹/Crores		Nine months ended 31.03.2016 ₹/Crores	
1. Cash Flow from Operating Activities:				
Loss before tax		(376.76)		(182.07)
Adjustments for:				
Depreciation and Amortisation Expense	4.80		4.12	
Finance Cost	104.60		81.52	
Interest Income	(28.04)		(54.73)	
Dividend Income	(4.82)		(5.68)	
Net Profit on Sale of Property, Plant & Equipment	(0.22)		(2.74)	
Property, Plant & Equipment Written-Off	0.86		0.06	
Profit on Disposal of Unquoted (Others) Current Investments	(2.20)		(3.80)	
Diminution Other than Temporary in the value of Long term Investment	250.00		122.00	
Provision against Inter Company Deposits given to subsidiaries	70.19		39.79	
Fair value change in financial instruments	-		(0.06)	
Provision for Doubtful Debts	-		16.34	
Provision for Doubtful Loans and Advances and Other Current Assets	-		0.84	
Provisions/Liabilities no longer required Written Back	(0.57)	394.60	(0.57)	197.09
Operating Profit before working capital changes		17.84		15.02
Adjustments for changes in working capital:				
- (Increase)/Decrease in Trade Receivables	(129.77)		80.82	
- (Increase)/Decrease in Non Current Assets	(8.56)		(83.51)	
- (Increase)/Decrease in Current Assets	(11.98)		25.34	
- Decrease in Inventories	36.29		31.04	
- Increase/(Decrease) in Non Current Liabilities	(4.75)		1.57	
- (Decrease) in Current Liabilities	(69.08)	(187.85)	(94.30)	(39.04)
Cash used in operations		(170.01)		(24.02)
- Taxes (Paid)/Received (Net of Tax Deducted at Source)		(3.26)		(2.23)
Net cash used in operating activities (A)		(173.27)		(26.25)
2. Cash flow from Investing Activities:				
Purchase of Fixed Assets (including Intangible Assets)	(0.75)		(10.37)	
Capital Work-In-Progress (including Intangible Assets under Development)	0.25		(0.10)	
Proceeds from Sale of Fixed Assets	0.26		10.24	
Proceeds from Sale of Current Investments	492.54		358.67	
Purchase of Current Investments	(561.05)		(170.00)	
Interest Received	28.04		54.73	
Redemption/Maturity of Bank Deposits (with original maturity of more than twelve months)	(0.06)		-	
Movement in Margin Money Account	-		0.01	
Movement in Balances with Banks on Dividend Account	0.53		0.38	
Dividend Received on Current Investments	4.82		5.68	
Inter corporate deposits given	(1,337.10)		(1,068.19)	
Inter corporate deposits received back	1,476.73		1631.83	
Purchase of Investment in Subsidiary	(8.00)	96.21	(310.00)	502.88
Net cash from investing activities (B)		96.21		502.88

	Year ended 31.03.2017 ₹/Crores		Nine months ended 31.03.2016 ₹/Crores	
3. Cash Flow from Financing Activities:				
Securities Premium Received (Net)	-		0.04	
Secured Loans				
Proceeds from short term borrowings	-		581.38	
Repayment of short term borrowings	(73.92)		(558.52)	
Proceeds from long term borrowings	6.17		49.36	
Repayment of long term borrowings	(18.20)		(249.21)	
Unsecured Loans				
Proceeds from short term borrowings	220.00		900.00	
Repayment of short term borrowings	-		(1,075.00)	
Proceeds from long term borrowings	41.98		71.49	
Repayment of long term borrowings	(20.57)		(83.43)	
Interest Paid	(104.59)		(79.89)	
Dividend Paid/Amount Transferred to Investor Education & Protection Fund	(0.52)	50.35	(0.34)	(444.12)
Net cash from/(used in) financing activities (C)		50.35		(444.12)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(26.71)		32.51
Opening Balance of Cash and Cash Equivalents		94.39		61.88
Closing Balance of Cash and Cash Equivalents		67.68		94.39
Cash and cash equivalents comprise of		67.68		94.39
Cash, Cheques and Drafts (on hand)		5.98		3.90
Balances with Banks on Current Accounts		24.33		84.58
Balances with Banks on Deposits Accounts		37.37		5.91

Notes:

1 Figures in brackets indicate cash outflow.

This is the Cash Flow Statement
in our report of even date

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI
Partner
Membership Number - 056155

Place : Noida
Dated : May 30, 2017

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

S G MURALI
Group Chief Financial Officer

KAUSHIK DUTTA
Director
DIN - 03328890

SUSHIL KUMAR JAIN
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2017
a. Equity Share Capital

(₹/Crores)

	Number of Equity Shares	Equity Share Capital
At 1 July, 2015	222,904,629	44.58
Add : Issue of Equity Share Capital*	15,000	0.00
At 31 March 2016	222,919,629	44.58
Add : Issue of Equity Share Capital	-	-
At 31 March 2017	222,919,629	44.58

* 15000 Equity shares having a face value of ₹ 2 each issued against Employee stock option.

b. Other Equity

(₹/Crores)

Particulars	Reserves and Surplus			Total
	Securities Premium Reserve	General Reserve	Retained Earnings	
As at 1 July, 2015	720.12	215.83	191.11	1,127.06
Loss for the period	-	-	(187.31)	(187.31)
Other Comprehensive Income for the period			0.03	0.03
On issue of Shares	0.04	-	-	0.04
As at 31 March, 2016	720.16	215.83	3.83	939.82
Loss for the year			(362.39)	(362.39)
Other Comprehensive Income for the year			0.06	0.06
As at 31 March, 2017	720.16	215.83	(358.50)	577.49

This is the Statement of Changes in Equity referred to in our report of even date

For Price Waterhouse

Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI

Partner
Membership Number - 056155

Place : Noida

Dated : May 30, 2017

For and on behalf of the Board of Directors
PREMKUMAR SESHADRI

Executive Vice Chairman
& Managing Director
DIN - 03114983

S G MURALI

Group Chief Financial Officer

KAUSHIK DUTTA

Director
DIN - 03328890

SUSHIL KUMAR JAIN

Company Secretary

Notes to the Financial Statements

1. Corporate information

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

The Company is primarily engaged in value-added distribution of technology, mobility and consumer electronic products.

The financial statements were approved by the Board of Directors and authorised for issue on May 30, 2017.

2. Significant accounting policies

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

2.1 Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to nine months period ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS. Refer note 57 for an explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Certain Financial assets and liabilities, including derivative financial instruments, which are being measured at fair value
- Defined benefit plans – plan assets measured at fair value

2.2 Exemptions and exceptions availed

The applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS are set out below

A. Ind AS optional exemptions

The following exemptions have been availed from other Ind AS as per Appendix D of Ind AS 101.

1. **Deemed cost for Property, Plant and Equipment (PPE) and Intangible Assets**– The Company has elected to carry items for all of its PPE and intangible assets at the date of transition to Ind AS at their previous GAAP carrying amount, which is considered as deemed cost on transition.
2. **Fair value of financial assets and liabilities**: The Company has financial receivables and payables that are non-derivative financial instruments. Under previous GAAP, these were carried at transactions cost less allowances for impairment, if any. Under Ind AS, these financial assets and liabilities are required to be initially recognised at fair value and subsequently measured at amortised cost, less allowance for impairment, if any. For transactions entered into on or after the date of transition to Ind AS, the requirement of initial recognition at fair value is applied prospectively.
3. **Employee Share Stock Option**: The Company has decided to not apply Ind AS 102, Share-based Payments to the employee share stock option that has vested before the date of transition.

B. Ind AS mandatory exceptions

1. **Estimates** The Company's estimates in accordance with Ind AS at the date of transition to Ind AS are consistent with previous GAAP other than the following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

Notes to the Financial Statements

- Investment in debt instruments carried at FVPL; and
- Impairment of financial assets based on expected credit loss model.

2.3 Use of estimates

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

2.4 Critical accounting estimates, assumptions and judgements

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

(a) Property, plant and equipment

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

(b) Intangibles

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

(c) Income taxes

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

(d) Contingencies

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

(e) Allowance for uncollected accounts receivable and advances

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

(f) Liquidated damages

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

(g) Impairment of investments

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

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

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

Notes to the Financial Statements

future cash flows, discount rate and long term growth rate.

2.5 Current Versus non-current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.6 Property, Plant and equipment

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

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

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1 July, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income.

2.7 Intangible assets

On transition to Ind AS, the Company has opted for the option given under Ind AS 101 to measure all the items of Intangible Assets at their carrying value under previous GAAP (Refer Note 4). Consequently the carrying value under IGAAP has been assumed to be deemed cost of Intangible Assets on the date of transition to Ind AS.

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

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

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

Notes to the Financial Statements

Softwares

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

Estimated useful life of other acquired intangibles is as follows:

Intangible Assets are amortised at straight line basis as follows:

Software	1-5 years
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2.8 Leases

As a Lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a Lessor

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

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

2.9 Financial Instruments

A. Financial Instruments – Initial Recognition and Measurement

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

B. Financial Assets

1. Subsequent measurement

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

Debt instrument

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Company on the basis of their fair value and their performance is evaluated on fair

Notes to the Financial Statements

value basis in accordance with a risk management or investment strategy of the Company. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income in the income statement.

b. Financial assets measured at amortised cost

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

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

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

Investment in Subsidiaries

Investment in Subsidiaries is carried at cost in separate financial statement.

Equity instruments

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

2. Derecognition

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

C. Financial Liabilities

1. Subsequent measurement

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

Financial liabilities measured at amortised cost

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

2. Derecognition

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

D. Offsetting Financial Instruments

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

E. Derivative Financial Instruments - Current versus Non- Current Classification

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

F. Fair Value Measurement

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

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

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

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

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

2.10 Income tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.11 Inventories

Raw materials, stock-in-trade and finished goods are stated at the lower of cost and net realisable value.

Notes to the Financial Statements

Cost of raw materials and stock-in-trade comprises cost of purchases. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost is determined on the basis of weighted average. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.14 Impairment of assets

a. Financial assets

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

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

b. Non-financial assets

(i) Intangible assets and property, plant and equipment

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

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

c. Investment in Subsidiaries

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

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

Notes to the Financial Statements

The recoverable amount is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, less the costs of disposal. Impairment losses, if any are recognised in the statement of profit or loss.

Other impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid in accordance with the terms with the vendors. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

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

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

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

2.17 Provisions, contingent liabilities and contingent assets

a) Provisions

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

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

b) Contingencies

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

Notes to the Financial Statements

2.18 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

2.19 Revenue recognition

The Company derives revenues primarily from sale of products. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of Products

Timing of recognition

The Company is engaged into the business of –

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

Revenue from the sale of products is recognised when the following criteria for the transaction have been met:

- all significant risks and rewards of ownership have transferred to the buyer;
- continuing managerial involvement and effective control usually associated with ownership has been ceased;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Company.

Measurement of revenue

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

Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue from services

Timing of recognition

Service income includes income from IT infrastructure managed services, break-fix services, office automation maintenance services and managed print services. Revenues relating to time and materials contracts are recognized

Notes to the Financial Statements

as the related services are rendered. Revenue in case of fixed priced contracts is recognised on percentage of completion basis. Revenue from a period based service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Measurement of Revenue

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

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

Interest income

Interest income from loans and receivables (debt instruments) is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

2.20 Employee benefits

Defined benefit plans

Gratuity

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

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

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

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

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

Provident Fund

In respect of certain employees, Provident Fund contributions are made to a multi-employer Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Defined contribution plans

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

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

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

Notes to the Financial Statements

Other Benefits

Compensated Absences

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

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

Long Term Employee Benefits

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

Employee Options

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.21 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.22 Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

Notes to the Financial Statements

2.23 Exceptional Items

Items which are material either because of their size or their nature, and which are non-recurring, are highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance.

23. New standards that are not yet effective and have not been early adopted:

As set out below, amendments to standards are effective for annual periods beginning on or after April 1, 2017, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the Financial Statements of the Company:

Amendments to Ind AS 102, Share-based Payment

The amendment to Ind AS 102 clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled.

Since the Company does not have any cash-settled share based payments outstanding at the reporting date, the above mentioned amendment will not have any impact on the Financial Statements of the Company.

Amendments to Ind AS 7, Statement of Cash Flows

The amendment to Ind AS 7 introduces an additional disclosure that will enable users of Financial Statements to evaluate changes in liabilities arising from financing activities. The said amendment will not have any impact on the Company's Cash Flow Statement.

There are no other Ind ASs that are not yet effective that would be expected to have a material impact on the Consolidated Cash Flow Statement.

Notes to the Financial Statements

3 Property, Plant and Equipment

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation / Amortisation				Net Carrying Amount	
	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2017	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Leasehold Land	12.33	-	-	12.33	0.12	0.16	-	0.28	12.05	12.21
Freehold Land	7.65	-	-	7.65	-	-	-	-	7.65	7.65
Buildings	49.77	-	0.73	49.04	0.98	1.30	0.02	2.26	46.78	48.79
Plant and Machinery	3.30	-	-	3.30	0.57	0.60	-	1.17	2.13	2.73
Furniture and Fixtures	5.76	-	0.18	5.58	0.81	0.62	0.13	1.30	4.28	4.95
Office Equipments	2.09	0.04	0.17	1.96	0.54	0.54	0.06	1.02	0.94	1.55
Vehicles	2.43	0.30	0.05	2.68	0.34	0.67	0.02	0.99	1.69	2.09
Computers	2.15	0.29	0.04	2.40	0.64	0.81	0.02	1.43	0.97	1.51
Sub-Total (a)	85.48	0.63	1.17	84.94	4.00	4.70	0.25	8.45	76.49	81.48

Notes:

- Land and Building at Ambattur amounting to ₹ 3.24 Crores (2016 - ₹ 3.28 Crores, 2015 - ₹ 3.31 Crores) are pending registration in the name of the Company.

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation / Amortisation				Net Carrying Amount	
	Deemed Cost As at 01.07.2015	Additions	Disposal/ Adjustment	As at 31.03.2016	As at 01.07.2015	Additions	Disposal/ Adjustment	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016
Leasehold Land	17.28	-	4.95	12.33	-	0.14	0.02	0.12	12.21	12.21
Freehold Land	7.65	-	-	7.65	-	-	-	-	7.65	7.65
Buildings	48.93	3.33	2.49	49.77	-	0.99	0.01	0.98	48.79	48.79
Plant and Machinery	1.16	2.17	0.03	3.30	-	0.58	0.01	0.57	2.73	2.73
Furniture and Fixtures	1.32	4.45	0.01	5.76	-	0.81	-	0.81	4.95	4.95
Office Equipments	1.55	0.66	0.12	2.09	-	0.55	0.01	0.54	1.55	1.55
Vehicles	1.55	0.88	-	2.43	-	0.34	-	0.34	2.09	2.09
Computers	1.26	0.90	0.01	2.15	-	0.64	0.00	0.64	1.51	1.51
Sub-Total (a)	80.70	12.39	7.61	85.48	-	4.05	0.05	4.00	81.48	81.48

Notes:

- Land and Building at Ambattur amounting to ₹ 3.28 Crores (2015 - ₹ 3.31 Crores) are pending registration in the name of the Company.

4 Intangible Assets

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation / Amortisation				Net Carrying Amount	
	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2017	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Intangible Assets:										
Software	0.11	0.24	-	0.35	0.07	0.10	-	0.17	0.18	0.04
Sub-Total (b)	0.11	0.24	-	0.35	0.07	0.10	-	0.17	0.18	0.04

Notes to the Financial Statements

Particulars	Gross Carrying Amount				Accumulated Depreciation / Amortisation				Net Carrying Amount
	Deemed Cost As at 01.07.2015	Additions	Disposal/ Adjustment	As at 31.03.2016	As at 01.07.2015	Additions	Disposal/ Adjustment	As at 31.03.2016	As at 31.03.2016
Intangible Assets:									
Software	0.11	-	-	0.11	-	0.07	-	0.07	0.04
Sub-Total (b)	0.11	-	-	0.11	-	0.07	-	0.07	0.04

5 Capital Work-In-Progress

₹/Crores

Particulars	As at 01.04.2016	Additions	Capitalisation	As at 31.03.2017
Capital Work-In-Progress	0.25	0.00	0.25	-

Particulars	Deemed Cost As at 01.07.2015	Additions	Capitalisation	As at 31.03.2016
Capital Work-In-Progress	0.11	0.14	-	0.25

6 Non-current investments

	As at 31.03.2017		As at 31.03.2016		As at 01.07.2015	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores	Units	Amount
Unquoted						
Investments in Equity Instruments						
Investments in Equity Instruments of Subsidiaries (At Cost)						
Digilife Distribution and Marketing Services Limited	560,500,000	56.05	48,050,000	48.05	48,050,000	48.05
Pimpri Chinchwad eServices Limited	42,500	0.04	42,500	0.04	42,500	0.04
HCL Computing Products Ltd	100,000	0.10	100,000	0.10	100,000	0.10
HCL Infotech Limited - Refer Note 41	220,300	668.46	220,300	668.46	50,000	418.46
HCL Learning Limited - Refer Note 41	75,274	166.46	75,274	166.46	50,000	106.46
HCL Services Limited	77,036	684.86	77,036	684.86	50,000	434.85
		1,575.97		1,567.97		1,007.96
Less: Impairment in the value of Investment*		1040.46		790.46@		418.46
Total Investments in Equity Instruments of Subsidiaries (A)		535.51		777.51		589.50

*Impairment includes impairment for investment in HCL Services Limited ₹ 250.00 Crores (2016 - Nil, 2015 - Nil) HCL Infotech Limited ₹ 668.46 Crores (2016 - ₹ 668.46 Crores, 2015 - ₹ 418.46 Crores) and HCL Learning Limited ₹ 122.00 Crores (2016 - ₹ 122.00 Crores, 2015 - Nil)

@ Includes ₹ 250.00 Crores which was provided against Inter Company Deposits which were converted to equity in 2015-16.

Notes to the Financial Statements

Investments in Equity Instruments of Joint Venture

Nokia HCL Mobile Internet Services Limited	-	-	490	0.25	490	0.25
Less: Impairment in the value of Investment				0.25		0.25
Total Investments in Equity Instruments of Joint Venture (B)		-		-		-
The Company has sold its investments in Nokia HCL Mobile Internet Services Limited during the current year.						
Total Non-Current Investments (Unquoted) (A)+(B)		535.51		777.51		589.50
Aggregate amount Unquoted Investments		535.51		777.51		589.50
Aggregate amount of Impairment in the Value of Investments		1,040.46		790.71		418.71

7 Current investments

	As at 31.03.2017		As at 31.03.2016		As at 01.07.2015	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores	Units	Amount ₹/Crores
(i) Unquoted (Others): Current						
Investment in Mutual Funds, Growth Options						
Birla Sunlife Savings Fund	-	-	-	-	549,224	15.10
HDFC Floating Rate Income Fund - STP-WP	-	-	-	-	6,171,009	15.10
Kotak Floater Long Term	-	-	-	-	2,213,065	5.03
ICICI Prudential Flexible Income Plan	-	-	-	-	749,081	20.13
Reliance Money Manager Fund	-	-	-	-	103,183	20.15
UTI Treasury Advantage Plan	-	-	-	-	25,954	5.03
SBI-SHF Ultra Short Term Fund	-	-	-	-	27,410	5.03
Sub - Total (a)		-		-		85.57
Investment in Mutual Funds, Dividend Options						
Birla Sunlife Savings Fund #	-	-			7,485,239	75.00
Axis Treasury Advantage Fund	601,311	60.56				
Kotak Floater Long Term #	-	-	-	-	24,800,849	25.10
Reliance Money Manager Fund #	498,809	50.31	498,809	50.16	498,809	49.99
UTI Treasury Advantage Plan	99,438	10.00	-	-	-	-
Sub - Total (b)		120.87		50.16		150.09
Total Current Investments (a) + (b)		120.87		50.16		235.66
Aggregate amount Unquoted Investments		120.87		50.16		235.66

Under lien with bank

Notes

to the Financial Statements

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
8 Other Non-Current Financial Assets			
Considered Good			
Security Deposits	0.25	0.34	0.84
Bank Deposits with original maturity of more than twelve months	0.28	0.22	0.22
TOTAL	0.53	0.56	1.06
9 Deferred tax assets (net)			
Deferred tax assets (Refer Note 56)	64.70	44.04	46.48
	64.70	44.04	46.48
10 Other Non-Current Assets			
Unsecured			
Capital Advances	0.18	0.49	1.72
Deposits with Tax authorities	109.21	91.61	29.77
Prepaid Expenses	0.06	1.07	0.29
Considered Doubtful			
Capital Advances	0.50	0.50	0.50
Less: Allowance for Doubtful Loans and Advances	0.50	-	0.50
TOTAL	109.45	93.17	31.78
11 Advance Income Tax Asset (Net)			
Advance Income Tax	8.78	19.30	-
[Net of Provision for Income Tax of ₹ 46.65 Crores (2016 - ₹ 548.54 Crores, 2015 - Nil)]			
TOTAL	8.78	19.30	-
12 Inventories			
Raw Materials and Components	0.11	0.26	-
[Including In-Transit ₹ 0.06 Crores (2016 - ₹ 0.06 Crores, 2015 - Nil)]			
Finished Goods	0.11	0.58	1.99
[Including In-Transit ₹ 0.12 Crores (2016 - ₹ 0.17 Crores, 2015 - ₹ 0.18 Crores)]			
Stock-In-Trade	58.47	94.13	123.95
[Including In-Transit ₹ 19.63 Crores (2016 - ₹ 31.59 Crores, 2015 - ₹ 13.54 Crores)]			
Stores and Spares	0.78	0.79	0.86
TOTAL	59.47	95.76	126.80

Write - downs of inventories to net realisable value recognised as an expense during the year amounts to ₹ 0.67 Crores (2016 - ₹ 0.48 Crores). These were included in ' changes in value of inventories of work-in-progress, stock-in-trade and finished goods' in statement of profit and loss.

Notes to the Financial Statements

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
13 Trade Receivables (Refer Note 52)			
Unsecured:			
Considered Good	432.00	302.23	399.39
Considered Doubtful	24.78	26.73	10.39
	456.78	328.96	409.78
Less : Allowance for Doubtful Debts	24.78	26.73	10.39
	432.00	302.23	399.39
14 Cash and Cash Equivalents			
Balances with Banks			
- In Current Account	24.33	84.59	29.36
Less: Money held in Trust	24.33	0.01	0.01
	-	0.01	0.02
Cash on Hand (Refer Note 54)	5.98	3.89	2.53
Cheques on Hand	37.68	6.23	30.30
Bank Deposits with original maturity of three months or less	0.31	0.32	0.32
Less: Money held in Trust	37.37	5.91	29.98
TOTAL	67.68	94.39	61.88
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.			
15 Other Bank Balances			
Balances with Banks			
- On Dividend Account	1.28	1.81	2.19
- On Margin Account	3.13	3.13	3.14
TOTAL	4.41	4.94	5.33
16 Loans			
Unsecured			
Considered Good			
Loans and Advances to Subsidiaries (Refer Note 52)	389.02	598.84	1,202.27
Considered Doubtful			
Loans and Advances to Subsidiaries (Refer Note 52)	83.53	13.34	223.55
Less: Allowance for Doubtful Loans and Advances to Subsidiaries	83.53	13.34	223.55
TOTAL	389.02	598.84	1,202.27

Notes

to the Financial Statements

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
17 Other Current Financial Assets			
Considered Good			
Security Deposits	1.72	2.81	3.07
Others (Includes Employee advances, Insurance claim recoverable and expenses recoverable)*	4.58	1.88	2.04
Considered Doubtful			
Others (Includes Employee advances, Insurance claim recoverable)	1.06	0.64	0.86
Less: Allowance for Doubtful Loans and Advances	1.06	-	0.86
TOTAL	6.30	4.69	5.11
* includes ₹ 3.36 Crores (2016 - Nil, 2015 - Nil)) recoverable from related parties			
18 Other Current Assets			
Unsecured			
Considered Good			
Balances with Customs, Port Trust, Excise and Sales Tax Authorities	30.66	17.50	26.78
Advances to Creditors	10.49	12.94	24.07
Deposits with Tax authorities	-	-	0.15
Prepaid Expenses	4.63	3.85	8.45
Others (Expenses recoverable)	0.16	0.50	1.10
Considered Doubtful			
Deposits and Other Advances	5.20	6.40	3.23
Less: Allowance for Doubtful Loans and Advances	5.20	-	3.23
TOTAL	45.94	34.79	60.55
19 Share capital			
Authorised			
55,25,00,000 Equity Shares (2016 - 55,25,00,000, 2015 - 55,25,00,000) of ₹ 2/- each	110.50	110.50	110.50
5,00,000 Preference Shares (2016 - 5,00,000, 2015 - 5,00,000) of ₹ 100/- each	5.00	5.00	5.00
TOTAL	115.50	115.50	115.50
Issued, Subscribed and Paid up			
22,29,19,629 Equity Shares (2016 - 22,29,19,629, 2015 - 22,29,04,629) of ₹ 2/- each	44.58	44.58	44.58
(Fully Paid up)			
TOTAL	44.58	44.58	44.58

Notes:

(i) Rights attached to Equity Shares:

The Company has only one class of equity share having a face value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing General Meeting, except in case of interim dividend.

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

Notes to the Financial Statements

- (ii) **Shareholders holding more than 5% of the aggregate shares in the Company**
- | | Number of Shares | % of shares | Number of Shares | % of shares | Number of Shares | % of shares |
|-------------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| (a) HCL Corporation Private Limited | 111,382,239 | 49.97 | 111,382,239 | 49.97 | 111,382,239 | 49.97 |
| (b) AKM Systems Private Limited | 11,997,007 | 5.38 | 11,997,007 | 5.38 | 11,997,007 | 5.38 |
- (iii) Shares reserved for issue under options:
- Information related to Employee Stock Option Plan, including details of options issued, exercised, expired and forfeited during the financial year and options outstanding at the end of the reporting period, is set out in Note 47

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores
20 Other Equity		
A. Reserve & Surplus		
(a) Securities Premium Reserve		
Opening Balance#	720.16	720.12
Current Year Transfer	-	0.04
Closing Balance	720.16	720.16
(b) General Reserve		
Opening Balance#	215.83	215.83
Closing Balance	215.83	215.83
(c) Retained Earnings		
Opening Balance#	3.83	191.11
Net Loss for the year/period	(362.39)	(187.31)
Remeasurements of post employment benefit obligation, net of tax	0.06	0.03
Closing Balance	(358.50)	3.83
TOTAL	577.49	939.82

Total equity is ₹ 1127.06 Crores as at July 01, 2015. (Refer note 57 for reconciliation of balance reported under Indian GAAP with restated balance under Ind AS)

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
21 Non-Current Borrowings			
Secured:			
Term Loans			
- From Banks	20.26	38.04	79.15
- From Others	3.21	-	-
Unsecured:			
Term Loans			
- From Others	110.64	68.66	84.35
TOTAL	134.11	106.70	163.50

Notes:

- (i) Secured Term Loan from Bank and Others amounting to ₹ 38.04 Crores (2016 - ₹ 48.43 Crores, 2015 - NIL), out of which ₹ 14.57 Crores (2016 - ₹ 10.39 Crores, 2015 - NIL) is shown under current maturity of long term debt, is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and

Notes to the Financial Statements

it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on Two Identified Properties (4) Exclusive charge on Debt Service Reserve Account created by way of lien on mutual funds of ₹ 70.42 Crs . The Hypothecation of the movable assets has been created on 22nd May'2017 and the mortgage of the immovable assets is under process. The loan is repayable in 13 quarterly installments starting from September 2016 and carries interest @ 11 % to 11.10% p.a.

- (ii) Secured Long Term Loan of Nil (2016- Nil, 2015 - ₹ 5.73 Crores) out of which Nil (2016 - Nil, 2015 - ₹ 5.73 Crores) is shown under current maturity of debt, is secured by way of subservient charge on stock and receivables of the Company. It also carries a lien on Mutual Funds of ₹ 50.31 Crores (2016 - ₹ 50.16 Crores, 2015 - ₹ 49.99 Crores). Short Term Loan of ₹ 74.14 Crores is repayable in one year from the date of disbursement and carries interest @ 9.50 % p.a. and ₹ 25 Crores is repayable in three months from the date of disbursement and carries interest @ 11.50 % p.a.
- (iii) Secured Term Loan from Banks amounting to Nil (2016 - Nil, 2015 - ₹ 143.48 Crores), out of which Nil (2016 - Nil, 2015 - ₹ 143.48 Crores) is shown under current maturity of long term debt, was secured by way of subservient charge on current assets of the Company. It had a lien on Mutual Funds of ₹ 100.01 Crores . The loan was repayable in 23 monthly equal instalments starting from July 2014 and carries interest @ 11.25 %.
- (iv) Secured Term Loan from Banks amounting to Nil (2016 - Nil, 2015 - ₹ 99.07 Crores), out of which Nil (2016 - Nil, 2015 - ₹ 19.92 Crores) is shown under current maturity of long term debt, was secured by way of Hypothecation over the receivable from a particular project. The loan was repayable in 15 quarterly equal instalments having a moratorium of 3 months and carries interest @ 11.25 % p.a.
2. (i) Unsecured Term loans from Others amounting to ₹ 191.87 Crores (2016 - ₹ 154.85 Crores, 2015 - ₹ 142.05 Crores), out of which ₹ 82.93 Crores (2016 - ₹ 89.89 Crores, 2015 - ₹ 73.32 Crores) is shown under current maturity of long term debt, is repayable in 12 to 20 equal quarterly instalments from the date of the disbursement which carries interest @ 11.25% to 12.50% p.a.
- (ii) Unsecured Term loans from Others amounting to ₹ 3.72 Crores (2016 - ₹ 19.34 Crores, 2015 - ₹ 41.70 Crores), out of which ₹ 2.02 Crores (2016 - ₹ 15.63 Crores, 2015 - ₹ 26.07 Crores) is shown under current maturity of long term debt, is repayable in 1 quarterly, 1 half yearly and balance 16 quarterly instalments from the date of the disbursement which carries interest @ 13.04 % p.a.
- (iii) Unsecured Term loans from others amounting to Nil (2016 - Nil, 2015 - ₹ 2.36 Crores), out of which Nil (2016 - Nil, 2015 - ₹ 2.36 Crores) is shown under current maturity of long term debt, were repayable in 19 equal quarterly installments from the date of the loans.
3. Long term borrowings, Short term borrowings and Current maturities of long term debts is net of the loan amounting to ₹ 2.16 Crores (2016 - ₹ 23.09 Crores, 2015 - ₹ 46.46 Crores), Nil (2016 - Nil, 2015 - ₹ 26.13 Crores) and ₹ 19.87 Crores (2016 - ₹ 29.51 Crores, 2015 - ₹ 68.94 Crores) respectively that the Company has transferred to its subsidiaries pursuant to the scheme of arrangement. However Company shall make repayments of such principal amounts and payments of interest or any other dues thereon on behalf of the respective Transferee Companies (HCL Infotech Ltd, HCL Services Ltd and HCL Learning Ltd) and the respective Transferee Companies shall be under an obligation to place with HCL Infosystems Limited funds at the relevant time so as to enable HCL Infosystems Ltd to make payments to the lenders on or before their respective due dates

Note: As per Ind AS provisions, the term loan balances are adjusted with the transaction/processing fees paid on the facility.

Note: Material Subsidiaries include HCL Infotech Ltd., HCL Services Ltd. and HCL Learning Ltd.

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
22 Trade Payables			
Trade Payables [Including Acceptance ₹ Nil (2015 - ₹ Nil)]			
Trade Payables	-	-	0.59
TOTAL	<u>-</u>	<u>-</u>	<u>0.59</u>

Notes to the Financial Statements

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
23 Other Non-Current Financial Liabilities			
Deposits	-	5.32	5.32
TOTAL	-	5.32	5.32
24 Non-Current Provisions			
Provision for Gratuity and other Employee Benefits (includes ₹ 2.60 Crores (2016 - ₹ 2.59 Crores, 2015 - Nil for Other Employee Benefits))	5.33	4.76	2.60
TOTAL	5.33	4.76	2.60
25 Current Borrowings			
Secured:			
Loans from Banks			
- Term Loans	223.92	224.61	255.77
- Cash Credits	-	73.92	9.92
- Buyers Credit	-	-	10.29
Unsecured:			
- From Other Parties	149.36	-	-
- Commercial Paper	195.00	125.00	300.00
TOTAL	568.28	423.53	575.98

Note:

1. (i) Secured Term Loan from Banks amounting to ₹ 124.78 Crores (2016 - ₹ 124.61 Crores, 2015 - ₹ 139.90 Crores) is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on Two Identified Properties, along with non-fund based facilities from Bank. The Hypothecation of the movable assets has been created post balance sheet date and the mortgage of the immovable assets is under process. It carries interest @ 11.50 % p.a.
- (ii) Short Term Loan of ₹ 99.14 Crores (2016 - ₹ 100.00 Crores, 2015 - ₹ 75 Crores) is secured by way of subservient charge on stock and receivables of the Company and against Support from promoter company. It also carries a lien on Mutual Funds of ₹ 49.97 Crores (2016 - ₹ 49.97 Crores). Short Term Loan of ₹ 74.14 Crs is repayable in one year from the date of disbursement and carries interest @ 9.50 % p.a. and ₹ 25 Crs is repayable in three months from the date of disbursement and carries interest @ 11.50 % p.a. (Refer Note 21).
- (iii) Secured Loan from Banks amounting to Nil (2016 - ₹ 73.92 Crores, 2015 - ₹ 61.08 Crores) are secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on Two Identified Properties. The Hypothecation of the movable assets has been created on 30th March '2017 and the mortgage of the immovable assets is under process.
- (iv) Unsecured Term loans from Others amounting to ₹ 149.36 Crores (2016 - Nil, 2015 - Nil) and against support from promoter company, is repayable in 1 yearly instalments from the date of the disbursement which carries interest @ 9.50% p.a.
- (v) Unsecured commercial papers from Others amounting to ₹ 195.00 Crores (2016 - ₹ 125.00 Crores, 2015 - ₹ 300.00 Crores) is repayable in next 3 to 6 months from the date of availment of each tranche, which carries interest @ 10.50% to 11% p.a.

Note: As per Ind AS provisions, the term loan balances are adjusted with the transaction/processing fees paid on the facility.

Note: Material Subsidiaries means HCL Services Ltd., HCL Infotech Ltd. and HCL Learning Ltd.

Notes

to the Financial Statements

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
26 Trade Payables (Refer Note 52)			
Trade Payables			
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 44) and	0.02	0.03	0.07
(b) Total outstanding dues of other than micro enterprises and small enterprises [Includes Acceptance ₹ 56.95 Crores (2016 - ₹ 101.90 Crores, 2015 - ₹ 140.07 Crores)]	391.85	434.04	532.81
TOTAL	391.87	434.07	532.88
27 Other Current Financial Liabilities			
Current Maturities of Long-Term Debts (Refer Note 21)	99.52	116.22	270.88
Interest Accrued but not due on Borrowings	4.64	4.63	3.00
Other Payable to related parties (Refer Note 44)	18.60	16.62	15.92
Deposits	5.30	-	-
Unpaid Dividends*	1.28	1.81	2.16
Employee Benefits Payable	14.73	11.12	16.96
Capital Creditors	0.55	0.67	0.37
TOTAL	144.62	151.07	309.29
* There are no amount due and outstanding to be credited to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956. These shall be credited and paid to the Fund as and when due.			
28 Other Current Liabilities			
Deferred Revenue	11.17	30.16	28.10
Advances Received from Customers	29.59	50.14	27.18
Statutory Dues Payable	7.20	7.02	24.04
TOTAL	47.96	87.32	79.32
29 Current Provisions			
Provision for Gratuity and Other Employee Benefits#	5.48	3.40	2.69
Provision for Warranty (Refer Note 43)	-	-	0.27
Provision for Litigation	1.62	1.58	1.65
TOTAL	7.10	4.98	4.61
[# includes ₹ 1.09 Crores (2016- ₹ 1.20 Crores, 2015 - 1.25 Crores) for provision for leave encashment and ₹ 3.57 Crores (2016 - ₹ 0.53 Crores, 2015 - Nil) for other employee benefits]			
30 Current Tax Liabilities			
Current income tax liabilities [2015 - Net of Advance Income Tax of ₹ 544.67 Crores]	-	-	1.04
TOTAL	-	-	1.04

Notes to the Financial Statements

	Year ended 31.03.2017 ₹/Crores	Nine months ended 31.03.2016 ₹/Crores
31 Revenue from operations		
Sale of Products (including excise duty)	2,237.95	2,479.87
Sale of Services	27.41	19.40
TOTAL	2,265.36	2,499.27
32 Other income		
Interest Income from financial asset at amortised cost		
- On Fixed Deposits (Gross)	1.69	1.30
- On Others	26.35	53.43
[Includes Interest on Inter Company Deposits amounting to ₹ 26.35 Crores (2016 - ₹ 53.43 Crores)]		
- Dividend from Investment in Mutual Funds	4.82	5.68
Gain on sale of Investment carried at Fair Value Through Profit or Loss	2.20	3.80
Net Profit on Sale of Property, Plant & Equipment	0.22	-
Gain on Foreign Exchange Fluctuation	1.64	-
Provisions/Liabilities no longer required written back	0.57	0.57
Miscellaneous Income	10.12	8.38
TOTAL	47.61	73.16
33 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Closing Balance		
- Finished Goods (Including in Transit)	0.11	0.58
- Stock-In-Trade	58.47	94.13
	58.58	94.71
Opening Balance		
- Finished Goods (Including in Transit)	0.58	1.99
- Stock-In-Trade	94.13	123.95
	94.71	125.94
Changes in Inventories of finished goods and stock-in-trade	36.13	31.23
34 Other direct expenses		
Purchase of Services	24.67	16.63
Spares and Stores Consumed	1.63	5.41
Labour and Processing Charges	0.25	0.55
Excise duty	0.08	0.01
TOTAL	26.63	22.60

Notes to the Financial Statements

	Year ended 31.03.2017 ₹/Crores	Nine months ended 31.03.2016 ₹/Crores
35 Employee benefits expense		
Salaries, Wages, Bonus and Gratuity	54.95	52.19
Contribution to Provident and Other Funds	2.45	2.13
Staff Welfare Expenses	0.71	0.55
TOTAL	58.11	54.87
36 Finance costs		
Interest on Non - current and current Borrowings	96.80	78.92
Other Borrowing Costs	7.80	2.60
TOTAL	104.60	81.52
37 Other expenses		
Rent (Refer Note 48)	7.57	7.46
Rates and Taxes	4.43	2.03
Printing and Stationery	0.63	0.53
Communication	1.64	1.21
Travelling and Conveyance	5.44	7.33
Packing, Freight and Forwarding	5.76	7.23
Legal, Professional and Consultancy Charges (Refer Note 46)	13.79	15.76
Retainership Expenses	5.71	4.23
Training and Conference	1.17	1.17
Office Electricity and Water	0.43	0.33
Insurance	3.14	3.26
Advertisement, Publicity and Entertainment	1.91	1.35
Hire Charges	0.44	0.41
Commission on Sales	4.10	3.04
Bank Charges	3.96	3.80
Allowance for Doubtful Debts	-	16.34
Allowance for Doubtful Loans and Advances and Other Current Assets	-	0.84
Loss on Sale of Property, Plant & Equipment	-	0.04
Property, Plant & Equipment Written-Off	0.86	0.06
Repairs		
- Buildings	0.08	0.01
- Others	1.27	0.85
Net Loss on Foreign Exchange Fluctuation (other than considered as Finance Cost)	-	0.47
Miscellaneous	3.12	4.16
Operating cost allocated from HCL Services Limited, the subsidiary Company	10.91	10.62
	76.36	92.53
Less: Operating cost recovered from Subsidiaries	15.94	13.29
TOTAL	60.42	79.24

Notes to the Financial Statements

38 Fair Value Measurements

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

As at 31.03.2017

₹ Crores						
Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Non-current assets						
(i) Investments	6			535.51	535.51	535.51
(ii) Others	8			0.53	0.53	0.53
				536.04	536.04	536.04
Current assets						
(i) Investments	7		120.87		120.87	120.87
(ii) Trade receivables	13			432.00	432.00	432.00
(iii) Cash and cash equivalents	14			67.68	67.68	67.68
(iv) Bank balances other than (iii) above	15			4.41	4.41	4.41
(v) Loans	16			389.02	389.02	389.02
(vi) Others	17			6.30	6.30	6.30
						-
			120.87	899.41	1,020.28	1,020.28
Financial Liabilities						
Non-current liabilities						
(i) Borrowings	21			134.11	134.11	134.11
				134.11	134.11	134.11
Current liabilities						
(i) Borrowings	25			568.28	568.28	568.28
(ii) Trade payables	26			391.87	391.87	391.87
(iii) Other financial liabilities	27			144.62	144.62	144.62
				1,104.77	1,104.77	1,104.77

As at 31.03.2016

₹ Crores						
Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Non-current assets						
(i) Investments	6			777.51	777.51	777.51
(ii) Others	8			0.56	0.56	0.56
		-	-	778.07	778.07	778.07
Current assets						
(i) Investments	7		50.16		50.16	50.16
(ii) Trade receivables	13			302.23	302.23	302.23
(iii) Cash and cash equivalents	14			94.39	94.39	94.39
(iv) Bank balances other than (iii) above	15			4.94	4.94	4.94
(v) Loans	16			598.84	598.84	598.84
(vi) Others	17			4.69	4.69	4.69
						-
		-	50.16	1,005.09	1,055.25	1,055.25

Notes to the Financial Statements

₹ Crores

Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Non-current liabilities						
(i) Borrowings	21			106.70	106.70	106.70
(ii) Other financial liabilities	23			5.32	5.32	5.32
			-	112.02	112.02	112.02
Current liabilities						
(i) Borrowings	25			423.53	423.53	423.53
(ii) Trade payables	26			434.07	434.07	434.07
(iii) Other financial liabilities	27			151.07	151.07	151.07
			-	1,008.67	1,008.67	1,008.67
Fair Value Measurements						

As at 01.07.2015

₹ Crores

Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Non-current assets						
(i) Investments	6			589.50	589.50	589.50
(iii) Others	8			1.06	1.06	1.06
		-	-	590.56	590.56	590.56
Current assets						
(i) Investments	7		235.66	-	235.66	235.66
(ii) Trade receivables	13			399.39	399.39	399.39
(iii) Cash and cash equivalents	14			61.88	61.88	61.88
(iv) Bank balances other than (iii) above	15			5.33	5.33	5.33
(v) Loans	16			1,202.27	1,202.27	1,202.27
(vi) Others	17			5.11	5.11	5.11
		-	235.66	1,673.98	1,909.64	1,909.64
Financial Liabilities						
Non-current liabilities						
(i) Borrowings	21			163.50	163.50	163.50
(ii) Trade Payables	22			0.59	0.59	0.59
(iii) Other financial liabilities	23			5.32	5.32	5.32
			-	169.41	169.41	169.41
Current liabilities						
(i) Borrowings	25			575.98	575.98	575.98
(ii) Trade payables	26			532.88	532.88	532.88
(iii) Other financial liabilities	27			309.29	309.29	309.29
			-	1,418.15	1,418.15	1,418.15

Notes to the Financial Statements

Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair values, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(i) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 31.03.2017:

		Fair Value measurement using			₹ Crores
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
Financial Assets measured at FVTPL					
Investment in Mutual Funds	31.03.2017		120.87		120.87

(ii) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 31.03.2016:

		Fair Value measurement using			₹ Crores
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
Financial Assets measured at FVTPL					
Investment in Mutual Funds	31.03.2016		50.16		50.16

(ii) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 01.07.2015:

		Fair Value measurement using			₹ Crores
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
Financial Assets measured at FVTPL					
Investment in Mutual Funds	01.07.2015		235.66		235.66

*There were no transfers between the Level 1, Level 2 and Level 3 during the year.

* There is no change in the valuation technique during the year.

Valuation techniques used to derive Level 2 fair values

- a) Investment in mutual funds have been fair valued using published statement for NAV's.

39 Financial Risk Management

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

In order to minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Notes

to the Financial Statements

Risk	Exposure Arising from	Measurement	Management
Credit Risk	Investments Trade receivables Cash and cash equivalents Bank balances Loans Other financial assets	Aging Analysis Credit appraisal	Diversification of bank deposits, investments, credit limits and letters of credit
Liquidity risk	Borrowings and Other Liabilities	Rolling cash flow forecasts	Availability of committed credit lines, borrowing facilities and liquid investments
Market risk - foreign exchange	Future commercial transactions Recognized financial assets not denominated in Indian rupee (INR)	Hedging percentage Sensitivity analysis	Forward foreign exchange contracts
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Replacement of high cost debt with low cost debt

The Company's risk management is carried out by the Treasury and Credit Control department under policies approved by the senior management and audit committee.

Financial Risk Management

Credit Risk

Credit risk arise from possibility that customer may default on its obligation resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivables.

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

Investment primarily includes investment in Mutual funds

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

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

Following table provides agewise breakup of Receivables

	As at 31-03-2017	As at 31-03-2016	As at 01-07-2015
Not Due	183.51	145.85	164.94
0-90 days past due	213.87	87.77	146.63
91-180 days past due	8.96	12.23	9.71
181-365 days past due	13.07	16.30	21.45
1 - 2 years past due	8.50	48.05	65.83
More than 2 years past due	28.87	18.76	1.22
	456.78	328.96	409.78

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

Notes to the Financial Statements

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

	₹ Crores	
	As at 31-03-2017	As at 31-06-2016
Balance at the beginning	26.73	10.39
Provided during the year	-	16.37
Amounts written off	1.95	0.03
Balance at the end	24.78	26.73

Financial Risk Management

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

	₹ Crores					
As at 31 March 2017	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivatives						
Borrowings						
-From Banks	258.41	-	237.86	12.96	7.59	-
-From Others	350.83	-	236.98	78.54	35.31	-
-Commercial Paper	195.00	-	195.00	-	-	-
Trade payables	391.87	-	391.87	-	-	-
Other financial liabilities						
-Deposits	5.30	-	5.30	-	-	-
-Interest accrued but not due	4.64	-	4.64	-	-	-
-Other Payable to related parties	18.60	-	18.60	-	-	-
-Capital Creditors	0.55	-	0.55	-	-	-
-Unpaid dividends	1.28	1.28	-	-	-	-
-Employee Benefits Payable	14.73		14.73			
Total non-derivative liabilities	1,241.21	1.28	1,105.53	91.50	42.90	-

Notes to the Financial Statements

₹ Crores

As at 31 March 2016	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivatives						
Borrowings						
-From Banks	348.83	73.93	236.15	15.00	23.75	-
-From Others	174.18	-	105.52	40.72	27.94	-
-Commercial Paper	125.00	-	125.00	-	-	-
Trade payables	434.07	-	434.07	-	-	-
Other financial liabilities						
-Deposits	5.32	-	-	5.32	-	-
-Interest accrued but not due	4.63	-	4.63	-	-	-
-Other Payable to related parties	16.62	-	16.62	-	-	-
-Capital Creditors	0.67	-	0.67	-	-	-
-Unpaid dividends	1.81	1.81	-	-	-	-
-Employee Benefits Payable	11.12		11.12			
Total non-derivative liabilities	1,122.25	75.74	933.78	61.04	51.69	-

₹ Crores

As at 30 June 2015	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivatives						
Borrowings						
-From Banks	525.11	20.21	424.91	26.68	53.31	-
-From Others	186.10	-	101.75	65.50	18.85	-
-Commercial Paper	300.00	-	300.00	-	-	-
Trade payables	532.88	-	532.88	-	-	-
Other financial liabilities						
-Deposits	5.32	-	-	5.32	-	-
-Interest accrued but not due	3.00	-	3.00	-	-	-
-Other Payable to related parties	15.92	-	15.92	-	-	-
-Capital Creditors	0.37	-	0.37	-	-	-
-Unpaid dividends	2.16	-	2.16	-	-	-
-Employee Benefits Payable	16.96	-	16.96	-	-	-
Total non-derivative liabilities	1,587.82	20.21	1,397.95	97.50	72.16	-

Financial Risk Management

Market Risk

(i) Interest rate risk

The Company's main interest rate risk arise from borrowings with variable interest rates, which expose the Company to Cash flow interest rate risk. As on March 31, 2017 the Company has ₹ 38.75 Crores (2016- ₹ 123.93 Crores, 2015- ₹ 163.69 Crores) of borrowings with variable interest rates. In order to optimize the Company's position with regards to interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing of fixed rate and floating rate financial instruments in its total portfolio.

Notes to the Financial Statements

(a) Interest rate risk exposure

₹ Crores

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

	31.03.2017	31.03.2016	01.07.2015
Variable rate borrowings	38.74	123.62	264.44
Fixed rate borrowings	765.50	524.38	746.77
Total borrowings	804.24	648.00	1,011.21

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

	31.03.2017			31.03.2016			01.07.2015		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans, Cash credits	11.04%	38.74	4.82%	10.98%	123.62	19.08%	11.43%	264.44	26.15%
Net exposure to cash flow interest rate risk	38.74			123.62			264.44		

(b) Sensitivity

₹ Crores

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

	Impact on profit after tax		Impact on other components of equity	
	Year ended 31.03.2017	Nine months period ended 31.03.2016	Year ended 31.03.2017	Nine months period ended 31.03.2016
Interest rates - increase by 10 basis points (50 bps)	(0.03)	(0.43)	(0.03)	(0.43)
Interest rates - decrease by 10 basis points (50 bps)	0.03	0.43	0.03	0.43

(ii) Foreign currency risk

The Company's major operations are in India and are in INR and therefore, the Company is not exposed to significant foreign currency risk. The Company evaluates the exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies which are approved by the senior management and the Audit Committee, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

(a) Foreign currency risk exposure

₹ Crores

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

	As at 31.03.2017						
	USD	EUR	GBP	JPY	SEK	AED	SGD
Financial Assets							
Trade receivables	9.30	-	-	-	-	1.13	0.11
Derivative assets	-	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	9.30	-	-	-	-	1.13	0.11
Financial Liabilities							
Trade Payables	21.77	0.03	0.01	-	-	-	-
Derivative liabilities							
Foreign exchange forward contracts	(19.12)	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	2.65	0.03	0.01	-	-	-	-

Notes to the Financial Statements

	As at 31.03.2016						
	USD	EUR	GBP	JPY	SEK	AED	SGD
Financial Assets							
Trade receivables	27.96	0.14	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	27.96	0.14	-	-	-	-	-
Financial Liabilities							
Trade Payables	49.97	0.25	0.06	0.03	(0.12)	-	0.07
Derivative liabilities							
Foreign exchange forward contracts	(38.92)	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	11.05	0.25	0.06	0.03	(0.12)	-	0.07

₹ Crores

	As at 01.07.2015						
	USD	EUR	GBP	JPY	SEK	AED	SGD
Financial Assets							
Trade receivables	28.25	0.13	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	28.25	0.13	-	-	-	-	-
Financial Liabilities							
Trade Payables	35.30	0.09	0.01				
Derivative liabilities							
Foreign exchange forward contracts	(23.76)	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	11.54	0.09	0.01	-	-	-	-

(b) The Company's foreign currency exposure as at the reporting date is not significant, hence, sensitivity analysis has not been reported.

40 Capital Management

(a) Risk Management

The Company's objective when managing capital are to safeguard their ability to continue as going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Capital structure as of March 31, 2017, March 31, 2016 and 01 July, 2015 are as follows:

₹ Crores

	As at 31-03-2017	As at 31-03-2016	As at 31-03-2015
Total Debt	801.91	646.45	1,010.36
Equity	622.07	984.40	1,171.64
Capital and net debt	1,423.98	1,630.85	2,182.00
Gearing ratio	56.31%	39.64%	46.30%

The Company is not subject to any externally imposed capital requirements for the year ended March 31, 2017, nine months ended March 31, 2016 and year ended June 30, 2015

Notes to the Financial Statements

41 Exceptional items include :

Particulars	₹ Crores	
	Year ended 31.03.2017 (₹ Crores)	Nine months period ended 31.03.2016 (₹ Crores)
a. Net Profit on Sale of Properties	-	2.78
b. Provision for impairment in the value of investment in HCL Learning Limited (Refer Note 6)	-	(122.00)
c. Provision against Loans given to HCL Infotech	(70.19)	(39.79)
d. Provision for impairment in the value of investment in HCL Services Limited (Refer Note 6)	(250.00)	-
Total	(320.19)	(159.01)

Commentary :

- a) Land & Building was sold during the nine months period ended March 31, 2016 which management believes was of exceptional nature.
- b) In respect to Investment in HCL Learning Limited, the Company in 2015-16 recognized an impairment charge of ₹ 122 Crores, being excess of carrying value of investment over the recoverable value. This impairment was due to modification in the business model and changes in the overall business environment for the segment

Recoverable value of business was calculated based on value in use and discounting rate used for the 'value in use' calculation was 12-18%, based on the pre tax risk adjusted weighted average cost of capital.

- c) The Company has made provision of ₹ 70.19 Crores (2015-16 - ₹ 39.79 Crores) against loan given to HCL Infotech Limited. The Company, considering that HCL Infotech Limited has negative net worth as on March 31, 2017 due to continuous loss incurred by entity and based on future plan of this entity, may not be able to recover the loans given to HCL Infotech Ltd upto the value of its negative net worth.
- d) In respect to Investment in HCL Services Limited, the Company considering the past business performance in the markets wherein Group operates in, changes in the market dynamics, current business strategy and focus areas in the future years, the management has computed recoverable value based on value in use and provided for an impairment charge of ₹ 250 crores, being excess of carrying value over the recoverable value. Though the group is optimistic about the future growth prospects, the management has taken a holistic view of its past performance while designing the future outlook, with renewed strategy. No impairment was identified during the nine months period ended March 31, 2016.

Discounting rate used for the 'value in use' calculation was 16.5-20%, based on the pre tax risk adjusted weighted average cost of capital.

42 a) Contingent Liabilities :

Claims against the Company not acknowledged as debts:

	As at 31-03-2017 ₹/Crores	As at 31-03-2016 ₹/Crores	As at 30-06-2015 ₹/Crores
Sales Tax*	256.27	305.38	146.32
Excise*	98.77	96.68	96.72
Income Tax*	6.19	6.19	5.39
Industrial Disputes, Civil Suits and Consumer Disputes	3.20	8.11	2.70

** Includes sum of ₹ 102.24 Crores (2016 - ₹ 84.69 Crores, 2015 - ₹ 20.83 Crores) deposited by the Company against the above.

The amounts shown in item (a) represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the out come of the different legal processes which have been initiated by the Company or the claimants as the case may be and therefore cannot be predicted

Notes to the Financial Statements

accurately. It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

b) Corporate Guarantees :

- (i) Corporate Guarantee of ₹ 484.40 Crores (2016 - ₹ 663.92 Crores, 2015 - ₹ 624.52 Crores) was given to Banks and Financial Institutions for working capital facilities sanctioned to subsidiaries of which the total amount utilised as at March 31, 2017 is ₹ 143.40 Crores (2016 - ₹ 183.55 Crores, 2015 - ₹ 164.80 Crores).
- (ii) Corporate Guarantee of Nil (2016 - ₹ 40.76 Crores, 2015 - ₹ 20.8 Crores) was given by the Company, on behalf of its subsidiaries, to third parties for assigning credit limit to subsidiaries."

c) Other Litigations :

- (i) The Company has been named in a supplementary charge sheet filed with the Court with respect to a Contract awarded to the Company in 2009 by the UP state Government, amounting to ₹ 4.94 Crores, for the supply of computer hardware and related services under the National Rural Health Mission and therefore summons have been issued by the Court. The matter is currently pending for adjudication before the Special Court CBI . The management is of the view that the company has not been engaged in any wrong doing.
- (ii) The Company has certain sales tax and other related litigation amounting to ₹ 1.62 Crores (2016 ₹ 1.58 Crores, 2015 - ₹ 1.65 Crores) against which provision have been made. Provision amounting to ₹ 0.04 Crores was created during the year."

d) Commitments :

Estimated value of contracts on capital account for Property, plant & equipment, excluding capital advances, remaining to be executed and not provided for amount to Nil (2016 - Nil, 2015 - ₹ 6.85 Crores).

43 The Company has the following provision for warranty in the books of accounts:

	As at 31-03-2017 ₹/Crores	As at 31-03-2016 ₹/Crores	As at 30-06-2015 ₹/Crores
Opening Balance	-	0.27	0.00
Additions during the year / period	-	-	0.66
Utilised/Reversed during the year / period	-	0.27	0.39
Closing Balance	-	-	0.27

The warranty provision has been recognised for expected warranty claims for the first year of warranty on products sold during the year. Due to the very nature of such costs, Outflows of economic benefits against this provision is expected to happen within one year.

44 Disclosure of Micro, Small and Medium Enterprises based on information available with the Company:

	As at 31-03-2017 ₹/Crores	As at 31-03-2016 ₹/Crores	As at 30-06-2015 ₹/Crores
a. (i) Principal amount remaining unpaid to any supplier as at the end of the year.	0.01	0.02	0.01
(ii) Interest due on the above amount.	0.01	0.01	0.01
b. (i) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (Act).	-	-	-
(ii) Amount of principal payments made to the suppliers beyond the appointed day during the year.	0.11	-	1.14
c. Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Act.	-	-	-
d. Amount of interest accrued and remaining unpaid at the end of the year.	0.01	0.01	0.06

Notes to the Financial Statements

	As at 31-03-2017 ₹/Crores	As at 31-03-2016 ₹/Crores	As at 30-06-2015 ₹/Crores
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-	-

- 45** As per provisions of Section 135 of the Companies Act, 2013, the Company has to provide at least 2% of average net profits of the preceeding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR Committee has been formed for carrying out CSR activities as per Schedule VII of the Companies Act, 2013. The Company was not required to spend/contribute to CSR Activity during the year as per Section 135 of the Companies Act, 2013 as average net profit for the last three financial year is negative.

46 Remuneration to Auditor*:

Particulars	Year ended 31.03.2017 (₹ Crores)	Nine months period ended 31.03.2016 (₹ Crores)
a) Statutory Audit	1.04	1.36
b) Other Audit Services/Certifications	0.24	0.60
c) Out-of-Pocket Expenses	0.06	0.08
TOTAL	1.34	2.04

* Excluding service tax.

47 Employee Stock Option Plan (ESOP):

- (a) The Company has established Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005, for which a total grant of 31,90,200 and 33,35,487 options have been set aside respectively for the employees of the Company and its subsidiaries. These options vest on a graded basis over a period of 42 and 60 months respectively from the date of grant and are to be exercised with in a maximum period of 5 years from the date of vesting.

The Board of Directors/Committee approves the grant of options, including the grant of options that lapse out of each grant. Each option of ₹ 10/- confers on the employee a right to five equity shares of ₹ 2/- each.

Exercise price is market price as specified in the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India ("SEBI").

Details of Grants made under Employee Stock Option Scheme 2000 as on 31.03.2017

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
15-Mar-07	648.75	-	-	-	-	-	-	-
		(49,200)	(-)	(-)	(-)	(49,200)	(-)	(-)
23-Jan-08	898.25	4,171	-	-	-	4,171	-	-
		(7,598)	(-)	(-)	(-)	(3,427)	(4,171)	(4,171)
30-Jan-12	233.25	-	-	-	-	-	-	-
		(6,000)	(-)	(-)	(-)	(6000)	(-)	(-)
9-Sep-13	132	4,000	-	4,000	-	-	-	-
		(7,000)	(-)	(-)	(3000)	(-)	(4,000)	(-)
21-Nov-14	363.75	10,000	-	7,000	-	3,000	-	-
		(10,000)	(-)	(-)	(-)	(-)	(10,000)	(3,000)
Total		18,171	-	11,000	-	7,171	-	-
		(94798)	(-)	(12000)	(3000)	(61627)	(18171)	(7171)

Note: Previous period's figures are given in brackets.

Notes to the Financial Statements

Details of Grants made under Employee Stock Based Compensation Plan 2005 as on 31.03.2017

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
13-Aug-05	1144.00	-	-	-	-	-	-	-
		(188,698)	(-)	(-)	(-)	(188,698)	(-)	(-)
19-Oct-05	1157.50	-	-	-	-	-	-	-
		(3,198)	(-)	(-)	(-)	(3,198)	(-)	(-)
15-Nov-05	1267.75	-	-	-	-	-	-	-
		(1,070)	(-)	(-)	(-)	(1,070)	(-)	(-)
15-Dec-05	1348.25	-	-	-	-	-	-	-
		(470)	(-)	(-)	(-)	(470)	(-)	(-)
14-Jan-06	1300.00	-	-	-	-	-	-	-
		(340)	(-)	(-)	(-)	(340)	(-)	(-)
15-Feb-06	1308.00	-	-	-	-	-	-	-
		(280)	(-)	(-)	(-)	(280)	(-)	(-)
16-Mar-06	1031.00	-	-	-	-	-	-	-
		(690)	(-)	(-)	(-)	(690)	(-)	(-)
17-Apr-06	868.75	160	-	-	-	160	-	-
		(160)	(-)	(-)	(-)	(-)	(160)	(160)
15-May-06	842.50	810	-	-	-	810	-	-
		(810)	(-)	(-)	(-)	(-)	(810)	(810)
15-Jun-06	620.50	540	-	-	-	540	-	-
		(860)	(-)	(-)	(-)	(320)	(540)	(540)
17-Jul-06	673.75	310	-	-	-	310	-	-
		(620)	(-)	(-)	(-)	(310)	(310)	(310)
15-Mar-07	648.75	35,180	-	-	-	35,180	-	-
		(78,840)	(-)	(-)	(-)	(43,660)	(35,180)	(35,180)
23-Jan-08	898.25	9,960	-	-	-	5,895	4,065	4,065
		(18,585)	(-)	(-)	(-)	(8,625)	(9,960)	(9,960)
17-Aug-11	375.00	7,000	-	-	-	7,000	-	-
		(7000)	(-)	(-)	(-)	(-)	(7,000)	(5600)
30-Jan-13	186.00	20000	-	-	-	-	20,000	16,000
		(20000)	(-)	(-)	(-)	(-)	(20000)	(12000)
	Total	73,960	-	-	-	49,895	24,065	20,065
		(321,621)	(-)	(-)	(-)	(247,661)	(73,960)	(64,560)

Note: Previous period's figures are given in brackets.

Notes to the Financial Statements

(b) Fair Value of options

Assumptions

The fair value of each stock option granted under Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005 as on the date of grant has been computed using Black-Scholes Option Pricing Formula and the model inputs are given as under:

	Employee Stock Option Scheme 2000	Employee Stock Based Compensation Plan 2005
Volatility	31% to 68%	31% to 65%
Risk free rate	6.25% to 6.783%	6.25% to 6.82%
Exercise Price	132.00 to 1,271.25	178.00 to 1,348.25
Time to Maturity (years)	2.20 to 5.50	2.50 to 7.00
Dividend Yield	0% to 32%	0% to 37%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 1.69 to ₹ 196.18	₹ 0.00 to ₹ 268.16

Notes:

1. Volatility: Based on historical volatility in the share price movement of the Company.
2. Risk Free Rate: Being the interest rate applicable for maturity equal to the expected life of options based on yield curve for Government Securities.
3. Time to Maturity: Vesting period and volatility of the underlying equity shares have been considered for estimation.
4. Dividend Yield: Based on historical dividend payouts.

48 Leases:

a) Cancelable Operating Leases

As Lessee:

- (i) The Company has taken various residential/commercial premises under cancelable operating leases. These leases are for a period of eleven months to three years and are normally renewable on expiry.
- (ii) The rental expense in respect of operating leases is ₹ 7.57 Crores (2016 - ₹ 7.46 Crores) which is disclosed as Rent expense under 'Other expenses'.

As Lessor:

The gross block, accumulated depreciation and depreciation expense in respect of the assets given on operating lease are as below:

		₹/Crores			
Particulars	As at	Gross Block	Accumulated Depreciation	Net Block	Depreciation Expense
Freehold Land	March 31, 2017	1.87	-	1.87	-
	March 31, 2016	(1.87)	(-)	(1.87)	(-)
	July 1, 2015	(1.01)	(-)	(1.01)	
Building	March 31, 2017	16.98	3.93	13.05	0.26
	March 31, 2016	(14.71)	(1.41)	(13.30)	(0.19)
	July 1, 2015	(2.30)	(-)	(2.30)	
Plant and Machinery	March 31, 2017	2.06	0.54	1.52	0.36
	March 31, 2016	(2.06)	(0.18)	(1.88)	(0.18)
	July 1, 2015	(-)	(-)	(-)	
	March 31, 2017	5.09	1.18	3.91	0.54

Notes to the Financial Statements

₹/Crores					
Particulars	As at	Gross Block	Accumulated Depreciation	Net Block	Depreciation Expense
Furniture and Fixtures & Office Equipments	March 31, 2016	(5.09)	(0.65)	(4.44)	(0.62)
	July 1, 2015	(-)	(-)	(-)	
	March 31, 2017	0.20	0.12	0.08	0.06
Computers	March 31, 2016	(0.22)	(0.08)	(0.14)	(0.04)
	July 1, 2015	(-)	(-)	(-)	
TOTAL	March 31, 2017	26.20	5.77	20.43	1.22
	March 31, 2016	(23.95)	(2.32)	(21.63)	(1.03)
	July 1, 2015	(3.31)	(-)	(3.31)	

Note: Previous year's/period's figures are given in brackets.

49 Loss per share (EPS)

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

Calculation of EPS:

Particulars	Year ended 31.03.2017	Nine months ended 31.03.2016
Loss after tax (₹/Crores)	(362.33)	(187.28)
Weighted average number of shares considered as outstanding in computation of Basic EPS	222,919,629	222,913,520
Weighted average number of shares outstanding in computation of Diluted EPS	222,919,629	222,913,520
Basic EPS (of ₹ 2/- each)	(₹ 16.25)	(₹ 8.40)
Diluted EPS (of ₹ 2/- each)	(₹ 16.25)	(₹ 8.40)

50 Segment Reporting

The Company publishes standalone financial statements along with the consolidated financial statements in the annual report. In accordance with Indian Accounting Standard 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

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

(a) Defined Contribution

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

Particulars	Year ended 31.03.2017 ₹/Crores	Nine months ended 31.03.2016 ₹/Crores
(i) Employers Contribution to Superannuation Fund*	0.28	0.25
(ii) Employers Contribution to National Pension Scheme*	0.18	0.06
(iii) Employers contribution to Employee State Insurance*	0.02	0.01
(iv) Employers contribution to Employee's Pension Scheme 1995*	0.83	0.79

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 35).

Notes to the Financial Statements

(b) Defined Benefit

- (i) Gratuity
- (ii) Provident Fund#

The Company contributes to the employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which is managed by the Company. The Company's Provident Fund Trust is exempted under Section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate. As per Ind AS – 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

The Trust includes employees of the Company as well as of its Indian wholly owned subsidiaries and of HCL Corporation Private Limited, a related party. In view of the same, it is a multi employer defined benefit plan.

The Trust has been investing the Provident fund contributions of the employees of all the six companies in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the Ind AS-19, was carried out at composite level. As per actuarial certificate there is no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" is nil.

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

	Gratuity			Provident Fund		
	Year ended 31.03.2017	Nine months ended 31.03.2016	Year ended 30 June 2015	Year ended 31.03.2017	Nine months ended 31.03.2016	Year ended 30 June 2015
Discount rate (per annum)	6.57%	7.44%	8.00%	Not Applicable	Not Applicable	Not Applicable
Rate of increase in compensation levels	4.10%	6.00%	6.00%	Not Applicable	Not Applicable	Not Applicable
Rate of return on plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Expected statutory interest rate	Not Applicable	Not Applicable	Not Applicable	8.65%	8.80%	8.75%
Expected short fall in interest earnings	Not Applicable	Not Applicable	Not Applicable	0.05%	0.05%	0.05%
Expected average remaining working lives of employees (years)	17.94	19.20	19.74	17.94	19.20	19.74

As of March 31, 2017, every 0.5 percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately by ₹ 0.06 Crores.

As of March 31, 2017, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect our gratuity benefit obligation by approximately ₹ 0.06 Crores

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

Description of Risk Exposures:

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

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

Notes to the Financial Statements

- C) Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- E) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

₹/Crores

	As at 31.03.2017		As at 31.03.2016		As at 01.07.2015	
	Gratuity	Provident Fund	Gratuity	Provident Fund	Gratuity	Provident Fund
Present value of obligation at the beginning of the year	3.84	182.22	4.04	167.44	3.88	169.36
Current service cost	0.33	6.28	0.35	6.80	0.20	7.11
Interest cost	0.27	14.58	0.24	13.40	0.29	13.55
Total amount recognised in profit or loss	0.61		0.59		0.49	
Actuarial (gain)/loss from change in demographic assumptions	0.01	-	-	-	0.05	-
Actuarial (gain)/loss from change in financial assumptions	(0.11)	0.01	-	-	0.07	-
Experience (gain)/loss	0.02	(1.96)	(0.04)	(1.46)	1.17	(9.11)
Total amount recognised in other comprehensive income	(0.08)		(0.04)		1.29	
Benefits (paid)	(0.81)	(32.32)	(0.75)	(31.78)	(1.62)	(36.07)
Settlements/transfer in	-	6.89	-	9.34	-	5.23
Contribution by plan participants	-	16.75	-	18.48	-	17.37
Present value of obligation at the end of the year	3.55	192.45	3.84	182.22	4.04	167.44

Reconciliation of fair value of plan assets:

₹/Crores

	As at 31.03.2017	As at 31.03.2016	As at 01.07.2015
	Provident Fund	Provident Fund	Provident Fund
Fair value of plan assets at the beginning of the year	195.62	177.69	169.62
Expected Return on Plan Assets	16.57	15.09	14.84
Contribution by employer	6.28	6.80	7.11
Settlements/Transfer In	6.89	9.34	5.23
Contribution by employee	16.75	18.48	17.37
Benefit Paid	(32.32)	(31.78)	(36.07)
Actuarial gain/(loss) on Plan Assets	0.00	0.00	(0.41)
Fair value of plan assets at the end of the year	209.79	195.62	177.69

Notes to the Financial Statements

	As at 31.03.2017		As at 31.03.2016	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Cost recognised for the year :				
Current service cost	0.33	-	0.35	-
Company contribution to Provident Fund	-	6.28	-	6.80
Past service cost	-	-	-	-
Interest cost	0.28	-	0.24	-
Actuarial (gain)/loss	(0.08)	-	(0.04)	-
Interest guarantee liability	-	-	-	-
Shortfall in fund	-	-	-	-
Net cost recognised for the year*	0.53	6.28	0.55	6.80

* Included in Salaries, Wages, Bonus and Gratuity for Gratuity and Contribution to Provident and Other Funds for Provident Fund under Employee benefits expense (Refer Note 35).

@ The Company's contribution to Provident Fund for the year is ₹ 1.14 Crores (2016 - ₹ 1.02 Crores) and the remaining relates to other related companies as mentioned above.

The major categories of plan assets are as follows:

	As at 31.03.2017 Unquoted in %	As at 31.03.2016 Unquoted in %	As at 01.07.2015 Unquoted in %
Central Government Securities	35.44	37.35	38.31
State Government Securities	19.9	16.02	15.13
Public Sector Bonds	34.36	37.1	37.25
Special Deposit Scheme	7.73	8.31	9.18
Equity	1.69	0.79	0.00
Bank Balance	0.88	0.43	0.13
Total	100	100	100

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

	₹/Crores				
	Gratuity				
	2017	2016	2015	2014	2013
Present value of the obligation as at the end of the year	3.55	3.84	4.04	3.88	19.41
Fair value of plan assets at the end of the year	-	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(3.55)	(3.84)	(4.04)	(3.88)	(19.41)
Experience adjustment in plan liabilities	0.02	(0.04)	(1.17)	0.27	0.16
Experience adjustment in plan assets	-	-	-	-	-
	Provident Fund				
	2017	2016	2015	2014	2013
Present value of the obligation as at the end of the year	(192.45)	(182.22)	(167.44)	(169.36)	(152.84)
Fair value of plan assets at the end of the year	209.79	195.62	177.69	169.62	152.85
Assets/(Liabilities) recognised in the Balance Sheet	_*	_*	_*	_*	_*
	2017	2016	2015		
Expected Contribution to the Provident fund in the next year	6.78	7.34	7.82		

** As there is surplus, the same has not been recognised in Balance Sheet.

Notes to the Financial Statements

52 Disclosure of related parties and related party transactions:

a) Company having substantial interest:

HCL Corporation Private Limited

b) List of parties where control exists/existed:

Subsidiaries:

HCL Infotech Limited

HCL Learning Limited

HCL Services Limited

Digilife Distribution and Marketing Services Limited

HCL Computing Products Limited

Pimpri Chinchwad eServices Limited (85% Shareholding of HCL Infosystems Limited)

RMA Software Park Private Limited (up to September 24, 2014)

HCL Insys Pte. Limited, Singapore

HCL Investments Pte. Limited, Singapore

HCL Touch Inc., USA

HCL Infosystems MEA FZE, Dubai

HCL Infosystems LLC, Dubai (49% Shareholding of HCL Infosystems MEA FZE)

HCL Infosystems MEA LLC, Abu Dhabi (49% Shareholding of HCL Infosystems MEA FZE)

HCL Infosystems Qatar, WLL (49% Shareholding of HCL Infosystems MEA FZE)

HCL Infosystems South Africa Pty. Limited

Joint Venture :

Nokia HCL Mobile Internet Services Limited

(The Company has sold its investments in Nokia HCL Mobile Internet Services Limited during the current year)

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

HCL Technologies Limited

HCL Comnet Limited

HCL Comnet Systems and Services Limited

HCL Avitas Private Limited

HCL Talent Care Private Limited

HCL IT City Lucknow Private Limited

SSN Trust

RMA Software Park Private Limited (with effect from September 25, 2014)

Vama Sundari Investments (Pondicherry) Private Limited

Shiv Nadar Foundation

Naksha Enterprises Private Limited

d) Key Management Personnel:

Mr. Premkumar Seshadri * (Executive Vice Chairman Managing Director)

Mr. SG Murali (Group CFO with effect from April 1, 2015)

Mr Sushil Jain (Company Secretary)

*Remuneration has been paid by HCL Corporation Private Limited

Note: Parties with whom transactions are more than 10% of the total value have been disclosed separately.

Notes to the Financial Statements

Summary of Related Party disclosures

(₹/Crores)

A. Transactions	Company having substantial interest			Subsidiaries		Others			Key Management Personnel			Total			
	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15
Sales and Related Income	0.02	-	-	46.57	95.48		18.12	5.66					64.71	101.14	
- HCL Infotech Limited #				2.92#	3.03										
- HCL Services Limited				22.88	34.40										
- Digilife Distribution and Marketing Services Limited				20.74	57.87										
- HCL Technologies Limited							15.95	4.48							
- Shiv Nadar Foundation							1.03	0.95							
Sale of Services				0.31	0.12		0.07						0.38	0.12	
- HCL Infotech Limited #				0.00#	0.09										
- HCL Technologies Limited							0.07	-							
- HCL Services Limited				0.31	0.02										
Purchase of Goods				2.43	0.41		0.30	-					2.73	0.41	
- Digilife Distribution and Marketing Services Limited				1.91	0.17										
- HCL Infotech Limited #				0.45#	0.20										
- HCL Services Limited				0.01	0.04										
- HCL Learning Limited				0.06	-										
- HCL Comnet Limited							-	-							
Purchase of Fixed Assets				0.01	0.04		0.30	-					0.01	0.04	
- Naksha Enterprises Pvt Ltd							0.30								
Purchase of Services				22.44	24.94		-	-					22.44	24.94	
- HCL Services Limited				22.44	17.59										
- HCL Infotech Limited #				-#	7.34										
Business Consideration Receivable Converted to Equity				-	121.00								-	121.00	
- HCL Services Limited				-	61.00										
- HCL Learning Limited				-	60.00										
Business Consideration Receivable Converted to Inter Company Deposit				-	44.85								-	44.85	
- HCL Learning Limited				-	44.85										
Inter Company Deposit Payable Converted to Equity				-	439.00								-	439.00	
- HCL Infotech Limited				-	250.00										
- HCL Services Limited				-	189.00										
Purchase of Investment				8.00									8.00	-	
- Digilife Distribution and Marketing Services Limited				8.00	-										
Loans and Advances Refunded/Adjusted (Net)			-	179.74	257.39		-	-					179.74	257.39	
- Digilife Distribution and Marketing Services Limited					-										
- HCL Infotech Limited				178.18	240.86										
- HCL Learning Limited				1.56	16.53										
- RMA Software Park Private Limited							-	-							

Notes to the Financial Statements

(₹/Crores)

A. Transactions	Company having substantial interest			Subsidiaries			Others			Key Management Personnel			Total			
	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	
Loans and Advances Given (Net)				101.23	83.68								101.23	83.68		
- HCL Infotech Limited				-	-											
- HCL Services Limited				99.60	83.67											
- Digilife Distribution and Marketing Services Limited				1.64	-											
- Pimpri Chinchwad Eservices Limited				-	0.01											
Interest Charged on Loans & Advances Given				26.35	88.51								26.35	88.51		
- HCL Infotech Limited				-	66.77											
- HCL Learning Limited				0.30	2.35											
- HCL Services Limited				25.84	19.39											
Rent Received							7.46	6.01					7.46	6.01		
- HCL Talent Care Private Limited							5.67	4.38								
- HCL Technologies Limited							1.79	1.63								
Remuneration										2.93	1.73		2.93	1.73		
- Mr. S.G. Murali										2.47	1.43					
- Mr.Sushil Jain										0.46	0.30					
Reimbursements towards expenditure																
a) Received				48.46	34.22								48.46	34.22		
- HCL Infotech Limited				19.90	13.50											
- HCL Services Limited				23.20	16.08											
- HCL Learning Limited				1.35	4.10											
- HCL Insys Pte Limited, Singapore				2.22	0.11		-	-								
b) Paid				0.68	-	10.09	10.08	-	-				10.77	10.08		
- HCL Services Limited				10.08	9.08											
- HCL Learning Limited				-	0.99											
- HCL Corporation Private Limited*				0.68	-											
B. Amount due to / from related parties																-
Investment In Subsidiaries				1,575.97	1,567.97	1,007.96	-	-					1,575.97	1,567.97	1,007.96	
Business Consideration & Other Receivables				-	-	165.85							-	-	165.85	
Trade Receivables				-	-	0.01	170.04	37.37	121.83	8.54	3.39	4.37		178.57	40.76	126.21
Loans and Advances				568.77	648.88	1,259.97	-	-	-				568.77	648.88	1,259.97	
Trade Payables				192.84	66.57	168.02	0.35	0.35	0.44				193.19	66.92	168.46	
Other Payables				18.60	16.62	15.92	4.81	4.81	4.81				23.41	21.43	20.73	

Notes:

Sales and Related Income, Sale of Services, Purchase of Goods and Purchase of Services are net of transactions between HCL Infosystems and HCL Infotech on account of pending Novation of Contracts of System Integration Business.

* Related to Corporate Guarantee of ₹ 325 Crores taken from HCL Corporation Private Limited

Amount due to / from related parties are unsecured and are repayable/to be received in cash.

Notes to the Financial Statements

53 Compensation of key management personnel of the Company*

	Year ended 31.03.2017	Nine months ended 31.03.2016
Short-term employee benefits	2.93	1.73
Total compensation paid to key management personnel	2.93	1.73

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

* Post employment benefit comprising gratuity, and compensated absences are not disclosed as these are determined for the Company as a whole.

54	Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 are provided below:	SBNs	Other denomination notes	Total
	Closing cash in hand as on 08.11.2016	0.01	-	0.01
	(+) Permitted receipts	-	-	-
	(-) Permitted payments	-	-	-
	(-) Amount deposited in Banks from 09.11.2016	0.01	-	0.01
	Closing cash in hand as on 30.12.2016	-	-	-

Notes to the Financial Statements

55 Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to SEBI Listing Regulations, 2015

Disclosure of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year ended March 31, 2017

As at 31.03.2017 ₹/Crores																As at 31.03.2016 ₹/Crores																As at 01.07.2015 ₹/Crores																																																																																																																																																																																																																																																																																																																																														
A. Loans and Advances in the nature of Loans to Subsidiaries & Associates																																																																																																																																																																																																																																																																																																																																																																														
a.		Name		RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices 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Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	HCL Digilife and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	HCL RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL 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Notes to the Financial Statements

56 Taxation:

- (a) Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Company conducts the business to the profit for the year. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relates to the same taxable entity and the same taxation authority.

- (b) Deferred Tax:

Major components of Deferred tax arising on account of timing difference along with their movement as at March 31, 2017 are:

	₹/Crores				
	As at 01.07.15	Movement during the period	As at 31.03.16	Movement during the year	As at 31.03.17
Assets					
Unrealised gain on Indexation of land	5.72	-	5.72	-	5.72
Provision for Doubtful Debts/Advances/ Other Current Assets	5.16	6.08	11.24	(0.83)	10.41
Tax Losses	12.79	(9.09)	3.70	14.57	18.27
"Impact of expenditure charged to statement of profit & loss but allowable for tax purpose in future years"	1.82	-	1.82	0.18	2.00
MAT Credit (Refer Note below)	32.60	1.64	34.24	3.03	37.27
Total (A)	58.09	(1.37)	56.72	16.95	73.67
Liabilities					
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	(5.90)	(0.88)	(6.78)	(0.15)	(6.93)
Duties, Taxes & Cess allowed for tax purpose on payment basis.	(4.95)	-	(4.95)	3.97	(0.98)
Unrealised Gain on Fair valuation of Investment in Mutual Funds	(0.25)	0.19	(0.06)	(0.09)	(0.15)
Forward Contracts	(0.25)	(0.17)	(0.42)	0.00	(0.42)
Other timing differences	(0.26)	(0.21)	(0.47)	(0.02)	(0.49)
Total (B)	(11.61)	(1.07)	(12.68)	3.71	(8.97)
Net Deferred Tax Assets (A)-(B)	46.48	(2.44)	44.04	20.66	64.70

Note: MAT credit movement for the financial year 2015-16 includes adjustment of ₹5.60 Crores. There is no impact on Statement of Profit & Loss for this adjustment as this is a Balance Sheet movement.

Notes to the Financial Statements

(c) Income Tax Expense:

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

	For the Year ended March 31, 2017	Nine months ended March 31, 2016
(a) Income tax expense - Current tax		
Current tax on profits for the year	3.28	8.41
Mat Credit		
Adjustments for current tax of prior periods	3.03	-
Total current tax expense	6.31	8.41
Deferred tax		
Decrease (increase) in deferred tax assets	(16.95)	(4.23)
(Decrease) increase in deferred tax liabilities	(3.71)	1.07
Total deferred tax expense/(benefit)	(20.66)	(3.16)
Income tax expense	(14.35)	5.25

	31-Mar-2017	31-Mar-2016
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Loss before income tax expense	(376.68)	(182.03)
Tax at the Indian tax rate of 30.90% (2015-2016 – 33.06%)	(116.39)	(60.18)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Disallowances for which deferred tax not created		
Impairment of investment and Inter Corporate Deposits	98.93	64.36
Expenditure related to exempt dividend income	0.30	1.08
Dividend Income	(1.49)	-
Other items	(0.02)	(0.01)
Tax on Singapore Branch profit	2.60	
Adjustments for current tax of prior periods	1.72	-
Income tax expense	(14.35)	5.25

Notes to the Financial Statements

57 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the nine months period ended 31 March 2016 and the opening Ind AS balance sheet at 1 July 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows is set out in the following tables and notes.

Reconciliation between previous GAAP and IND AS

(i) Equity Reconciliation

Particulars	₹ / Crores	
	As at 31.03.2016	As at 01.07.2015
As reported under previous GAAP	1,226.91	1,437.14
Adjustments:		
Less : Impairment of Long term investments	(242.42)	(277.01)
Less : Recognition of Expected Credit Loss	(10.76)	(2.99)
Add: Recognition of deferred tax	9.80	13.87
Add: Others	0.87	0.63
Equity under IND AS	984.40	1,171.64

(ii) Total Comprehensive Income Reconciliation

Particulars	₹ / Crores	
	Nine months period ended 31.03.2016	
Net Income under Previous GAAP	(210.27)	
Adjustments:		
Add : Reversal of Impairment of Long term investments	34.59	
Less : Recognition of Expected Credit Loss	(7.77)	
Less: Reversal of deferred tax	(4.07)	
Add: Others	0.21	
Profit for the period under IND AS	(187.31)	
Other Comprehensive income	0.03	
Total Comprehensive Income for the period under IND AS	(187.28)	

(iii) **Cash Flow Reconciliation**

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	(28.27)	2.02	(26.25)
Net cash flow from investing activities	502.02	0.86	502.88
Net cash flow from financing activities	(441.62)	(2.50)	(444.12)
Net increase (decrease) in cash and cash equivalents	32.13	0.38	32.51
Cash and cash equivalents as at 01.07.2015	64.07	(2.19)	61.88
Cash and cash equivalents as at 31.03.2016	96.20	(1.81)	94.39

58 In compliance with the Section 2(41) of Companies Act, 2013, during 2015-16, the company had changed its accounting period from July - June to April - March in 2015-16. Therefore, the previous year's figures are for the nine month period from July 1, 2015 to March 31, 2016 as against twelve months in the 2016-17, hence are not comparable. Previous year's figures have also been regrouped / recasted, wherever necessary, to conform to the current year's presentation.

For Price Waterhouse

Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI

Partner
Membership Number - 056155

Place : Noida

Dated : May 30, 2017

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI

Executive Vice Chairman
& Managing Director
DIN - 03114983

S G MURALI

Group Chief Financial Officer

KAUSHIK DUTTA

Director
DIN - 03328890

SUSHIL KUMAR JAIN

Company Secretary

CONSOLIDATED ACCOUNTS

Independent Auditors' Report

To the Members of HCL Infosystems Limited

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of HCL Infosystems Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") (refer Note 2.6 (v) to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair

view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated loss (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

8. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹ Nil and net assets of ₹ (0.03) crores as at March 31, 2017, total revenue of ₹ Nil, net loss of ₹ (0.01) crores and net cash flows amounting to ₹ (0.01) crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.
9. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹ 1.99 crores and net assets of ₹ 1.82 crores as at March 31, 2017, total revenue of ₹ Nil, net loss of ₹ (1.56) crores and net cash flows amounting to ₹ 1.75 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.
10. The comparative financial information of the Group for the nine months period ended March 31, 2016 and the transition date opening balance sheet as at July 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the nine months period ended March 31, 2016 and year ended June 30, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 25, 2016 and August 20, 2015 respectively. The adjustments to the financial statements for the nine months ended March 31, 2016 for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us, on which we have expressed an unmodified opinion vide our report dated January 31, 2017. The adjustments to the financial statements as at July 1, 2015 for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiaries included in the Group including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries included in the Group including relevant records relating to the preparation of the consolidated Ind AS financial statements.
 - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company, the reports of the statutory auditors of its subsidiary companies and unaudited financial information of the subsidiary company furnished to us by the management, none of the directors of the Group companies, is disqualified as on March 31, 2017 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 over financial reporting of the Holding Company and its subsidiary companies in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group– Refer Note 26 and 37 to the consolidated Ind AS financial statements.
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts as at March 31, 2017– Refer Note 26 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group. The Group did not have any long-term derivative contracts as at March 31, 2017.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies during the year ended March 31, 2017.
 - iv. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Holding Company, and its subsidiary companies and as produced to us by the Management – Refer Note 56.

Place of the Signature: Noida
Date: May 30, 2017

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of HCL Infosystems Limited on the consolidated Ind AS financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated Ind AS financial statements of HCL Infosystems Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of HCL Infosystems Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting 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 (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the statutory auditors' of the subsidiary company referred to in the Other Matters paragraph below, in terms of their reports, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes 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 over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, which are incorporated in India, 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.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, is based on the corresponding report of the auditors of the subsidiary company. Our opinion is not qualified in respect of this matter.

Place of the Signature: Noida
Date: May 30, 2017

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

Consolidated Balance Sheet as at March 31, 2017

		Notes	As at 31.03.2017 ₹/Crores		As at 31.03.2016 ₹/Crores		As at 01.07.2015 ₹/Crores	
I. ASSETS								
(1) Non-current assets								
Property, Plant and Equipment		3(a)	115.70		131.06		135.80	
Capital work-in-progress		3(d)	1.42		2.01		0.84	
Goodwill		3(b)	504.24		567.71		635.27	
Other Intangible assets		3(c)	18.38		28.72		39.47	
Intangible assets under development		3(e)	3.15		2.16		-	
Other Financial assets		5	41.39		92.61		158.38	
Advance Income Tax Asset (net)		6	160.54		111.84		63.57	
Deferred tax assets (net)		7, 45	165.43		109.64		101.80	
Other non-current assets		8	133.62	1,143.87	130.23	1,175.98	51.42	1,186.55
(2) Current assets								
Inventories		9	141.31		214.20		254.74	
Financial Assets								
(i) Investments		4	120.87		50.16		235.66	
(ii) Trade receivables		10	1,292.73		1,550.42		1,754.71	
(iii) Cash and cash equivalents		11	138.09		198.91		124.17	
(iv) Bank balances other than (iii) above		12	55.33		19.22		10.02	
(v) Loans		13	0.60		1.20		0.25	
(vi) Other Financial assets		14	187.56		265.30		290.08	
Other Current Assets		15	103.67	2,040.16	91.01	2,390.42	148.05	2,817.68
Total Assets				3,184.03		3,566.40		4,004.23
II. EQUITY AND LIABILITIES								
(1) Equity								
Equity attributable to the owners of HCL Infosystems Limited								
Equity Share capital		16 (a)	44.58		44.58		44.58	
Other Equity		16 (b)	504.84	549.42 (0.00)	759.35	803.93 (0.00)	968.59	1,013.17 (0.00)
Non Controlling Interests								
(2) Liabilities								
Non-current liabilities								
Financial Liabilities								
(i) Borrowings		17	413.16		528.22		233.67	
(ii) Trade Payables		18	-		-		0.60	
(iii) Other financial liabilities		19	-		14.45		13.42	
Provisions		20	18.71		19.83		14.47	
Deferred tax liabilities (Net)		45	0.35		0.73		0.93	
Other non-current liabilities		21	0.69	432.91	2.56	565.79	6.08	269.17
Current liabilities								
Financial Liabilities								
(i) Borrowings		22	576.84		453.63		643.88	
(ii) Trade payables		23	723.22		800.31		969.70	
(iii) Other financial liabilities		24	426.63		358.62		435.34	
Other current liabilities		25	344.75		455.58		534.94	
Provisions		26	125.66		127.54		135.06	
Current Tax Liabilities (Net)		27	4.60	2,201.70	1.00	2,196.68	2.97	2,721.89
Total Equity and Liabilities				3,184.03		3,566.40		4,004.23
Significant Accounting Policies			1,2					

This is the Balance Sheet referred to in our report of even date

For Price Waterhouse

Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI

Partner
Membership Number - 056155

Place : Noida

Dated : May 30, 2017

The notes referred to above form an integral part of the Balance Sheet

For and on behalf of the Board of Directors
PREMKUMAR SESHADRI

Executive Vice Chairman
& Managing Director
DIN - 03114983

S G MURALI

Group Chief Financial Officer

KAUSHIK DUTTA

Director
DIN - 03328890

SUSHIL KUMAR JAIN

Company Secretary

Consolidated Statement of Profit & Loss for the year ended March 31, 2017

	Notes	Year ended 31.03.2017 ₹/Crores		Nine months ended 31.03.2016 ₹/Crores	
Income :					
Revenue From Operations	28		3,737.53		3,656.23
Other Income	29		145.68		136.15
Total Income			3,883.21		3,792.38
Expenses :					
Cost of materials consumed			0.79		0.08
Purchases of Stock-in-Trade			2,507.24		2,606.36
Changes in inventories of finished goods and Stock-in -Trade	30		57.13		41.13
Other direct expense	31		468.28		403.44
Employee benefits expense	32		541.35		458.26
Finance costs	33		190.29		125.69
Depreciation and amortization expense	3(a), (c)		39.19		31.98
Other expenses	34		310.61		277.30
Total expenses			4,114.88		3,944.24
Profit/(loss) before exceptional items and tax			(231.67)		(151.86)
Exceptional Items	35		(61.00)		(67.22)
Profit/(loss) before tax			(292.67)		(219.08)
Income Tax expense:					
(1) Current tax	45	11.31		8.89	
(2) Deferred tax	45	(56.31)	(45.00)	(13.67)	(4.78)
(Loss) for the year/ period			(247.67)		(214.30)
Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss					
- Gain/(loss) on remeasurement of defined benefit plan	48	0.91		0.11	
- Income tax relating to above item		(0.14)	0.77	(0.03)	0.08
B (i) Items that will be reclassified to profit or loss					
- Exchange differences on translation of foreign operation			(7.61)		4.94
Other comprehensive income for the year, net of tax			(6.84)		5.02
Total Comprehensive Income for the Year / period			(254.51)		(209.28)
Profit is attributable to:					
- Shareholders of HCL Infosystems Limited			(247.67)		(214.30)
- Non-controlling interests			(0.00)		(0.00)
Other comprehensive income is attributable to:					
- Shareholders of HCL Infosystems Limited			(6.84)		5.02
- Non-controlling interests			-		-
Total comprehensive income is attributable to:					
- Shareholders of HCL Infosystems Limited			(254.51)		(209.28)
- Non-controlling interests			(0.00)		(0.00)
Loss per equity share	47				
(1) Basic			(11.11)		(9.61)
(2) Diluted			(11.11)		(9.61)
Significant Accounting Policies	1,2				

This is the Statement of Profit and Loss referred to in our report of even date

For Price Waterhouse

Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI

Partner
Membership Number - 056155

Place : Noida

Dated : May 30, 2017

The notes referred to above form an integral part of the Statement of Profit and Loss

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI

Executive Vice Chairman
& Managing Director
DIN - 03114983

S G MURALI

Group Chief Financial Officer

KAUSHIK DUTTA

Director
DIN - 03328890

SUSHIL KUMAR JAIN

Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2017

	Year ended 31.03.2017 ₹/Crores		Nine months ended 31.03.2016 ₹/Crores	
1. Cash Flow from Operating Activities:				
Loss before tax		(292.67)		(219.08)
Adjustments for:				
Depreciation and Amortisation Expense	39.19		31.98	
Finance Cost	190.29		125.69	
Interest Income	(122.04)		(110.39)	
Dividend Income	(4.82)		(5.68)	
Net Profit on Sale of Property, Plant & Equipment	(0.29)		(0.08)	
Property, Plant & Equipment Written-Off	1.23		1.15	
Profit on Disposal of Unquoted (Others) Current Investments	(2.57)		(3.80)	
Provision for Doubtful Debts	22.94		35.33	
Provision for Doubtful Loans and Advances and Other Current Assets	4.25		1.00	
Provisions/Liabilities no longer required Written Back	(0.69)		(9.88)	
Gain on Sale of Joint Venture	(0.45)		-	
Impairment of Goodwill	61.00		70.00	
		188.04		135.32
Operating Profit/(Loss) before changes in operating assets and liabilities		(104.63)		(83.76)
Changes in Operating assets and liabilities:				
- Decrease in Trade Receivables	227.14		173.88	
- (Increase)/Decrease in Non Current Assets	(62.12)		(133.15)	
- (Increase)/Decrease in Current Assets	20.90		74.15	
- Decrease in Inventories	72.89		40.54	
- Increase/(Decrease) in Non Current Liabilities	(17.44)		2.27	
- (Decrease) in Current Liabilities	(164.98)	76.39	(257.24)	(99.55)
Cash used in operations		(28.24)		(183.31)
- Taxes (Paid)/Received (Net of Tax Deducted at Source)		(1.71)		(2.97)
Net cash used in operating activities (A)		(29.95)		(186.28)
2. Cash flow from Investing Activities:				
Payment for Property, Plant and Equipment (including Intangible Assets)	(13.55)		(29.99)	
Proceeds from Sale of Property, Plant and Equipment	1.55		8.18	
Proceeds from Sale of Current Investments	492.54		358.67	
Lease Rental Recoverable	94.48		74.66	
Purchase of Current Investments	(560.68)		(169.37)	
Investments in Bank Deposits (with original maturity of more than three months)	(36.19)		(8.95)	
Movement in Margin Money Account	(0.51)		(0.63)	
Movement in Balances with Banks on Dividend Account	0.53		0.38	
Dividend Received on Current Investments	4.82		5.68	
Interest Received	122.04		110.39	
		105.03		349.02
Net cash inflow from investing activities (B)		105.03		349.02

	Year ended 31.03.2017 ₹/Crores		Nine months ended 31.03.2016 ₹/Crores	
3. Cash Flow from Financing Activities:				
Securities Premium Received	-		0.04	-
Proceeds from loans and borrowings	2,748.75		2,205.59	
Repayment of loans and borrowings	(2,692.67)		(2,173.34)	
Interest Paid	(191.45)		(119.95)	
Dividend Paid/Amount Transferred to Investor Education & Protection Fund	(0.53)	(135.90)	(0.34)	(88.00)
Net cash outflow flow financing activities (C)	(C)	(135.90)		(88.00)
Net Increase/(Decrease) in Cash and Cash Equivalents	(A+B+C)	(60.82)		74.74
Opening Balance of Cash and Cash Equivalents		198.91		124.17
Closing Balance of Cash and Cash Equivalents		138.09		198.91
Cash and cash equivalents comprise of				
Cash, Cheques and Drafts (on hand)		7.57		7.63
Balances with Banks on Current Accounts		82.11		172.83
Balances with Banks on Deposits Accounts		48.41		18.45

Notes:

1 Figures in brackets indicate cash outflow.

This is the Cash Flow Statement
in our report of even date

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI
Partner
Membership Number - 056155

Place : Noida
Dated : May 30, 2017

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

S G MURALI
Group Chief Financial Officer

KAUSHIK DUTTA
Director
DIN - 03328890

SUSHIL KUMAR JAIN
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2017
a. Equity Share Capital

(₹/Crores)

	Number of Equity Shares	Equity Share Capital
At 1 July, 2015	222,904,629	44.58
Add : Issue of Equity Share Capital*	15,000	0.00
At 31 March 2016	222,919,629	44.58
Add : Issue of Equity Share Capital	-	-
At 31 March 2017	222,919,629	44.58

* 15000 Equity shares having a face value of ₹ 2 each issued against Employee stock option.

b. Other Equity

(₹/Crores)

Particulars	Attributable to Shareholders of HCL Infosystems Limited						Non Controlling interests	Total
					Other reserves	Total Equity		
	Securities Premium Reserve	General Reserve	Capital Reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation			
As at 1 July, 2015 (Refer Note 38)	720.12	215.76	0.04	18.90	13.77	968.59	(0.00)	968.59
Total (Loss) for the period	-	-	-	(214.30)	-	(214.30)	(0.00)	(214.30)
Other Comprehensive Income for the period	-	-	-	0.08	4.94	5.02		5.02
Securities Premium on issue of Shares	0.04	-	-	-	-	0.04		0.04
As at 31 March, 2016	720.16	215.76	0.04	(195.32)	18.71	759.35	(0.00)	759.35
As at 1 April, 2016	720.16	215.76	0.04	(195.32)	18.71	759.35	(0.00)	759.35
Total (Loss) for the year	-	-	-	(247.67)	-	(247.67)	(0.00)	(247.67)
Other Comprehensive Income for the year	-	-	-	0.77	(7.61)	(6.84)		(6.84)
								-
As at 31 March, 2017	720.16	215.76	0.04	(442.22)	11.10	504.84	(0.00)	504.84

This is the Statement of Changes in Equity referred to in our report of even date

For Price Waterhouse

Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI

Partner
Membership Number - 056155

Place : Noida

Dated :

For and on behalf of the Board of Directors
PREMKUMAR SESHADRI

Executive Vice Chairman
& Managing Director
DIN - 03114983

S G MURALI

Group Chief Financial Officer

KAUSHIK DUTTA

Director
DIN - 03328890

SUSHIL KUMAR JAIN

Company Secretary

Consolidated Notes to the Financial Statements

1. Corporate information

These Consolidated Financial Statements comprise Financial Statements of HCL Infosystems Limited (the "Company"), its subsidiaries and a joint venture (Refer accounting policy 2.6 (v)) (collectively, the "Group") for the year ended March 31, 2017. The Company is domiciled and incorporated in India and publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE') in India. The registered office of the Company is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110019.

The Group's business is primarily diversified into four segments viz. Distribution, Hardware Products and Solutions, Services and Learning, engaged into selling of computer hardware and mobile handsets to enterprise and consumers, system integration business, rendering wide portfolio of services including IT Infrastructure Services, Infrastructure Managed Services, Enterprise Application Services, Office Automation Services, Managed Print Services, Life Cycle Services and After-Sales Support Services and selling digitised educational content & learning solutions.

The consolidated financial statements have been approved by the Board of Directors and authorised for issue on May 30, 2017.

2. Significant accounting policies

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

2.1 Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to nine months period ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Group under Ind AS. Refer note 38 for an explanation of how the transition from Indian GAAP to Ind AS has affected the Group's financial position, its financial performance and its cash flows.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following which have been measured at fair value:

- Certain Financial assets and liabilities, including derivative financial instruments, which are being measured at fair value
- Defined benefit plans – plan assets measured at fair value,

2.2 Exemptions and exceptions availed

The applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS are set out below.

A. Ind AS optional exemptions

The following exemptions have been availed from other Ind AS as per Appendix D of Ind AS 101.

1. **Deemed cost for Property, Plant and Equipment (PPE) and Intangible Assets**– The Group has elected to carry items for all of its PPE and intangible assets at the date of transition to Ind AS at their previous GAAP carrying amount, which is considered as deemed cost on transition.
2. **Fair value of financial assets and liabilities**: The Group has financial receivables and payables that are non-derivative financial instruments. Under previous GAAP, these were carried at transactions cost less allowances for impairment, if any. Under Ind AS, these financial assets and liabilities are required to be initially recognised at fair value and subsequently measured at amortised cost, less allowance for impairment, if any. For transactions entered into on or after the date of transition to Ind AS, the requirement of initial recognition at fair value is applied prospectively.

Consolidated Notes to the Financial Statements

3. **Employee Share Stock Option:** The Company has decided to not apply Ind AS 102, Share-based Payments to the employee share stock option that has vested before the date of transition.

B. Ind AS mandatory exceptions

1. **Estimates** The Group's estimates, in accordance with Ind AS at the date of transition to Ind AS, are consistent with previous GAAP other than the following items at the date of transition as these were not required to be estimated under previous GAAP.
 - Investment in debt instruments carried at FVPL; and
 - Impairment of financial assets based on expected credit loss model.

2.3. Use of estimates

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

2.4. Critical accounting estimates, assumptions and judgements

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

(a) Property, plant and equipment

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

(b) Intangibles

Internal technical or user team assess the remaining useful lives of Intangible assets. The management believes that assigned useful lives are reasonable.

(c) Income taxes

Management's judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews, at each balance sheet date, the carrying amount of deferred tax assets and amount of unrecognised deferred tax assets, in view of availability of future taxable income to realise such recognised and unrecognised assets. The Group has significant business losses which are available to be set-off against the future taxable income, at each reporting date, the management evaluates whether it is reasonably certain to recognise deferred tax assets on such business losses, considering the future outlook of business. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the consolidated financial statements.

(d) Contingencies

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

(e) Allowance for uncollected accounts receivable and advances

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

(f) Liquidated damages

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

Consolidated Notes to the Financial Statements

(g) Impairment assessment

Goodwill is tested for impairment at least annually and whenever events or changes in circumstances indicate that the recoverable amount of Cash Generating Unit ('CGU') or group of CGUs, to which goodwill is allocated, is less than the carrying value. Impairment test for goodwill is performed at the level of each CGU or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. The management applies its judgement to identify the CGUs, which are expected to derive synergies together, and allocates goodwill to such group of CGUs.

Other Intangibles and Property, plant and equipment (PPE) are tested for impairment, whenever events or changes in circumstances indicate that the recoverable amount of Cash Generating Unit ('CGU'), to which such Intangibles or PPE are allocated, is less than the carrying value.

The recoverable amount of an CGU is the greater of its fair value less costs to sell and value in use. The calculation of value in use involves use of significant estimates and assumptions which includes turnover and gross profit, growth rates and EBIT margin to calculate projected future cash flows, discount rate and long term growth rate.

(h) Revenue recognition

The Group follows percentage-of-completion method in accounting for its fixed-price contracts to deliver System Integration business. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

2.5 Current Versus non-current Classification

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

2.6. Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, if any, in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Consolidated Notes to the Financial Statements

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(iii) Joint arrangements

Under Ind AS in Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group had joint venture, which has been disposed-off during the year.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described below.

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

These consolidated financial statements comprise the financial statement of HCL Infosystems Limited (the Company), its subsidiaries and the joint venture (the "Group"), as given in the following table:

Consolidated Notes to the Financial Statements

Name of the Subsidiary/ JV	Country of Incorporation	Extent of Holding (%)		
		31-Mar-17	31-Mar-16	1-Jul-15
Subsidiary				
Digilife Distribution and Marketing Services Limited	India	100	100	100
Pimpri Chinchwad eServices Limited	India	85	85	85
HCL Computing and Products Limited	India	100	100	100
HCL Infotech Limited	India	100	100	100
HCL Learning Limited	India	100	100	100
HCL Services Limited	India	100	100	100
Step-down Subsidiary of HCL Services Limited				
HCL InsysPte. Limited.	Singapore	100	100	100
HCL Touch Inc.	USA	100	100	100
Step-down Subsidiary of HCL Infotech Limited				
HCL Investment Pte. Limited.	Singapore	100	100	100
Step-down Subsidiary of HCL Investment Pte. Limited				
HCL Infosystems South Africa Pty. Limited*	South Africa	-	100	100
Step-down Subsidiary of HCL Insys Pte. Limited				
HCL Infosystems MEA FZE	Dubai	100	100	100
Step-down Subsidiary of HCL Infosystems MEA FZCO				
HCL Infosystems LLC, Dubai#	Dubai	49	49	49
HCL Infosystems MEA LLC, Abu Dhabi #	Abu Dhabi	49	49	49
HCL Infosystems Qatar, WLL #	Qatar	49	49	49
Joint Venture				
Nokia HCL Mobile Internet Services Limited **	India	-	49	49

Due to control over composition of the Board of Directors.

* With effect from August 10, 2016 HCL Infosystems South Africa Pty. Limited has been wind down

** With effect from June 02, 2016 the company have sold its investment in the joint venture.

2.7. Property, Plant and equipment

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

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

On transition to Ind AS, the Group has elected to continue with the carrying value of its property, plant and equipment recognised as at 1 July, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Consolidated Notes to the Financial Statements

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

- | | |
|--|-----------|
| (i) Hand Held Terminal | 5 years |
| (ii) Depreciation on fixed assets of the foreign subsidiaries: | |
| Building | 20 Years |
| Computers | 3-4 Years |
| Furniture and Fixtures | 4-6 Years |
| Office Equipment | 6 Years |

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income.

2.8. Intangible assets

On transition to Ind AS, the Group has opted the option given under Ind AS 101 to measure all the items of Intangible Assets at their carrying value under previous GAAP (refer Note 2.2). Consequently the carrying value under IGAAP has been assumed to be deemed cost of Intangible Assets on the date of transition to Ind AS.

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

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

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

Goodwill

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the Statement of Profit or Loss on disposal.

Softwares

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

Digitised educational content (Intellectual Property Rights)

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has ability and intention to complete the asset and use or sell it and cost can be measured reliably. The costs incurred, during the development stage but before completion, are deferred and classified as Intangible assets under development. Upon completion, such costs are transferred to Intangible assets and amortised over the estimated useful life of such asset.

Consolidated Notes to the Financial Statements

Estimated useful life of other acquired intangibles is as follows:

Intangible Assets (other than Goodwill) are amortised at straight line basis as follows:

Intellectual Property Rights	7 years
Software	1-5 years

2.9. Leases

As a Lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a Lessor

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

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

Sale and Leaseback

Profit on sale and leaseback transactions is recognised over the period of the lease.

In sale and leaseback transactions and further sub-lease resulting in finance leases, the deemed sale is recognised at fair value at an amount equal to the net investment in the lease where substantially all risks and rewards of ownership have been transferred to the sub-lessee. A liability is created at the inception of the lease at the lower of fair value or the present value of minimum lease payments for sale and leaseback transaction. Each lease rental payable/receivable is allocated between the liability/receivable and the interest cost/income, so as to obtain a constant periodic rate of interest on outstanding liability/receivable for each period.

2.10 Financial Instruments

A. Financial Instruments – Initial Recognition and Measurement

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

Consolidated Notes to the Financial Statements

B. Financial Assets

1. Subsequent measurement

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

Debt instrument

a. Financial assets at fair value through profit or loss

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

b. Financial assets measured at amortised cost

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

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

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

Equity instruments

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

2. Derecognition

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

C. Financial Liabilities

1. Subsequent measurement

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

Financial liabilities measured at amortised cost

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

Consolidated Notes to the Financial Statements

2. Derecognition

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

D. Offsetting Financial Instruments

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

E. Derivative Financial Instruments - Current versus Non- Current Classification

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

F. Impairment of financial assets

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

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

G. Fair Value Measurement

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

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

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

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

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

2.11 Income tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income

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tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.12 Inventories

Raw materials, stock-in-trade and finished goods are stated at the lower of cost and net realisable value. Stores and Spares are valued at lower of cost and net realisable value/future economic benefit expected to arise when consumed during rendering of services.

Cost of raw materials, stores and spares and stock-in-trade comprises cost of purchases. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost is determined on the basis of weighted average. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2.13 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.15 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when annual impairment testing for an asset is required. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test for goodwill is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. A CGU is

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the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, less the costs of disposal. Impairment losses, if any are recognised in profit or loss as a component of depreciation and amortisation expense.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

2.16 Non-current Assets (or disposal groups) held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

If the criteria stated by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid in accordance with the terms with the vendors. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

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

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability

Consolidated Notes to the Financial Statements

becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

2.19 Provisions, contingent liabilities and contingent assets

a) Provisions

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

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

b) Contingencies

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

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors of the Company has authorised its Executive Vice Chairman & Managing Director to assess the financial performance and position of the Group, and makes decisions in normal course of business operations. For key strategic decisions, the Board of Directors take decisions after evaluating the possible options and recommendations given by the management. The Board of Directors, together with Executive Vice Chairman & Managing Director has been identified as being the chief operating decision maker. Refer note 44 for segment information presented.

2.21 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group's operations are primarily in India, except operations in subsidiaries incorporated outside India. The consolidated financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

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

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

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

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(iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.22 Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of Products

Timing of recognition

The Group is engaged into the business of –

- Purchase/ sale and distribution of IT products, including computer hardware and mobile handsets.
- Developing the digitised educational content and selling such 'content licenses' to digi schools

Revenue from the sale of products, including content licenses, is recognised when the following criteria for the transaction have been met:

- all significant risks and rewards of ownership have transferred to the buyer;
- continuing managerial involvement and effective control usually associated with ownership has been ceased;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Company.

Measurement of revenue

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

Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue from services

Timing of recognition

Service income includes income from IT infrastructure managed services, break-fix services, cloud services, enterprise application services, software development & support services, office automation maintenance services, managed print services and telecom & consumer electronics support services. Revenues relating to time and materials contracts are recognized as the related services are rendered. Revenue in case of fixed priced contracts is recognised on percentage of completion basis. Revenue from a period based service contracts is recognised on a pro rata basis over the period in which such services are rendered.

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Measurement of Revenue

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

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

Revenue from long term composite contracts

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

Timing of recognition

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

Measurement of Revenue

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

Revenue from Multiple-element arrangement

Timing of Revenue Recognition

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

Measurement of Revenue

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

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

Interest income

Interest income from loans and receivables (debt instruments) is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

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2.23 Employee benefits

Defined benefit plans

Gratuity

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

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

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

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

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

Provident Fund

In respect of certain employees, Provident Fund contributions are made to a multi-employer Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Defined contribution plans

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

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

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

Other Benefits

Compensated Absences

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

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

Long Term Employee Benefits

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

Employee Options

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions

Consolidated Notes to the Financial Statements

- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.24 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.25 Earnings per Share

- (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

- (ii) Diluted earnings per share

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

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

2.26 Exceptional Items

Items which are material either because of their size or their nature, and which are non-recurring, are highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Group's underlying performance.

2.27 New standards that are not yet effective and have not been early adopted:

As set out below, amendments to standards are effective for annual periods beginning on or after April 1, 2017, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the Consolidated Financial Statements of the Group:

Amendments to Ind AS 102, Share-based Payment

The amendment to Ind AS 102 clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled.

Since the Group does not have any cash-settled share based payments outstanding at the reporting date, the above mentioned amendment will not have any impact on the Consolidated Financial Statements of the Group.

Amendments to Ind AS 7, Statement of Cash Flows

The amendment to Ind AS 7 introduces an additional disclosure that will enable users of Consolidated Financial Statements to evaluate changes in liabilities arising from financing activities. The said amendment will not have any impact on the Group's Cash Flow Statement.

There are no other Ind ASs that are not yet effective that would be expected to have a material impact on the Consolidated Cash Flow Statement.

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3 (a) Property, Plant & Equipment

(₹/Crores)

Particulars	Gross Carrying Amount				Accumulated Depreciation / Amortisation				Net Carrying Amount	
	As at 01.04.2016	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2017	As at 01.04.2016	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Leasehold Land	12.30	-	-	12.30	0.12	0.16	-	0.28	12.02	12.18
Leasehold improvements	5.76	4.98	-	10.74	1.14	2.81	-	3.95	6.79	4.62
Freehold Land	7.64	-	-	7.64	-	-	-	-	7.64	7.64
Buildings	53.67	-	0.73	52.94	1.29	1.71	0.02	2.98	49.96	52.38
Plant and Machinery	22.39	0.89	0.03	23.25	5.81	6.45	0.01	12.25	11.00	16.58
Furniture and Fixtures	10.45	1.06	0.32	11.19	1.43	1.27	0.16	2.54	8.65	9.02
Office Equipments	6.57	0.85	0.32	7.10	1.68	1.63	0.15	3.16	3.94	4.89
Vehicles	5.19	0.30	1.14	4.35	0.51	1.24	0.36	1.39	2.96	4.68
Computers	26.14	6.59	2.66	30.07	7.07	12.27	2.01	17.33	12.74	19.07
Total	150.11	14.67	5.20	159.58	19.05	27.54	2.71	43.88	115.70	131.06

Notes:

- Land and Building at Ambattur amounting to ₹ 3.24 Crores (2016- ₹ 3.28 Crores, 2015 - ₹ 3.31 Crores) are pending registration in the name of the Group.

Property, Plant & Equipment

(₹/Crores)

Particulars	Gross Carrying Amount				Accumulated Depreciation / Amortisation				Net Carrying Amount	
	Deemed Cost As at 01.07.2015	Additions/ adjustment	Disposal/ Adjustment	As at 31.03.2016	As at 01.07.2015	Additions/ Adjustment	Disposal/ Adjustment	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016
Leasehold Land	17.25	-	4.95	12.30	-	0.14	0.02	0.12	12.18	12.18
Leasehold improvements	3.95	1.81	-	5.76	-	1.14	-	1.14	4.62	4.62
Freehold Land	7.64	-	-	7.64	-	-	-	-	7.64	7.64
Buildings	52.22	3.99	2.54	53.67	-	1.30	0.01	1.29	52.38	52.38
Plant and Machinery	19.53	3.02	0.16	22.39	-	5.84	0.03	5.81	16.58	16.58
Furniture and Fixtures	5.52	5.35	0.42	10.45	-	1.44	0.01	1.43	9.02	9.02
Office Equipments	5.61	1.09	0.13	6.57	-	1.71	0.03	1.68	4.89	4.89
Vehicles	3.97	1.22	-	5.19	-	0.88	0.37	0.51	4.68	4.68
Computers	20.11	7.78	1.75	26.14	-	7.30	0.23	7.07	19.07	19.07
Total	135.80	24.26	9.95	150.11	-	19.75	0.70	19.05	131.06	131.06

Notes:

- Land and Building at Ambattur amounting to ₹ 3.28 Crores (2015 - ₹ 3.31 Crores) are pending registration in the name of the Group.

Intangible Assets

3 (b) Goodwill

(₹/Crores)

Particulars	Gross Carrying Amount				Accumulated Impairment				Net Carrying Amount	
	As at 01.04.2016	Additions/ Adjustment	Disposal	As at 31.03.2017	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Goodwill	56.89	-	-	56.89	-	-	-	-	56.89	56.89
Goodwill on Consolidation	580.82	(2.47)	-	578.35	70.00	61.00	-	131.00	447.35	510.82
Total	637.71	-2.47	-	635.24	70.00	61.00	-	131.00	504.24	567.71

Notes:

- Addition in Amortisation and Impairment during the year includes impairment of Goodwill in respect of Learning Business ₹ 11 Crores and in respect of services business ₹ 50 Crores (Refer Note-55)

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Goodwill

Particulars	Gross Carrying Amount				Accumulated Impairment				Net Carrying Amount
	Deemed Cost As at 01.07.2015	Additions/ Adjustment	Disposal	As at 31.03.2016	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2016	As at 31.03.2016
Goodwill	56.89	-	-	56.89	-	-	-	-	56.89
Goodwill on Consolidation	578.38	2.44	-	580.82	-	70.00	-	70.00	510.82
Total	635.27	2.44	-	637.71	-	70.00	-	70.00	567.71

Notes:

- Addition in Amortisation and Impairment during the year includes ₹ 70 Crores Impairment loss on Goodwill related to Learning Segment (Refer Note-55)

3 (c) Other Intangible Assets

Particulars	Gross Carrying Amount				Accumulated Amortisation/Impairment				Net Carrying Amount	
	As at 01.04.2016	Additions / Adjustment	Disposal	As at 31.03.2017	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Intangible Assets:										
Software	7.28	1.31	-	8.59	3.58	2.25	-	5.83	2.76	3.58
Intellectual Property Rights	28.97	-	-	28.97	5.97	7.68	-	13.65	15.32	23.07
Technical Knowhow	4.70	-	-	4.70	2.68	1.72	-	4.40	0.30	2.07
Total	40.95	1.31	-	42.26	12.23	11.65	-	23.88	18.38	28.72

Notes:

- Software comprise cost of acquiring licences and SAP implementation charges.
- Intellectual Property Rights comprise of designing and implementing education content.
- Technical know how comprise of development cost of new technology/products.

Other Intangible Assets

Particulars	Gross Carrying Amount				Accumulated Amortisation/Impairment				Net Carrying Amount	
	Deemed Cost As at 01.07.2015	Additions/ Adjustment	Disposal	As at 31.03.2016	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016
Intangible Assets:										
Software	5.80	1.48	-	7.28		3.58	-	3.58		3.70
Intellectual Property Rights	28.97	-	-	28.97		5.97	-	5.97		23.00
Technical Knowhow	4.70	-	-	4.70		2.68	-	2.68		2.02
Total	39.47	1.48	-	40.95	-	12.23	-	12.23	-	28.72

Notes:

- Software comprise cost of acquiring licences and SAP implementation charges.
- Intellectual Property Rights comprise of designing and implementing education content.
- Technical know how comprise of development cost of new technology/products.

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3 (d) Capital Work-In-Progress

(₹/Crores)

Particulars	As at 01.07.2016	Addition	Capitalisation	As at 31.03.2017
Capital Work-In-Progress	2.01	2.01	2.60	1.42

Particulars	Deemed Cost As at 01.07.2015	Addition	Capitalisation	As at 31.03.2016
Capital Work-In-Progress	0.84	1.55	0.38	2.01

3 (e) Intangible assets under development

₹/Crores

Particulars	As at 01.07.2016	Addition	Capitalisation	As at 31.03.2017
Intangible assets under development	2.16	0.99		3.15

Intangible assets under development

Particulars	Deemed Cost As at 01.07.2015	Addition	Capitalisation	As at 31.03.2016
Intangible assets under development	-	2.16	-	2.16

4 Current investments

	As at 31.03.2017		As at 31.03.2016		As at 30.06.2015	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores	Units	Amount ₹/Crores
Financial Assets						
(i) Investment in Mutual Funds - Growth Options-Unquoted						
Birla Sunlife Savings Fund	-	-	-	-	549,224	15.10
HDFC Floating Rate Income Fund - STP-WP	-	-	-	-	6,171,009	15.10
Kotak Floater Long Term	-	-	-	-	2,213,065	5.03
ICICI Prudential Flexible Income Plan	-	-	-	-	749,081	20.13
Reliance Money Manager Fund	-	-	-	-	103,183	20.15
UTI Treasury Advantage Plan	-	-	-	-	25,954	5.04
SBI-SHF Ultra Short Term Fund	-	-	-	-	27,410	5.02
Sub - Total (a)		-		-		85.57
(ii) Investment in Mutual Funds- Dividend Options-Unquoted						
Birla Sunlife Savings Fund #	-	-	-	-	7,485,239	75.00
Axis Treasury Advantage Fund	601,311	60.56	-	-	-	-
Kotak Floater Long Term #	-	-	-	-	24,800,849	25.10
Reliance Money Manager Fund #	498,809	50.31	498,809	50.16	498,809	49.99
UTI Treasury Advantage Plan	99,438	10.00				
Sub - Total (b)		120.87		50.16		150.09
Total Current Investments (a) + (b)		120.87		50.16		235.66
# Under lien with bank						
Aggregate amount of unquoted investment		120.87		50.16		235.66

Consolidated Notes to the Financial Statements

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
5 Other Non-Current Financial Assets			
Bank Deposits with original maturity of more than twelve months	0.28	0.22	0.22
Lease Rental Recoverable	35.14	89.58	158.52
Less: Allowance for Doubtful Lease Rental Recoverable	1.05 34.09	3.60 85.98	5.13 153.39
Security Deposits	7.02	6.41	4.77
TOTAL	41.39	92.61	158.38
6 Advance Income Tax Asset (Net)			
Advance Income Tax	160.54	111.84	63.57
[Net of Provision for Income Tax of ₹ 52.70 Crores (2016- ₹ 544.58 Crores, 2015 - ₹ 6.62 Crores)]			
TOTAL	160.54	111.84	63.57
7 Deferred Tax Asset (Net) (Refer Note 45)			
Deferred Tax Asset	165.43	109.64	101.80
	165.43	109.64	101.80
8 Other Non-Current Assets			
Unsecured, considered good			
Capital Advances	0.19	1.06	1.72
Others			
Balances with Government Authorities	119.97	101.63	44.71
Prepaid Expenses	12.89	26.93	4.41
Others	0.57	0.61	0.58
Considered Doubtful			
Capital Advances	0.50	0.50	0.50
Less: Allowance for Doubtful Loans and Advances	(0.50) -	(0.50) -	(0.50) -
TOTAL	133.62	130.23	51.42
9 Inventories			
Raw Materials and Components	0.11	0.26	-
[Including In-Transit ₹ 0.06 Crores (2016 - ₹ 0.06 Crores, 2015- Nil)]			
Finished Goods	0.11	0.56	1.91
[Including In-Transit ₹ 0.12 Crores (2016 - ₹ 0.17 Crores, 2015- ₹ 0.18 Crores)]			
Stock-In-Trade	80.77	137.45	177.23
[Including In-Transit ₹ 20.88 Crores (2016- ₹ 36.70 Crores, 2015 - ₹ 16.40 Crores)]			
Stores and Spares	60.32	75.93	75.60
TOTAL	141.31	214.20	254.74

Write-downs of inventories to net realisable value recognised as an expense during the year amounts to ₹ 16.38 Crores (2016- ₹ 5.38 Crores). These were included in changes in value of inventories of work-in-progress, stock in trade and finished goods in statement of profit or loss.

Consolidated Notes to the Financial Statements

	As at 31.03.2017 ₹/Crores		As at 31.03.2016 ₹/Crores		As at 01.07.2015 ₹/Crores	
10 Trade receivables (Refer Note 39)						
Unsecured:						
Considered Good	1,292.73		1,550.42		1,754.71	
Considered Doubtful	205.85		227.36		211.21	
	1,498.58		1,777.78		1,965.92	
Less: Allowance for Doubtful Debts	205.85	1,292.73	227.36	1,550.42	211.21	1,754.71
TOTAL		1,292.73		1,550.42		1,754.71
11 Cash and Cash Equivalents (Refer Note 56)						
Balances with Banks						
- in Current Account	82.12		172.84		85.71	
Less: Money held in Trust	0.01	82.11	0.01	172.83	0.01	85.70
Cash on Hand		0.22		0.16		0.13
Cheques on Hand		7.35		7.47		7.46
Bank Deposits with original maturity of three months or less	48.72		18.77		31.20	
Less: Money held in Trust	0.31	48.41	0.32	18.45	0.32	30.88
TOTAL		138.09		198.91		124.17
12 Other Bank Balances						
Bank Deposits with original maturity of more than three months and upto twelve months		48.83		12.70		3.75
Balance with Banks						
-On Margin Account		5.22		4.71		4.08
-On Dividend Account		1.28		1.81		2.19
TOTAL		55.33		19.22		10.02
13 Loans						
Unsecured Considered Good						
Loan to employees		0.60		1.20		0.25
TOTAL		0.60		1.20		0.25
14 Other Financial Assets						
Lease Rental Recoverable	60.81		100.85		106.57	
Less: Allowance for Doubtful Lease Rental Recoverable	22.78	38.03	17.78	83.07	20.91	85.66
Security Deposits		6.56		16.30		19.69
Unbilled revenue		137.30		160.28		178.77
Others (Includes Employee advances, Insurance claim recoverable)		5.67		5.65		5.96
Considered Doubtful						
Others (Includes Employee advances, Insurance claim recoverable)	4.83		1.01		-	
Less: Allowance for Doubtful Loans and Advances	4.83	-	1.01	-	-	-
TOTAL		187.56		265.30		290.08

Consolidated Notes to the Financial Statements

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
15 Other Current Assets			
Unsecured, Considered Good			
Balances with Custom, Port Trust, Excise and Sales Tax	43.63	29.77	38.83
Advances to Creditors	24.72	16.23	48.29
Deposits with Tax Authorities	-	-	0.15
Prepaid Expenses	33.30	40.75	56.45
Others (Expenses recoverable)	2.02	4.26	4.33
Considered Doubtful			
Other Current Assets	9.80	16.82	8.55
Less: Allowance for Doubtful Other Current Assets	9.80	-	8.55
TOTAL	103.67	91.01	148.05
16 Equity Share capital and other equity			
(a) Authorised			
55,25,00,000 Equity Shares (2016 - 55,25,00,000, 2015 - 55,25,00,000) of ₹ 2/- each	110.50	110.50	110.50
5,00,000 Preference Shares (2016 - 5,00,000, 2015 - 5,00,000) of ₹ 100/- each	5.00	5.00	5.00
TOTAL	115.50	115.50	115.50
Equity Share capital			
Issued, Subscribed and Paid up			
22,29,19,629 Equity Shares (2016- 22,29,19,629, 2015 - 22,29,04,629) of ₹ 2/- each	44.58	44.58	44.58
(Fully Paid up) (Number of share issued: 2016- 15,000, 2015-25,000)		-	-
TOTAL	44.58	44.58	44.58

Notes:

(i) Rights attached to Equity Shares:

The Company has only one class of equity share having a face value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing General Meeting, except in case of interim dividend.

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

(ii)	Shareholders holding more than 5% of the aggregate shares in the Company	Number of Shares	% of shares	Number of Shares	% of shares	Number of Shares	% of shares
	(a) HCL Corporation Private Limited	111,382,239	49.97	111,382,239	49.97	111,382,239	49.97
	(b) AKM Systems Private Limited	11,997,007	5.38	11,997,007	5.38	11,997,007	5.38

Consolidated Notes to the Financial Statements

(iii) Shares reserved for issue under options:

Information related to Employee Stock Option Plan, including details of options issued, exercised, expired and forfeited during the financial year and options outstanding at the end of the reporting period, is set out in Note 54"

(b) Other Equity		
Reserve and Surplus (Refer note 38)		
Securities premium reserve		
Opening balance #	720.16	720.12
Securities Premium on issue of Shares	-	0.04
Closing balance	720.16	720.16
General reserve		
Opening balance #	215.76	215.76
Appropriation during the year	-	-
Closing balance	215.76	215.76
Capital reserve		
Opening balance #	0.04	0.04
Appropriation during the year	-	-
Closing balance	0.04	0.04
Retained earning		
Opening balance #	(195.33)	18.90
Remeasurement of post-employment benefit obligation, net of tax	0.77	0.08
Net loss for the year	(247.67)	(214.30)
Closing balance	(442.23)	(195.32)
Foreign currency translation of foreign operations		
Opening balance #	18.71	13.77
Exchange difference on translation of foreign operations	(7.61)	4.94
Closing balance	11.10	18.71
HCL Infosystems Limited	504.83	759.35

Total Equity attributable to the shareholders of HCL Infosystems limited is ₹ 968.59 Crores as at July 1, 2015. Refer Note 38 for reconciliation of balance reported under Indian GAAP with restricted balance under IND AS.

Consolidated Notes to the Financial Statements

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
Financial Liabilities			
17 Borrowings			
Secured:			
Term Loans			
- From Banks	247.15	377.30	79.15
- From Others	27.79	-	-
	<u>274.94</u>	<u>377.30</u>	<u>79.15</u>
Unsecured:			
Term Loans			
- From Others	136.02	144.82	144.73
Finance Lease Obligation (Refer Note 46)	2.20	6.10	9.79
	<u>138.22</u>	<u>150.92</u>	<u>154.52</u>
TOTAL	<u>413.16</u>	<u>528.22</u>	<u>233.67</u>

Notes:

- (i). Secured Term Loan from Bank and Others amounting to ₹404.43 Crores (2016 - ₹ 481.80 Crores, 2015 - NIL), out of which ₹ 154.49 Crores (2016 - ₹ 104.50 Crores, 2015 - NIL) is shown under current maturity of long term debt, is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on Two Identified Properties (4) Exclusive charge on Debt Service Reserve Account created by way of lien on mutual funds of ₹ 70.56 Crores . The Hypothecation of the movable assets has been created on May 22,2017 and the mortgage of the immovable assets is under process. The loan is repayable in 13 quarterly installments starting from September 2016 and carries interest @ 11 % to 11.10% p.a.
- (ii). Secured Term Loan from Bank amounting to ₹ 75.00 Crores (2016 - Nil,2015 - Nil), out of which ₹ 50.00 Crores (2016 - Nil, 2015 - Nil) is shown under current maturity of long term debt, is secured by way of exclusive charge on Lease Rent Receivables (LRR) of HCL Infotech Ltd and HCL Learning Ltd and against Support from HCL Corporation Pvt Limited. Security has been created on May 8,2017. The loan is repayable in 8 quarterly instalments from the date of the disbursement and carries interest @ 11 % p.a.
- (iii). Secured Term Loan from Banks amounting to Nil (2016 - Nil, 2015 - ₹ 142.64 Crores), out of which Nil (2016 - Nil, 2015 - ₹ 142.64 Crores) is shown under current maturity of long term debt, was secured by way of subservient charge on current assets of HCL Infosystems Limited. It had a lien on Mutual Funds of ₹ 100.10 Crores . The loan was repayable in 23 monthly equal instalments starting from July 2014 and carries interest @ 11.25 % p.a.
- (iv). Secured Long Term Loan of Nil (2016- Nil, 2015 - ₹ 26.28 Crores) out of which ₹ NIL (2016 - Nil, 2015 - ₹26.28 Crores) is shown under current maturity of debt, is secured by way of subservient charge on stock and receivables of HCL Infosystems Limited. It also carries a lien on Mutual Funds of Nil (2016 - Nil, 2015 - ₹ 49.99 Crores). The loan was repayable in 8 quarterly equal instalments and carries interest @ 11.50 % p.a.
- (v). Secured Term Loan from Banks amounting to Nil (2016 - Nil, 2015 - ₹ 99.08 Crores), out of which Nil (2016 - Nil, 2015 - ₹ 19.93 Crores) is shown under current maturity of long term debt, was secured by way of Hypothecation over the receivable from a particular project. The loan was repayable in 15 quarterly equal instalments having a moratorium of 3 months and carries interest @ 11.25 % p.a.
- (vi). Unsecured Term loans from Others amounting to ₹ 11.38 Crores (2016 - ₹ 17.14 Crores,2015 - ₹ 7.79 Crores) and ₹ 5.99 Crores (2016 - ₹ 32.94 Crores, 2015 - ₹ 29.26 Crores), out of which ₹ 10.36 Crores (2016 - ₹ 34.70 Crores, 2015 - ₹ 27.04 Crores) is shown under current maturity of long term debt, are repayable in 10 to 11 equal half yearly and 4 yearly (Interest Free) installments from the date of the loans and in 20 equal quarterly , 9 half yearly and 7 yearly installments (carries interest @ 2.97% to 10.20%) from the date of the loan disbursement.
- (vii). Unsecured Loan under receivable buyout facility amounting to ₹ 13.40 Crores (2016 - ₹ 34.90 Crores, 2015 - ₹ 53.26 Crores), out of which ₹ 13.18 Crores (2016 - ₹ 20.55 Crores, 2015 - ₹ 21.96 Crores) is shown under current maturity of long term debt, are repayable in 20 equal quarterly instalments from the date of the disbursement which carries interest @ 12.80% p.a.

Consolidated Notes to the Financial Statements

- (viii). Unsecured Term loans from Others amounting to ₹ 240.45 Crores (2016 - ₹ 231.06 Crores, 2015 - ₹ 187.85 Crores), out of which ₹ 113.36 Crores (2016 - ₹ 119.69 Crores, 2015 - ₹ 100.06 Crores) is shown under current maturity of long term debt, is repayable in 12 to 20 equal quarterly instalments from the date of the disbursement which carries interest @ 11.25% to 12.50% p.a.
- (ix). Unsecured Term loans from Others amounting to ₹ 3.72 Crores (2016 - ₹ 19.33 Crores, 2015 - ₹ 41.70 Crores), out of which ₹ 2.02 Crores (2016 - ₹ 15.61 Crores, 2015 - ₹ 26.07 Crores) is shown under current maturity of long term debt, is repayable in 1 quarterly, 1 half yearly and balance 16 quarterly instalments from the date of the disbursement which carries interest @ 13.04% p.a.

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
18 Non-current Trade Payables			
Trade Payable	-	-	0.60
TOTAL	-	-	0.60
19 Other Non-Current Financial Liabilities			
Deposits	-	14.45	13.42
TOTAL	-	14.45	13.42
20 Non-current Provisions (Refer Note 48)			
Provision for Gratuity and other Employee Benefits (includes ₹ 5.73 Crores (2016- ₹ 7.40 Crores, 2015 - ₹ Nil) Crores for Other Employee Benefits)	18.71	19.83	14.47
TOTAL	18.71	19.83	14.47
21 Other Non-Current Liabilities			
Deferred Revenue	0.69	2.56	6.08
TOTAL	0.69	2.56	6.08
22 Current borrowings			
Secured:			
Loans from Banks			
- Term Loans	223.92	224.90	281.90
- Cash Credits	8.56	103.73	48.14
- Buyers Credit	-	-	10.29
	232.48	328.63	340.33
Unsecured:			
Term Loan From Others	149.36	-	-
Commercial Paper	195.00	125.00	300.00
Term Loans from Banks	-	-	3.55
	344.36	125.00	303.55
TOTAL	576.84	453.63	643.88

Note:

- Secured Term Loan from Banks amounting to ₹ 124.78 Crores (2016 - ₹ 124.90 Crores, 2015 - ₹ 139.90 Crores) is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries

Consolidated Notes to the Financial Statements

(except Lease Rental Receivables). (3) Negative lien on Two Identified Properties, along with non-fund based facilities from Banks. The Hypothecation of the movable assets has been created on March 30, 2017 and the mortgage of the immovable assets is under process. It carries interest @ 11.50 % p.a.

2. Short Term Loan of ₹ 99.14 Crores (2016 - ₹ 100.00 Crores, 2015 - ₹ 75 Crores) is secured by way of subservient charge on stock and receivables of the Company and against Support from HCL Corporation Pvt Limited. It also carries a lien on Mutual Funds of ₹ 50.31 Crores (2016 - ₹ 50.16 Crores, 2015 - ₹ 49.99 Crores). Short Term Loan of ₹ 74.14 Crores is repayable in one year from the date of disbursement and carries interest @ 9.50 % p.a. and ₹ 25 Crs is repayable in three months from the date of disbursement and carries interest @ 11.50 % p.a.
3. Secured Loan (Cash Credit, WCDL and Buyer's Credit) from Banks amounting to Nil (2016 - ₹ 73.92 Crore, 2015 - ₹ 87.21 Crores) are secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables) (3) Negative lien on Two Identified Properties. The Hypothecation of the movable assets has been created on March 30, 2017 and the mortgage of the immovable assets is under process.
4. Secured Loan from Banks amounting to ₹ 8.56 Crores (2016 - ₹ 29.81 Crores, 2015 - ₹ 38.22 Crores) are secured by way of general charge over the receivables of overseas subsidiaries (HCL Insys PTE Ltd and HCL Infosystems MEA FZE) and continuing Guarantee from HCL Infosystems Ltd.
5. Term Loan from Banks amounting to Nil Crores (2016 - Nil, 2015 - ₹ 3.55 Crores) are secured by way of general charge over the receivables of HCL Insys PTE Ltd and continuing Guarantee from HCL Infosystems Ltd.
6. Unsecured Term loans from Others amounting to ₹ 149.36 Crores (2016 - Nil, 2015 - Nil) and against Support from HCL Corporation Pvt Limited is repayable in 1 yearly instalments from the date of the disbursement which carries interest @ 9.50% p.a.
7. Unsecured commercial papers from Others amounting to ₹ 195.00 Crores (2016 - ₹ 125.00 Crores, 2015 - ₹ 300.00 Crores) is repayable in next 12 months from the date of availment of each tranche, which carries interest @ 10.50% to 11% p.a.

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
23 Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises and	0.14	0.36	10.14
(b) Total outstanding dues of other than micro enterprises and small enterprises [Including Acceptance ₹ 69.64 Crores (2016 - ₹ 166.12 Crores, 2015 - ₹ 153.57 Crores)]	723.08	799.95	959.56
TOTAL	723.22	800.31	969.70
24 Other financial liabilities			
Current Maturities of Long-Term Debts (Refer Note 17)	343.41	295.05	363.98
Current Maturities of Finance Lease Obligations (Refer Note 17)	3.90	4.33	7.45
Interest Accrued but not due on Borrowings	8.95	10.11	4.37
Unpaid Dividends*	1.28	1.81	2.16
Employee Benefits Payable	52.19	43.44	54.06
Capital Creditors	0.98	1.49	0.63
Deposits	15.92	-	-
Other Payable	-	2.39	2.69
TOTAL	426.63	358.62	435.34

* There are no amount due and outstanding to be credited to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956. These shall be credited and paid to the Fund as and when due.

Consolidated Notes to the Financial Statements

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
25 Other current liabilities			
Deferred Revenue	213.55	308.91	374.91
Advances Received from Customers	104.47	116.35	94.47
Statutory Dues Payable	26.73	30.32	65.56
TOTAL	344.75	455.58	534.94
26 Current provisions			
Provision for Gratuity and Other Employee Benefits # (Refer Note 48)	16.02	13.84	11.29
Provision for Warranty (Refer Note 44)	-	-	2.12
Provision for Contract losses	92.96	98.09	109.00
Provision for Litigations (Refer Note 37 (b))	16.68	15.61	12.65
TOTAL	125.66	127.54	135.06
# includes ₹ 6.69 Crores (2016- ₹ 5.64 Crores 2015- ₹ 5.66 Crores) for provision for leave encashment and ₹ 6.55 Crores (2016- ₹0.53 Crores, 2015- Nil Crores) for other employee benefits.			
27 Current tax liabilities (Net)			
Current income tax liabilities [Net of Advance Income Tax of Nil (2016- ₹ 3.16 Crores, 2015 - ₹ 537.09 Crores)]	4.60	1.00	2.97
TOTAL	4.60	1.00	2.97

	Year ended 31.03.2017 ₹/Crores	Nine months ended 31.03.2016 ₹/Crores
28 Revenue from operations		
Sale of Products (including excise duty)	2,583.86	2,691.69
Sale of Services	914.57	728.62
Revenue from long term composite contracts	238.79	235.64
Other Operating Revenue		
- Scrap Sale	0.31	0.28
TOTAL	3,737.53	3,656.23

Consolidated Notes to the Financial Statements

	Year ended 31.03.2017 ₹/Crores	Nine months ended 31.03.2016 ₹/Crores
29 Other income		
Interest Income from financial asset at amortised cost		
- On Lease Rental	13.46	19.07
- On Fixed Deposits	5.02	1.90
- On Others	1.29	1.31
- On trade receivables	102.27	88.11
-Dividend from Unquoted (Others) Current Investments	4.82	5.68
Gain/Loss on sale of investment carried at Fair Value Through Profit or Loss	2.57	3.80
Net Profit on Sale of Property, Plant & Equipment	0.29	0.08
Gain/(Loss) on Foreign Exchange Fluctuation	2.93	(4.02)
Provisions/Liabilities no longer required written back	0.69	9.88
Miscellaneous Income	11.89	10.34
Gain on Sale of Joint Venture (Refer Note 52)	0.45	-
TOTAL	145.68	136.15
30 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Closing Balance		
- Finished Goods (Including in Transit)	0.11	
[Including excise duty of Nil (2016- Nil, 2015 - Nil)]		0.56
- Stock-In-Trade	80.77	137.45
	80.88	138.01
Opening Balance		
- Finished Goods (Including in Transit)	0.56	1.91
[Including excise duty of Nil (2016- Nil, 2015 - ₹ 0.19 Crores)]		
- Stock-In-Trade	137.45	177.23
	138.01	179.14
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	57.13	41.13
31 Other direct expenses		
Purchase of Services	259.79	228.85
Spares and Stores Consumed	208.16	173.92
Excise Duty	0.08	0.12
Labour and Processing Charges	0.25	0.55
TOTAL	468.28	403.44
32 Employee benefits expense		
Salaries, Wages, Bonus and Gratuity	510.89	433.54
Contribution to Provident and Other Funds (Refer Note 48)	23.91	19.19
Staff Welfare Expenses	6.55	5.53
TOTAL	541.35	458.26

Consolidated Notes to the Financial Statements

	Year ended 31.03.2017 ₹/Crores	Nine months ended 31.03.2016 ₹/Crores
33 Finance costs		
Interest on Borrowings	181.37	111.57
Other Borrowing Costs	8.92	14.12
TOTAL	190.29	125.69
34 Other expenses		
Rent (Refer Note 46)	48.88	33.23
Rates and Taxes	8.35	6.20
Printing and Stationery	2.71	2.16
Communication	15.35	13.85
Travelling and Conveyance	31.90	34.40
Packing, Freight and Forwarding	15.81	15.76
Legal, Professional and Consultancy Charges (Refer Note 57)	38.66	37.33
Retainership Expenses	40.84	30.36
Training and Conference	1.79	1.39
Office Electricity and Water	10.88	7.76
Insurance	6.89	7.21
Advertisement, Publicity and Entertainment	2.67	3.07
Hire Charges	5.32	4.73
Commission on Sales	4.66	3.21
Bank Charges	11.64	9.33
Allowance for Doubtful Debts	22.94	35.33
Allowance for Doubtful Loans and Advances and Other Current Assets	4.25	1.00
Property, Plant & Equipment Written-Off	1.23	1.15
Repairs		
- Plant and Machinery	1.20	0.97
- Buildings	2.16	1.35
- Others	9.73	7.45
Miscellaneous	22.75	20.06
TOTAL	310.61	277.30

35 Exceptional items include :

Particulars	2017 (₹/Crores)	2016 (₹/Crores)
a. Net Profit on Sale of Properties	-	2.78
b. Impairment of Goodwill (Refer Note 55 and 3 (b))	(61.00)	(70.00)
Total	(61.00)	(67.22)

36 Estimated value of contracts on capital account for Property, plant and equipment, excluding capital advances, remaining to be executed and not provided for amount to ₹ 0.23 Crores (2016- ₹ 4.12 Crores, 2015 - ₹ 6.97 Crores).

Consolidated Notes to the Financial Statements

37 Contingent Liabilities :

- (a) Claims against the Company not acknowledged as debts:

Particulars	2017 (₹/Crores)	2016 (₹/Crores)	2015 (₹/Crores)
Sales Tax*	269.70	313.80	151.86
Excise*	98.79	96.68	96.72
Income Tax*	6.21	6.24	5.44
Industrial Disputes, Civil Suits and Consumer Disputes	4.66	95.07	86.38

* Includes sum of ₹ 108.50 crores (2016 - ₹ 89.58 Crores, 2015 - ₹ 24.53 Crores) deposited by the Group against the above.

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

- (b) Other Litigations :

- The Company has been named in a supplementary charge sheet filed with the Court with respect to a Contract awarded to HCL Infosystems Limited in 2009 by the UP state Government, amounting to ₹ 4.94 Crores, for the supply of computer hardware and related services under the National Rural Health Mission and therefore summons have been issued to the Company by the Court. The matter is currently pending for adjudication before the Special Court CBI . The management is of the view that the company has not been engaged in any wrong doing.
- The Company has certain Sales tax and other litigation of ₹ 16.68 Crores (2016- ₹ 15.61 Crores, 2015 - ₹ 12.65 Crores), against which provisions have been made. Provision of ₹ 1.07 crore (2016- ₹ 3.03 Crores) has been made during the year and Nil (2016- ₹ 0.07 Crores) utilised during the year.

38 First-time adoption of IND AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the nine month period ended March 31, 2016 and in the opening Ind AS balance sheet at July 1, 2015 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

Reconciliation between Previous GAAP and IND AS

- (i) **Equity Reconciliation**

Particulars	(₹/Crores)	
	As at 31 March, 2016	As at 1 July, 2015
As reported under Previous GAAP	1,008.04	1,257.50
Adjustments:		
Impact on account of measurement of revenue at fair value	(324.28)	(266.06)
Recognition of Expected Credit Loss	(45.77)	(47.56)
Recognition of deferred tax	73.59	67.51
Unwinding of discounted receivables	88.11	-
Others	4.24	1.78
Equity under IND AS	803.93	1,013.17

Consolidated Notes to the Financial Statements

(ii) Total Comprehensive Income Reconciliation

		(₹/Crores)
Particulars		For nine months ending as on 31 March, 2016
Net Income under Previous GAAP		(254.44)
Adjustments:		
Impact on account of measurement of revenue at fair value		(58.22)
Recognition of Expected Credit Loss		1.80
Recognition of deferred tax		6.08
Unwinding of discounted receivables		88.11
Others		2.37
Profit for the period under IND AS		(214.30)
Other Comprehensive income		5.02
Total Comprehensive Income for the period under IND AS		(209.28)

(iii) Cash Flow Reconciliation

		(₹/Crores)		
		As at 31 March, 2016		
Particulars		IGAAP	IND AS Adjustment	IND AS
Net cash flow from operating activities	(127.27)	(59.01)	(186.28)	
Net cash flow from investing activities	262.66	86.36	349.02	
Net cash flow from financing activities	(61.04)	(26.96)	88.00	
Net increase/(decrease) in cash and cash equivalents	74.35	0.39	74.74	
Cash and cash equivalents as at 1 July 2015	126.36	(2.19)	124.17	
Cash and cash equivalents as at 31 March 2016	200.71	(1.80)	198.91	

39 Disclosure of related parties and related party transactions:

a) Company having substantial interest:

HCL Corporation Private Limited

b) Others (Enterprises over which, individual having indirect significant influence over the Group, has significant influence) and with whom transactions have taken place during the year and/or where balances exist:

HCL Technologies Limited

HCL Comnet Limited

HCL Comnet Systems and Services Limited

HCL Avitas Private Limited

HCL Training & Staffing Services Private Limited

HCL Talent Care Private Limited

HCL IT City Lucknow Private Limited

SSN Trust

Shiv Nadar Foundation

Shiv Nadar University

Vama Sundari Investments (Pondi) Private Limited

Statestreet HCL Services India Limited

Naksha Enterprises Private Limited

Consolidated Notes to the Financial Statements

Joint Venture:

Nokia HCL Mobile Internet Services Limited (The Company has sold its investments in Nokia HCL Mobile Internet Services Limited during the current year)

c) Key Management Personnel:

Mr. Premkumar Sheshadri* (Executive Vice Chairman & Managing Director)

Mr. SG Murali (Group CFO with effect from April 1, 2015)

Mr. Sushil Jain (Company Secretary)

*Remuneration has been paid by HCL Corporation Private Limited

Note: Parties with whom transactions are more than 10% of the total value have been disclosed separately.

d) Summary of Consolidated Related Party disclosures:

Note: All transactions with related parties have been entered into in the normal course of business.

(₹/Crores)

A. Transactions	Company having substantial interest			Others			Key Management Personnel			Total		
	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15
Sales and Related Income	0.02	-		20.21	8.48					20.23	8.48	
- HCL Technologies Limited				18.04	4.83							
- HCL Talent Care Private Limited					2.66							
- Shiv Nadar Foundation				1.03	0.95							
Services	0.01	0.01		10.24	10.86					10.25	10.87	
- HCL Technologies Limited				9.35	9.11							
- HCL Talent Care Private Limited				0.46	0.39							
- HCL Comnet Limited				0.16	0.24							
- HCL Training & Staffing Services Private Limited				0.17	1.11							
Purchase of Services				4.87	9.97					4.87	9.97	
- HCL Technologies Limited				4.87	9.97							
Purchase of Goods				0.34	-					0.34	-	
- HCL Technologies Limited - BPO Services				0.34								
Purchase of Fixed assets				0.30						0.30	-	
-Naksha Enterprises Pvt Ltd				0.30	-							
Rent Received				7.46	6.01					7.46	6.01	
- HCL Technologies Limited				1.79	1.63							
- HCL Talent Care Private Limited				5.67	4.38							
Remuneration							2.94	1.72		2.94	1.72	
- Mr. S.G. Murali							2.47	1.43				
- Mr.Sushil Jain							0.46	0.30				
Reimbursements towards expenditure Made *	0.68	-			-					0.68	-	
B. Amount due to/from related parties												
Trade Receivables	-	-	0.04	15.88	9.86	16.41				15.88	9.86	16.45
Other Recoverables	-	-	-	-	-	0.11				-	-	0.11
Trade Payables	-	-	0.05	2.54	51.55	152.53				2.54	51.55	152.58
Other Payables	-	-	-	4.81	4.81	4.81				4.81	4.81	4.81

* Related to Corporate Guarantee of ₹ 325 crores taken from HCL Corporation Private Limited.

Amount due to / from related parties are unsecured and are receivable / payable in cash

Consolidated Notes to the Financial Statements

e) Compensation of key management personnel of the Company *

(₹/Crores)

Particulars	31 March, 2017	31 March, 2016
Short-term employee benefits	2.94	1.72
Total compensation paid to key management personnel	2.94	1.72

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

*Post employment benefit comprising gratuity, and compensated absences are not disclosed as these are determined for the Group as a whole.

40 Financial Instruments

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

						₹ Crores
Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
As at 31.03.2017						
Financial assets						
Non-current assets						
(i) Others Financial Assets	5	-	-	41.39	41.39	41.39
		-	-	41.39	41.39	41.39
Current assets						
(i) Investments	4	-	120.87	-	120.87	120.87
(ii) Trade receivables	10	-	-	1,292.73	1,292.73	1,292.73
(iii) Cash and cash equivalents	11	-	-	138.09	138.09	138.09
(iv) Bank balances other than (iii) above	12	-	-	55.33	55.33	55.33
(v) Loans	13	-	-	0.60	0.60	0.60
(vi) Others	14	-	-	187.56	187.56	187.56
		-	120.87	1,674.31	1,795.18	1,795.18
Financial Liabilities						
Non-current liabilities						
(i) Borrowings	17	-	-	413.16	413.16	413.16
		-	-	413.16	413.16	413.16
Current liabilities						
(i) Borrowings	22	-	-	576.84	576.84	576.84
(ii) Trade payables	23	-	-	723.22	723.22	723.22
(iii) Other financial liabilities	24	-	-	426.63	426.63	426.63
		-	-	1,726.69	1,726.69	1,726.69
As at 31.03.2016						
Financial assets						
Non-current assets						
(i) Others Financial Assets	5	-	-	92.61	92.61	92.61
		-	-	92.61	92.61	92.61

Consolidated Notes to the Financial Statements

						₹ Crores
Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Current assets						
(i) Investments	4	-	50.16	-	50.16	50.16
(ii) Trade receivables	10	-	-	1,550.42	1,550.42	1,550.42
(iii) Cash and cash equivalents	11	-	-	198.91	198.91	198.91
(iv) Bank balances other than (iii) above	12	-	-	19.22	19.22	19.22
(v) Loans	13	-	-	1.20	1.20	1.20
(vi) Others	14	-	-	265.30	265.30	265.30
		-	50.16	2,035.05	2,085.21	2,085.21
Financial Liabilities						
Non-current liabilities						
(i) Borrowings	17	-	-	528.22	528.22	528.22
(ii) Other financial liabilities	19	-	-	14.45	14.45	14.45
		-	-	542.67	542.67	542.67
Current liabilities						
(i) Borrowings	22	-	-	453.63	453.63	453.63
(ii) Trade payables	23	-	-	800.31	800.31	800.31
(iii) Other financial liabilities	24	-	-	358.62	358.62	358.62
		-	-	1,612.56	1,612.56	1,612.56
As at 01.07.2015						
Financial assets						
Non-current assets						
(i) Others Financial Assets	5	-	-	158.38	158.38	158.38
		-	-	158.38	158.38	158.38
Current assets						
(i) Investments	4	-	235.66	-	235.66	235.66
(ii) Trade receivables	10	-	-	1,754.71	1,754.71	1,754.71
(iii) Cash and cash equivalents	11	-	-	124.17	124.17	124.17
(iv) Bank balances other than (iii) above	12	-	-	10.02	10.02	10.02
(v) Loans	13	-	-	0.25	0.25	0.25
(vi) Others	14	-	-	290.08	290.08	290.08
		-	235.66	2,179.23	2,414.89	2,414.89
Financial Liabilities						
Non-current liabilities						
(i) Borrowings	17	-	-	233.67	233.67	233.67
(ii) Trade payables	18	-	-	0.60	0.60	0.60
(iii) Other financial liabilities	19	-	-	13.42	13.42	13.42
		-	-	247.69	247.69	247.69
Current liabilities						
(i) Borrowings	22	-	-	643.88	643.88	643.88
(ii) Trade payables	23	-	-	969.7	969.70	969.70
(iii) Other financial liabilities	24	-	-	435.34	435.34	435.34
		-	-	2,048.92	2,048.92	2,048.92

Consolidated Notes to the Financial Statements

Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

(i) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at March 31, 2017:

		Fair Value measurement using			₹ Crores
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
Assets measured at FVTPL					
Investment in Mutual Funds	March 31, 2017	-	120.87	-	120.87

(ii) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at March 31, 2016:

		Fair Value measurement using			₹ Crores
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
Assets measured at FVTPL					
Investment in Mutual Funds	March 31, 2016	-	50.16	-	50.16

(iii) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at July 1, 2015:

		Fair Value measurement using			₹ Crores
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
Assets measured at FVTPL					
Investment in Mutual Funds	July 1, 2015	-	235.66	-	235.66

*There were no transfers between the Level 1, Level 2 and Level 3 during the year.

* There is no change in the valuation technique during the year.

Valuation techniques used to derive Level 2 fair values

- Investment in mutual funds have been fair valued using published statement for Net asset value (NAV) by the Mutual fund agencies.

41 Financial Risk Management

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

In order to minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Consolidated Notes to the Financial Statements

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure Arising from	Measurement	Management
Credit Risk	Investments Trade receivables Cash and cash equivalents Bank balances Loans Other financial assets	Aging Analysis and Credit appraisal	Diversification of bank deposits, investments, credit limits and letters of credit
Liquidity risk	Borrowings and Other Liabilities	Rolling cash flow forecasts	Availability of committed credit lines, borrowing facilities and liquid investments
Market risk - foreign exchange	Future commercial transactions Recognized financial assets not denominated in Functional currency	Position of net foreign exchange risk, based on relative assets and liabilities	Forward foreign exchange contracts
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Replacement of high cost debt with low cost debt

The Company's risk management is carried out by the Treasury and Credit Control department under policies approved by the Senior management and Board of directors.

Credit Risk

Credit risk arise from possibility that customer may default on its obligation to make timely payments, resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivable, lease rent recoverable and unbilled revenues.

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

Investment primarily includes investment in Mutual funds

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

The Group uses a provision matrix to compute the expected credit loss for trade receivable and lease rent recoverable, the provision matrix takes into consideration historical credit loss experience and other relevant available external and internal credit risk factors.

Following table agewise breakup of Receivables

	(₹/Crores)		
	March 31, 2017	March 31, 2016	July 1, 2015
Debtors billed but not due	949.95	940.27	1,222.81
0-90 days past due	184.97	225.03	401.51
91-180 days past due	82.94	323.45	78.00
180-365 days past due	73.20	56.14	66.78
1-2 years past due	66.68	90.47	95.87
More than 2 years past due	140.84	142.42	100.95
	1,498.58	1,777.78	1,965.92

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

Consolidated Notes to the Financial Statements

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

	(₹/Crores)	
	March 31, 2017	March 31, 2016
Balance at the beginning	227.36	211.21
Provided during the year	22.94	35.33
Reversal during the year	(0.60)	(0.15)
Amounts written off	(43.85)	(19.03)
Balance at the end	205.85	227.36

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	(₹/Crores)					
Year ended 31 March 2017	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivatives						
Borrowings						
-From Banks	669.19	-	417.84	167.94	83.41	-
-From Others	472.02	-	306.47	116.93	48.62	-
-Finance Lease Obligation	6.10		3.90	1.81	0.39	-
-Cash Credit	8.56	8.56				
-Commercial Paper	195.00		195.00			
Trade payables	723.22		723.22	-		-
Other financial liabilities						
-Deposits	15.92		15.92			-
-Interest accrued but not due	8.95		8.95			-
-Capital Creditors	0.98		0.98			-
-Employee Benefit Payable	52.19		52.19			-
-Unpaid dividends	1.28	1.28				-
Total non-derivative liabilities	2,153.41	9.84	1,724.47	286.68	132.42	-

Consolidated Notes to the Financial Statements

(₹/Crores)

Year ended 31 March 2016	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivatives						
Borrowings						
-From Banks	724.90	-	337.40	150.00	237.50	-
-From Others	339.40	-	190.84	94.76	53.80	-
-Finance Lease Obligation	10.43		4.33	3.89	2.21	-
-Cash Credit	103.73	103.73				
-Commercial Paper	125.00		125.00			
Trade payables	800.31	-	800.31	-	-	-
Other financial liabilities						
-Deposits	-	-	-	-	-	-
-Interest accrued but not due	10.11	-	10.11	-	-	-
-Capital Creditors	1.49	-	1.49	-	-	-
-Employee Benefit Payable	43.44	-	43.44	-	-	-
-Unpaid dividends	1.81	1.81	-	-	-	-
-Other Payable	2.39		2.39			
Total non-derivative liabilities	2,163.01	105.54	1,515.31	248.65	293.51	-

(₹/Crores)

Year ended 1 July 2015	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivatives						
Borrowings						
-From Banks	554.29	-	474.30	26.68	53.31	
-From Others	321.28	-	175.14	106.21	39.93	
-Finance Lease Obligation	17.24		7.45	4.44	5.35	
-Cash Credit	48.14	48.14				
-Buyers Credit	10.29		10.29			
-Commercial Paper	300.00		300.00			
Trade payables	970.30		969.70	0.60		
Other financial liabilities						
-Deposits	-		-	-		
-Interest accrued but not due	4.37		4.37			
-Capital Creditors	0.63		0.63			
-Employee Benefit Payable	54.06		54.06			
-Unpaid dividends	2.16	2.16				
-Other Payable	2.69		2.69			
Total non-derivative liabilities	2,285.45	50.30	1,998.63	137.93	98.59	-

Market risk

(i) Interest rate risk

The Group's main interest rate risk primarily arises from borrowings with variable interest rates, which exposed the Group to Cash flow interest rate risk. As at March 31, 2017 the Group has ₹ 487.98 Crores (2016- ₹ 585.24 Crores, 2015-

Consolidated Notes to the Financial Statements

₹ 300.98 Crores) of borrowings with variable interest rates. In order to optimize the Group's position with regards to interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing of fixed rate and floating rate financial instruments in its total portfolio.

(a) Interest rate risk exposure

(₹/Crores)

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

	March 31, 2017	March 31, 2016	July 1, 2015
Variable rate borrowings	487.98	585.24	300.98
Fixed rate borrowings	849.33	695.99	948.00
Total borrowings	1,337.31	1,281.23	1,248.98

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

	March 31, 2017			March 31, 2016			July 1, 2015		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans, Cash credits	11.17%	487.98	36.49%	11.39%	585.24	45.68%	11.59%	300.98	24.10%
Net exposure to cash flow interest rate risk		487.98			585.24			300.98	

(b) Sensitivity

(₹/Crores)

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

	Impact on loss after tax		Impact on other components of equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Interest rates-increase by 20 basis points (20 bps)	0.91	1.03	0.91	1.03
Interest rates-increase by 20 basis points (20 bps)	(0.91)	(1.03)	(0.91)	(1.03)

(ii) Foreign currency risk

(₹/Crores)

The Group's operations are primarily in India and in INR and therefore, is not exposed to significant foreign currency risk. The Group evaluates the exchange rate exposure arising from foreign currency transactions and follows established risk management policies which are approved by the senior management and the Finance Committee, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Foreign currency risk exposure

(₹/Crores)

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

	31-Mar-17								
	USD	EUR	GBP	JPY	SEK	AED	SGD	AUD	QAR
Financial Assets									
Trade receivables	54.11	-	-	-	-	1.27	0.11	-	-
Derivative assets	-	-	-	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	54.11	-	-	-	-	1.27	0.11	-	-
Financial Liabilities									
Trade Payables	67.21	0.57	0.01	-	0.01	0.38	(0.03)	0.00	(0.79)
Derivative liabilities									
Foreign exchange forward contracts	(19.12)	-	-	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	48.09	0.57	0.01	-	0.01	0.38	(0.03)	0.00	(0.79)

Consolidated Notes to the Financial Statements

(₹/Crores)

	31-Mar-16						
	USD	EUR	GBP	JPY	SEK	AED	SGD
Financial Assets							
Trade receivables	35.98	0.14	-	-	-	1.26	-
Derivative assets	-	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	35.98	0.14	-	-	-	1.26	-
Financial Liabilities							
Trade Payables	80.57	0.26	0.06	0.03	(0.10)	-	(0.01)
Derivative liabilities							
Foreign exchange forward contracts	(50.17)	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	30.40	0.26	0.06	0.03	(0.10)	-	(0.01)

(₹/Crores)

	1-Jul-15							
	USD	EUR	GBP	JPY	SEK	AED	SGD	ZAR
Financial Assets								
Trade receivables	32.59	0.13	-	-	-	3.70	-	0.14
Derivative assets	-	-	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	32.59	0.13	-	-	-	3.70	-	0.14
Financial Liabilities								
Trade Payables	55.81	0.07	0.01	0.15	0.02	-	(0.33)	-
Derivative liabilities								
Foreign exchange forward contracts	(28.18)	-	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	27.63	0.07	0.01	0.15	0.02	-	(0.33)	-

(b) Sensitivity

The Group's foreign currency exposure as at the reporting date is insignificant, hence, any change in underlying rates of foreign currency are not expected to materially impact the financial statements.

42 Capital Management

Risk management

The Group's objective when managing capital are to safeguard their ability to continue as going concern and to maintain an optimal capital structure to reduce the cost of capital.

The Capital structure as of March 31, 2017, March 31, 2016 and July 1, 2015 were as follows:

(₹/Crores)

	March 31, 2017	March 31, 2016	July 1, 2015
Total Debt	1,337.31	1,281.23	1,248.98
Equity	549.42	803.93	1,013.17
Capital and net debt	1,886.73	2,085.16	2,262.15
Gearing ratio	70.88%	61.45%	55.21%

The Group is not subject to any externally imposed capital requirements for the year ended March 31, 2017, March 31, 2016 and July 1, 2015.

43 Segment Reporting

- The Company's chief operating decision maker, considering the products' portfolio and geographies of operations, has identified following as primary business segments :
 - Hardware Products & Solution business comprise of sale of IT products and solutions to enterprise and government customers

Consolidated Notes to the Financial Statements

- (ii) The Services business provides IT infrastructure managed services, multi vendor technical support, break-fix services, cloud services, enterprise application services, software development & support services, office automation maintenance services, managed print services and telecom & consumer electronics support services.
- (iii) Learning business includes rendering training services, sale of educational digital content and related Hardware offerings for private schools, colleges and other education institutes and vocational training.
- (iv) The distribution segment consist of distribution of (a) Consumer Products including telecommunication, digital lifestyle products and consumer electronic & home appliances (b) Enterprise products including IT products, Enterprise software and Office Automation products.

Consolidated Segment wise performance for the year ended March 31, 2017

(b) Primary Segments

	(₹/Crores)					
	Hardware Products & Solutions	Services	Distribution	Learning	Inter- segment Elimination	Total
(i) Revenue						
External Revenue	360.53	917.56	2446.21	13.23		3737.53
	(347.84)	(718.99)	(2572.92)	(16.48)		(3656.23)
Inter-segment Revenue	1.08	28.27	23.83	0.06	-53.24	
	(9.46)	(22.36)	(36.20)	(0.03)	(-68.05)	
Total Gross Revenue	361.61	945.83	2470.04	13.29	-53.24	3737.53
	(357.30)	(741.35)	(2609.12)	(16.51)	(-68.05)	(3656.23)
(ii) Results	-5.69	-52.08	7.10	-7.85		(58.52)
	(2.63)	(-39.84)	(6.44)	(-9.07)		(-39.84)
Exceptional Items		(50.00)		(11.00)		(61.00)
				(70.00)		(70.00)
Results (after Exceptional Items)	-5.69	-102.08	7.10	-18.85		-119.52
	(2.63)	(-39.84)	(6.44)	(-79.07)		(-109.84)
Less: Unallocable Expenditure						10.52
						(10.49)
Operating Profit						-130.04
						(-120.33)
Add: Other Income (Excluding Operational Income)						27.66
						(26.94)
Less: Finance Charges						190.29
						(125.69)
Profit/(Loss) before exceptional and extraordinary items and tax						-292.67
						(-219.08)
Profit/(Loss) before tax						(-292.67)
						(-219.08)
Less: Tax Expense						-45.00
						(-4.78)
Profit After Tax						-247.67
						(-214.30)

Consolidated Notes to the Financial Statements

	(₹/Crores)					
	Hardware Products & Solutions	Services	Distribution	Learning	Inter- segment Elimination	Total
(iii) Segment Assets as at						
-March 31, 2017	1,238.50	740.53	442.04	74.35		2,495.42
-March 31, 2016	(1,548.91)	(947.11)	(491.28)	(142.48)		(3,129.78)
-July 1, 2015	(1,808.13)	(985.91)	(465.22)	(244.70)		(3,503.96)
Unallocated Corporate Assets						
a) Liquid Assets as at						
-March 31, 2017						120.87
-March 31, 2016						(50.16)
-July 1, 2015						(318.63)
b) Others as at						
-March 31, 2017						567.74
-March 31, 2016						(386.46)
-July 1, 2015						(205.44)
Total Assets as at						
-March 31, 2017						3,184.03
-March 31, 2016						3,566.40
-July 1, 2015						4,028.03
(iv) Segment Liabilities as at						
-March 31, 2017	585.37	222.15	427.39	16.39		1,251.30
-March 31, 2016	(708.51)	(215.50)	(470.76)	(21.40)		(1,416.17)
-July 1, 2015	(909.81)	(255.62)	(425.79)	(23.01)		(1,614.23)
Unallocated Corporate Liabilities as at						
-March 31, 2017						1,383.31
-March 31, 2016						(1,346.30)
-July 1, 2015						(1,376.84)
Total Liabilities as at						
-March 31, 2017						2,634.61
-March 31, 2016						(2,762.47)
-July 1, 2015						(2,991.07)
(v) Capital Expenditure (allocable)	2.02	9.22	0.19	0.03		11.46
	(3.37)	(6.50)	(0.93)	(0.23)		(11.03)
Capital Expenditure (unallocable)						4.53
						(14.54)
(vi) Depreciation	13.30	13.93	0.82	7.86		35.91
	(9.25)	(13.27)	(0.59)	(6.04)		(29.15)
Depreciation (unallocable)						3.27
						(2.83)
(vii) Other Non Cash Expenses (allocable)	18.95	61.00	0.86	8.73		89.54
	(16.25)	(9.97)	(5.04)	(76.97)		(108.23)
Other Non Cash Expenses (unallocable)						-
						(1.02)

Note: Previous Period / year figures are given in brackets.

Consolidated Notes to the Financial Statements

There are no transactions with a single external customer that amount to 10 percent or more of the group's revenue.

The Company is domiciled in India. The amounts of its revenue from external customers attributed the entity's country of domicile and to all foreign countries is shown in the table below:

(₹/Crores)		
Revenue from external customers	For the Year ended March 31, 2017	For the Nine months Period ended March 31, 2016
India	3,291.15	3,372.98
Other countries	446.38	283.25
Total	3,737.53	3,656.23

The total of non-current assets other than financial instruments, investments accounted for using equity method and deferred tax assets, broken down by location of the assets, is shown below:

(₹/Crores)			
Revenue from external customers	March 31, 2017	March 31, 2016	July 1, 2015
India	890.24	920.86	875.23
Other countries	46.81	52.87	51.14
Total non - current assets	937.05	973.73	926.37

44 The Group has the following provision for warranty in the books of accounts:

	2017 (₹/Crores)	2016 (₹/Crores)	2015 (₹/Crores)
Opening Balance as on April 1/ July 1	-	2.12	4.54
Additions during the year	-	-	2.10
Utilised/Reversed during the year	-	2.12	4.52
Closing Balance as on March 31 / June 30	-	-	2.12

The warranty provision has been recognised for expected warranty claims for the first year of warranty on products sold during the year. Due to the very nature of such costs, Outflows of economic benefits against this provision is expected to happen within one year.

45 Taxation:

- (a) Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Group conducts the business to the profit for the period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relates to the same taxable entity and the same taxation authority.

Consolidated Notes to the Financial Statements

(b) Deferred Tax:

Major components of Deferred tax arising on account of timing difference along with their movement as at March 31, 2017 are as follows:

	(₹/Crores)				
	As at 01.07.15	Movement during the year	As at 31.03.16	Movement during the year	As at 31.03.17
Deferred Tax Assets					
Unrealised gain on Indexation of land	5.72	-	5.72	-	5.72
Provision for Doubtful Debts/Advances/ Other Current Assets	25.51	(4.92)	20.59	1.50	22.09
Tax Losses	47.10	9.15	56.25	46.54	102.79
Impact of expenditure charged to statement of profit & loss but allowable for tax purpose in future years	8.28	1.14	9.42	2.72	12.14
Minimum Alternate Tax (MAT)	33.86	1.81	35.67	2.97	38.64
Total	120.47	7.18	127.65	53.73	181.38
Deferred Tax Liabilities					
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	13.89	(1.05)	12.84	1.44	14.28
Duties, Taxes & Cess allowed for tax purpose on payment basis.	4.95	-	4.95	(3.97)	0.98
Unrealised Gain on Fair valuation of Investment in Mutual Funds	0.25	(0.19)	0.06	0.09	0.15
Forward Contracts	0.25	0.17	0.42	-	0.42
Other timing differences	0.26	0.21	0.47	-	0.47
Total	19.60	(0.86)	18.74	(2.44)	16.30
Net Deferred Tax Assets (A)-(B)	100.87	8.04	108.91	56.17	165.08

Note: MAT credit movement for the financial year 2015-16 includes adjustment of ₹5.66 Crores. There is no impact on Statement of Profit & Loss for this adjustment as this is a Balance Sheet movement.

(c) Income tax expense

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

(i) Income tax expense

	(₹/Crores)	
	For the year ending March 31, 2017	For the Period ending March 31, 2016
Current tax on profits for the year	8.28	11.37
Adjustments for current tax of prior periods	3.03	(2.48)
Total current tax expense	11.31	8.89
Deferred tax		
Decrease/(increase) in deferred tax assets	(53.74)	(12.83)
(Decrease)/increase in deferred tax liabilities	(2.43)	(0.81)
Total deferred tax expense/(benefit)	(56.17)	(13.64)
Income tax expense	(44.86)	(4.75)

Consolidated Notes to the Financial Statements

(ii) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	(₹/Crores)	
	31 March, 2017	31 March, 2016
Profit before income tax expense after other comprehensive income	(291.76)	(218.97)
Tax at the Indian tax rate of 30.90% (2015-2016 – 30.90%)	(90.15)	(67.66)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill Impairment	18.83	22.38
Expenditure related to exempt income	0.30	1.04
Dividend Income	(1.49)	0.06
Other items	(0.72)	(0.76)
Tax rate difference	1.57	0.43
Adjustments for current tax of prior periods	0.27	12.81
Tax losses for which deferred tax assets was not recognised	26.53	26.95
Income tax expense	(44.86)	(4.75)
Unused tax losses for which no deferred tax assets has been recognised	673.32	465.22
Potential tax benefit @ 30.90%	208.05	143.75

The unused tax losses is not likely to generate taxable income in foreseeable future. The losses can be carried forward as per details below:

31-Mar-18	1.51	3.12
31-Mar-19	9.81	9.81
31-Mar-20	0.00	0.00
31-Mar-21	5.94	5.94
31-Mar-22	119.07	119.07
31-Mar-23	126.38	126.38
31-Mar-24	129.47	129.47
31-Mar-25	195.61	0.00
No limit	85.53	71.43
Total	673.32	465.22

46 Leases:

a) Finance Leases:

As Lessor:

- The Group has given on finance lease certain assets/inventories which comprise of computers, radio terminals and office equipments, etc. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in the lease agreements.

Consolidated Notes to the Financial Statements

- (ii) The gross investment in the assets given on finance leases as at March 31, 2017 and its present value as at that date are as follows:

	Total minimum lease receivable (₹/Crores)	Interest included in minimum lease receivable (₹/Crores)	Present value of minimum lease receivable (₹/Crores)
Not later than one year			
As at March 31, 2017	64.33	6.50	57.83
As at March 31, 2016	(112.86)	(14.78)	(98.08)
As at July 1, 2015	(125.20)	(23.55)	(101.65)
Later than one year and not later than five years			
As at March 31, 2017	35.64	1.01	34.63
As at March 31, 2016	(92.64)	(6.43)	(86.21)
As at July 1, 2015	(171.70)	(18.49)	(153.21)
Total			
As at March 31, 2017	99.97	7.51	92.46
As at March 31, 2016	(205.50)	(21.21)	(184.29)
As at July 1, 2015	(296.90)	(42.04)	(254.86)

Note: Previous period/year figures are given in brackets.

b) Sale and Leaseback and further sub-lease on finance lease basis

- (i) The Group has entered into transaction of sale and leaseback on finance lease basis and further sub-lease on finance lease basis for certain assets/inventories which comprise of computer systems and other related products. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in these lease agreements.
- (ii) Details of minimum lease payments and minimum sub-lease receivables as at March 31, 2017 and its present value as at that date are as follows:

	Payable on sale and leaseback			Receivable on sub-lease		
	Total minimum lease payable (₹/Crores)	Interest included in minimum lease payable (₹/Crores)	Present value of minimum lease payable (₹/Crores)	Total minimum lease receivable (₹/Crores)	Interest included in minimum lease receivable (₹/Crores)	Present value of minimum lease receivable (₹/Crores)
Not later than one year						
As at March 31, 2017	2.13	0.37	1.76	3.32	0.34	2.98
As at March 31, 2016	(4.02)	(0.68)	(3.34)	(3.43)	(0.66)	(2.77)
As at July 1, 2015	(5.35)	(1.17)	(4.18)	(5.74)	(0.82)	(4.92)
Later than one year and not later than five years						
As at March 31, 2017	2.02	0.17	1.85	0.53	0.02	0.51
As at March 31, 2016	(3.62)	(0.28)	(3.34)	(3.66)	(0.29)	(3.37)
As at July 1, 2015	(7.10)	(0.83)	(6.27)	(6.16)	(0.85)	(5.31)
Total						
As at March 31, 2017	4.15	0.54	3.61	3.85	0.36	3.49
As at March 31, 2016	(7.64)	(0.96)	(6.68)	(7.09)	(0.95)	(6.14)
As at July 1, 2015	(12.45)	(2.00)	(10.45)	(11.90)	(1.67)	(10.23)

Note: Previous period/year figures are given in brackets.

Consolidated Notes to the Financial Statements

c) Sale and Leaseback

As Lessee:

	Total minimum lease payable (₹/Crores)	Interest included in minimum lease payable (₹/Crores)	Present value of minimum lease payable (₹/Crores)
Not later than one year			
As at March 31, 2017	2.33	0.19	2.14
As at March 31, 2016	(1.41)	(0.42)	(0.99)
As at July 1, 2015	(3.87)	(0.60)	(3.27)
Later than one year and not later than five years			
As at March 31, 2017	0.36	0.01	0.35
As at March 31, 2016	(3.22)	(0.46)	(2.76)
As at July 1, 2015	(4.28)	(0.76)	(3.52)
Total			
As at March 31, 2017	2.69	0.20	2.49
As at March 31, 2016	(4.63)	(0.88)	(3.75)
As at July 1, 2015	(8.15)	(1.36)	(6.79)

d) Cancelable Operating Leases

As Lessee:

- The Group has taken various residential/commercial premises under cancelable operating leases. These leases are for a period of eleven months to three years and are normally renewable on expiry.
- The rental expense in respect of operating leases is ₹48.88 crores (2016 - ₹ 33.23 Crores) which is disclosed as Rent expense under 'Other expenses'.

As Lessor:

		(₹/Crores)			
Particulars	AS At	Gross Block	Accumulated Depreciation	Net Block	Depreciation Expense
Freehold Land	March 31, 2017	1.87	-	1.87	-
	March 31, 2016	(1.87)	-	(1.87)	(-)
	July 1, 2015	(1.01)	(-)	(1.01)	
Building	March 31, 2017	16.98	3.93	13.05	0.26
	March 31, 2016	(16.98)	(3.68)	(13.30)	(0.19)
	July 1, 2015	(4.57)	(2.27)	(2.30)	
Plant and Machinery	March 31, 2017	20.39	12.75	7.64	3.21
	March 31, 2016	(36.06)	(21.41)	(14.65)	(5.16)
	July 1, 2015	(33.49)	(16.08)	(17.41)	
Furniture and Fixtures & Office Equipments	March 31, 2017	5.42	1.48	3.94	0.57
	March 31, 2016	(5.43)	(0.92)	(4.51)	(0.67)
	July 1, 2015	(-)	(-)	(-)	
Computers	March 31, 2017	0.23	0.15	0.08	0.06
	March 31, 2016	(0.27)	(0.13)	(0.14)	(0.04)
	July 1, 2015	(-)	(-)	(-)	
TOTAL	March 31, 2017	44.89	18.31	26.58	4.10
	March 31, 2016	(60.61)	(26.14)	(34.47)	(6.06)
	July 1, 2015	(39.07)	(18.35)	(20.72)	

Note: Previous period/year's figures are given in brackets.

Consolidated Notes to the Financial Statements

d) Non-Cancelable Operating Leases

As Lessee:

The Group has taken Commercial Premises on non-cancelable operating leases the future minimum lease payments in respect of which are:

	March 31, 2017 (₹/Crores)	March 31, 2016 (₹/Crores)	July 1, 2015 (₹/Crores)
Not later than one year	0.93	1.43	1.55
Later than one year and not later than five years	0.15	1.10	2.18
Total	1.08	2.53	3.73

47 Earnings per share (EPS)

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

Calculation of EPS:

	(₹/Crores)	
Particulars	March 31, 2017	March 31, 2016
(Loss) after tax (₹/Crores)	(247.67)	(214.30)
Weighted average number of shares considered as outstanding in computation of Basic EPS	222,919,629	222,913,520
Weighted average number of shares outstanding in computation of Diluted EPS	222,919,629	222,913,520
Basic EPS (of ₹ 2/- each)	(₹ 11.11)	(₹ 9.61)
Diluted EPS (of ₹ 2/- each)	(₹ 11.11)	(₹ 9.61)

48 The Group has calculated the various benefits provided to employees as under:

(a) Defined Contribution

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

	March 31, 2017 (₹/Crores)	March 31, 2016 (₹/Crores)
Employers Contribution to Superannuation Fund*	0.73	0.79
Employers Contribution to National Pension Scheme*	0.22	0.08
Employers contribution to Employee State Insurance*	2.93	2.52
Employers contribution to Employee's Pension Scheme 1995*	8.13	11.10

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 32).

(b) Defined Benefit

- (i) Gratuity
- (ii) Provident Fund#

The Company contributes to the employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which is managed by the Company. The Company's Provident Fund Trust is exempted under Section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate. As per Ind AS – 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

Consolidated Notes to the Financial Statements

The Trust includes employees of the Company as well as of its Indian wholly owned subsidiaries and of HCL Corporation Private Limited, a related party. In view of the same, it is a multi employer defined benefit plan.

The Trust has been investing the Provident fund contributions of the employees of all the six companies in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the Ind AS-19, was carried out at composite level. As per actuarial certificate there is no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" is nil.

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

	Gratuity			Provident Fund		
	March 31, 2017	March 31, 2016	July 1, 2015	March 31, 2017	March 31, 2016	July 1, 2015
Discount rate (per annum)	6.57%	7.44%	8.00%	Not Applicable	Not Applicable	Not Applicable
Rate of increase in compensation levels	4.10%	6.00%	6.00%	Not Applicable	Not Applicable	Not Applicable
Rate of return on plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Expected statutory interest rate	Not Applicable	Not Applicable	Not Applicable	8.65%	8.80%	8.75%
Expected short fall in interest earnings	Not Applicable	Not Applicable	Not Applicable	0.05%	0.05%	0.05%
Expected average remaining working lives of employees (years)	17.94	19.20	19.74	17.94	19.20	19.74

As of March 31, 2017, every 0.5 percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately by ₹ 0.22 Crores.

As of March 31, 2017, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect our gratuity benefit obligation by approximately ₹ 0.22 Crores

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

Description of Risk Exposures:

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

- Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Consolidated Notes to the Financial Statements

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

(₹/Crores)

	2017		2016		2015	
	Gratuity	Provident Fund	Gratuity	Provident Fund	Gratuity	Provident Fund
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:						
Present value of obligation at the beginning of the year	20.10	182.22	20.10	167.44	22.07	169.36
Current service cost	2.00	6.28	2.75	6.80	0.91	7.11
Past service cost	-	-	-	-	-	-
Interest cost	1.24	14.58	1.04	13.40	1.32	13.55
Total amount recognised in profit or loss	3.24	20.86	3.79	20.20	2.23	20.66
Actuarial (gain)/loss from change in demographic assumptions	0.03		(0.01)		0.27	
Actuarial (gain)/loss from change in financial assumptions	(0.44)	0.01	-	-	0.28	-
Experience (Gain)/loss	(0.50)	(1.96)	(0.07)	(1.46)	3.22	(9.11)
Total amount recognised in other comprehensive income	(0.91)	(1.95)	(0.08)	(1.46)	3.77	(9.11)
Benefits (paid)	(6.67)	(32.32)	(3.71)	(31.78)	(7.97)	(36.07)
Settlements/transfer In	-	6.89	-	9.34	-	5.23
Contribution by plan participants	-	16.75	-	18.48	-	17.37
Present value of obligation at the end of the year	15.76	192.45	20.10	182.22	20.10	167.44

(₹/Crores)

	2017	2016	2015
	Provident Fund	Provident Fund	Provident Fund
Reconciliation of opening and closing fair value of plan assets:			
Fair value of plan assets at the beginning of the year	195.62	177.69	169.62
Expected Return on Plan Assets	16.57	15.64	14.84
Employer Contribution	6.28	6.80	7.11
Settlements/Transfer In	6.89	9.34	5.23
Employee Contribution	16.75	18.48	17.37
Benefit Paid	(32.32)	(31.78)	(36.07)
Actuarial gain/(loss) on Plan Assets	0.00	(0.55)	(0.41)
Fair value of plan assets at the end of the year	209.79	195.62	177.69

Consolidated Notes to the Financial Statements

(₹/Crores)

	2017		2016	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Cost recognised for the year:				
Current service cost	2.00	-	2.75	-
Company contribution to Provident Fund	-	6.28	-	6.80
Past service cost	-	-	-	-
Interest cost	1.24	-	1.04	-
Actuarial (gain)/loss	(0.91)	-	(0.08)	-
Interest guarantee liability	-	-	-	-
Shortfall in fund	-	-	-	-
Net cost recognised for the year*	2.33	6.28	3.71	6.80 @

* Included in Salaries, Wages, Bonus and Gratuity for Gratuity and Contribution to Provident and Other Funds for Provident Fund under Employee benefits expense (Refer Note 32).

The Group contribution to the Provident Fund for the year is ₹11.90 Crores and the remaining relates to other related companies as mentioned above

The major categories of plan assets are as follows:

	As at 31.03.2017 Unquoted in %	As at 31.03.2016 Unquoted in %	As at 30.06.2015 Unquoted in %
Central Government Securities	35.44	37.35	38.31
State Government Securities	19.90	16.02	15.13
Public Sector Bonds	34.36	37.10	37.25
Special Deposit Scheme	7.73	8.31	9.18
Equity	1.69	0.79	0.00
Bank Balance	0.88	0.43	0.13
Total	100.00	100.00	100.00

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

(₹/Crores)

	Gratuity					
	2017	2016	2015	2014	2013	2012
Present value of the obligation as at the end of the year	15.76	20.10	20.10	19.84	22.07	22.81
Fair value of plan assets at the end of the year	-	-	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(15.76)	(20.10)	(20.10)	(19.84)	(22.07)	(22.81)
Experience adjustment in plan liabilities	(0.50)	(0.07)	3.22	(0.84)	0.16	0.03
Experience adjustment in plan assets	-	-	-	-	-	-
	Provident Fund					
	2017	2016	2015	2014	2013	2012
Present value of the obligation as at the end of the year	(192.45)	(182.22)	(167.44)	(169.36)	(152.84)	(140.49)
Fair value of plan assets at the end of the year	209.79	195.62	178.10	169.62	152.85	141.86
Assets/(Liabilities) recognised in the Balance Sheet	_*	_*	_*	_*	_*	_*
Expected Contribution to the Provident fund in the next year	6.78	7.34	7.82			

** As there is surplus, same has not been recognised in Balance Sheet.

Consolidated Notes to the Financial Statements

- 49** Subsequent to the balance sheet date, The Board of Directors of HCL Infosystems Limited in its Board Meeting held on 27th April, 2017 has approved the slump sale of an undertaking (Digischool Business undertaking consisting of business of sale of software licenses to K-12 schools) of HCL Learning Limited, a wholly owned subsidiary, on a going concern basis to M/s. Everest Edusys and Solutions Private Limited. Subject to customary closing adjustments, the Sale consideration for the transaction is ₹ 20 Crores as a mix of Cash and 12% Secured Optionally Convertible Debentures and Issuance of 4,056,738 Equity Shares of Everest Edusys & Solutions Pvt. Ltd., to HCL Learning Limited on the Closing Date, having a face value of ₹ 10 (Rupees Ten Only), representing 33% of equity capital on a fully diluted basis. The closure of slump sale transaction is subject to certain conditions listed out in the Business Transfer Agreement.

Subsequent to the closure of the said acquisition, M/s. Everest Edusys and Solutions Private Limited would become an Associate Company of HCL Learning Limited.

- 50** The results of HCL Touch Inc. have been taken on the basis of unaudited financial statements for the year ended March 31, 2017. It is unlikely that the audited results would be materially different from the unaudited results.

51 Contracts-in-progress

	As at March 31, 2017 (₹/Crores)	As at March 31, 2016 (₹/Crores)	As at July 1, 2015 (₹/Crores)
Revenue from Composite Contracts recognised for the period	238.79	235.63	-
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	4,853.65	4,614.86	4,379.23
The amount of advances received	30.20	30.62	34.18
Gross amount due from customers for contracts-in-progress	63.67	73.03	54.59
Gross amount due to customers for contracts-in-progress	188.35	246.33	285.45

- 52** The Group had an interest in the following jointly venture as at March 31, 2016, however the Group has sold its investments during the year ended March 31, 2017, which does not have any material impact on these financial statements :

Name of the Company	Portion of Ownership	Incorporated in	Accounting Method
Nokia HCL Mobile Internet Services Limited	49%	India	Equity Method

In the opinion of management, the aggregate amounts of assets, liabilities, income and expenditure, to the extent of Group's interest in the joint venture, is not material as at March 31, 2016 and July 1, 2016.

53 Expenditure on Research and Development:

	2017 (₹/Crores)	2016 (₹/Crores)	2015 (₹/Crores)
Capital	-	-	0.52
Add: Intangible assets under development	-	2.16	-
	-	2.16	0.52
Revenue (Depreciation, Personnel, Travel and Other Administration expenses)	-	11.97	15.84
Less: Transferred to Intangible assets under development	-	2.16	-
	-	9.81	15.84
Total	-	11.97	16.36

54 Employee Stock Option Plan (ESOP):

- (a) The Company has established Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005, for which a total grant of 31,90,200 and 33,35,487 options have been set aside respectively for the employees of the Company and its subsidiaries. These options vest on a graded basis over a period of 42 and 60 months respectively from the date of grant and are to be exercised within a maximum period of 5 years from the date of vesting.

The Board of Directors/Committee approves the grant of options, including the grant of options that lapse out of each grant. Each option of ₹ 10/- confers on the employee a right to five equity shares of ₹ 2/- each.

Consolidated Notes to the Financial Statements

Exercise price is market price as specified in the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India ("SEBI").

Details of Grants made under Employee Stock Option Scheme 2000 as on 31.03.2017

(₹/Crores)

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
15-Mar-07	648.75	-	-	-	-	-	-	-
		(49,200)	(-)	(-)	(-)	(49,200)	(-)	(-)
23-Jan-08	898.25	4,171	-	-	-	4,171	-	-
		(7,598)	(-)	(-)	(-)	(3,427)	(4,171)	(4,171)
30-Jan-12	233.25	-	-	-	-	-	-	-
		(6,000)	(-)	(-)	(-)	(6,000)	(-)	(-)
9-Sep-13	132	4,000	-	4,000	-	-	-	-
		(7,000)	(-)	(-)	(3,000)	(-)	(4,000)	(-)
18-Sep-14	380.00	-	-	-	-	-	-	-
		(15,000)	(-)	(12,000)	(-)	(3,000)	(-)	(-)
21-Nov-14	363.75	10,000	-	7,000	-	3,000	-	-
		(10,000)	(-)	(-)	(-)	(-)	(10,000)	(3,000)
Total		18,171	-	11,000	-	7,171	-	-
		(94,798)	(-)	(12,000)	(3,000)	(61,627)	(18,171)	(7,171)

Note: Previous period figures are given in brackets.

Details of Grants made under Employee Stock Based Compensation Plan 2005 as on 31.03.2017

(₹/Crores)

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
13-Aug-05	1,144.00	-	-	-	-	-	-	-
		(188,698)	(-)	(-)	(-)	(188,698)	(-)	(-)
19-Oct-05	1,157.50	-	-	-	-	-	-	-
		(3,198)	(-)	(-)	(-)	(3,198)	(-)	(-)
15-Nov-05	1,267.75	-	-	-	-	-	-	-
		(1,070)	(-)	(-)	(-)	(1,070)	(-)	(-)
15-Dec-05	1,348.25	-	-	-	-	-	-	-
		(470)	(-)	(-)	(-)	(470)	(-)	(-)
14-Jan-06	1,300.00	-	-	-	-	-	-	-
		(340)	(-)	(-)	(-)	(340)	(-)	(-)
15-Feb-06	1,308.00	-	-	-	-	-	-	-
		(280)	(-)	(-)	(-)	(280)	(-)	(-)
16-Mar-06	1,031.00	-	-	-	-	-	-	-
		(690)	(-)	(-)	(-)	(690)	(-)	(-)
17-Apr-06	868.75	160	-	-	-	160	-	-
		(160)	(-)	(-)	(-)	(-)	(160)	(160)

Consolidated Notes to the Financial Statements

(₹/Crores)

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
15-May-06	842.50	810	-	-	-	810	-	-
		(810)	(-)	(-)	(-)	(-)	(810)	(810)
15-Jun-06	620.50	540	-	-	-	540	-	-
		(860)	(-)	(-)	(-)	(320)	(540)	(540)
17-Jul-06	673.75	310	-	-	-	310	-	-
		(620)	(-)	(-)	(-)	(310)	(310)	(310)
15-Mar-07	648.75	35,180	-	-	-	35,180	-	-
		(78,840)	(-)	(-)	(-)	(43,660)	(35,180)	(35,180)
23-Jan-08	898.25	9,960	-	-	-	5,895	4,065	4,065
		(18,585)	(-)	(-)	(-)	(8,625)	(9,960)	(9,960)
17-Aug-11	375.00	7,000	-	-	-	7,000	-	-
		(7,000)	(-)	(-)	(-)	(-)	(7,000)	(5600)
30-Jan-13	186.00	20,000	-	-	-	-	20,000	16,000
		(20,000)	(-)	(-)	(-)	(-)	(20000)	(12000)
Total		73,960	-	-	-	49,895	24,065	20,065
		(321,621)	(-)	(-)	(-)	(247,661)	(73,960)	(64,560)

Note: Previous period figures are given in brackets.

(b) **Fair Value of options**

Assumptions

The fair value of each stock option granted under Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005 as on the date of grant has been computed using Black-Scholes Option Pricing Formula and the model inputs are given as under:

	Employee Stock Option Scheme 2000	Employee Stock Based Compensation Plan 2005
Volatility	31% to 68%	31% to 65%
Risk free rate	6.25% to 6.783%	6.25% to 6.82%
Exercise Price	132.00 to 1,271.25	178.00 to 1,348.25
Time to Maturity (years)	2.20 to 5.50	2.50 to 7.00
Dividend Yield	0% to 32%	0% to 37%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 1.69 to ₹ 196.18	₹ 0.00 to ₹ 268.16

Notes:

1. Volatility: Based on historical volatility in the share price movement of the Company.
2. Risk Free Rate: Being the interest rate applicable for maturity equal to the expected life of options based on yield curve for Government Securities.
3. Time to Maturity: Vesting period and volatility of the underlying equity shares have been considered for estimation.
4. Dividend Yield: Based on historical dividend payouts.

Consolidated Notes to the Financial Statements

55 Note on Goodwill Impairment

The Group has goodwill attributable to two CGUs/ Group of CGUs viz. Services and Learning segments in the consolidated financial statements.

The Group tests goodwill for impairment annually on March 31 and whenever there are indicators of impairment. Impairment testing is performed at the level of each CGU or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment.

The impairment assessment is based on value in use calculations except in case of Learning business, where fair value less cost to sell is used in view of the impending transaction of sale of Digischool business undertaking with Everest Edusys and Solutions Private Limited, as explained below. During the year, the testing resulted in impairment charge in the carrying amount of goodwill for both Services and Learning.

The carrying amount of goodwill (net of impairment) has been allocated to the following CGU/ Group of CGUs:

	As at July 1, 2015	During the Year Ended March 31, 2016		As at March 31, 2016	During the Year Ended March 31, 2017		As at March 31, 2017
		Translation adjustment	Impairment		Translation adjustment	Impairment	
Services - India, Singapore and Middle East	522.85	2.44		525.29	(2.47)	(50.00)	472.82
Learning	112.42	-	(70.00)	42.42		(11.00)	31.42
Total	635.27	2.44	(70.00)	567.71	(2.47)	(61.00)	504.24

The movement in goodwill balance is given below:

	Year ended		
	31-Mar-17	31-Mar-16	1-Jul-15
Balance at the beginning of the year	567.71	635.27	633.08
Translation adjustment	(2.47)	2.44	2.19
Impairment during the year	61.00	70.00	-
Balance at the end of the year	504.24	567.71	635.27

Subsequent to the year-end, the Board of Directors of HCL Learning Limited (the wholly owned subsidiary), in its meeting held on April 27, 2017, approved the slump sale of Digischool Business, comprising of sale of digitised educational content's licenses to digischools, on a going concern basis to M/s. Everest Edusys and Solutions Private Limited (the "Entity"). Pursuant to this, HCL Learning Limited has entered into a business transfer arrangement and shareholders' agreement with the entity and other shareholders of the entity, for sale of Digischool business, for a specified consideration, comprising of cash, secured optionally convertible debentures and specified stake in the entity (i.e. the combined entity, after transfer of Digischool business undertaking). The closure of slump sale transaction is subject to certain conditions listed out in the Business Transfer Agreement. Subsequent to the closure of the said acquisition, M/s. Everest Edusys and Solutions Private Limited would become an Associate Company of HCL Learning Limited.

The measurement of fair value less cost to sell in case of Learning has been determined based on aggregate of sale consideration (including fair value of specified stake to be received by the Group in the entity) of Digischool business undertaking, as mentioned in the business transfer agreement mentioned above, and carrying values of remaining assets and liabilities in HCL Learning Limited, which are not attributable to the Digischool business undertaking. The remaining assets and liabilities are related to existing contracts of erstwhile business of HCL Learning Limited, which needs to be serviced over the remaining tenure of such contracts, and borrowings which are not being transferred.

The measurement of value-in-use for Services, during the year ended March 31, 2017, period ended March 31, 2016 and as at July 1, 2015, and Learning, during the period ended March 31, 2016 and as at July 1, 2015, is determined based on approved five year financial plans (planning period). The planning horizon reflects the assumptions for short-to-mid term

Consolidated Notes to the Financial Statements

market developments. Cash flows beyond the planning period are extrapolated using appropriate terminal growth rates. The terminal growth rates used do not exceed the long term average growth rates of the respective industry and country in which the Group operates and are consistent with forecasts included in industry reports.

Key assumptions used in value-in-use calculations are :

- Discount rate
- Terminal Growth rates

Discount rate: Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated based on the weighted average cost of capital for respective CGU or group of CGUs.

Terminal growth rates: The growth rates used are in line with the long term average growth rates of the respective industry and country in which the entity operates and are consistent with the forecasts included in the industry reports.

The key variables used in the calculation are as below -

Services :

Assumptions	Singapore			MEA			India		
	31-Mar-17	31-Mar-16	30-Jun-15	31-Mar-17	31-Mar-16	30-Jun-15	31-Mar-17	31-Mar-16	30-Jun-15
Terminal value long-term growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.20%	4.00%	4.00%	4.00%
After tax discount rate	17.00%	16.50%	16.50%	20.00%	17.50%	17.50%	16.50%	16.00%	16.03%

Learning :

Assumptions	Learning		
	31-Mar-17	31-Mar-16	30-Jun-15
Terminal value long-term growth rate	N.A	5.00%	4.00%
After tax discount rate	N.A	17.00%	16.52-18.52%

In respect of Services, the Group has identified an impairment charge of ₹ 50 crores during the year considering the past business performance in the markets wherein Group operates in, changes in the market dynamics, current business strategy and focus areas for the future years. While the Group is optimistic about the future growth prospects, it has taken a holistic view of the past performance while designing the future outlook, with renewed strategy. No impairment was identified during the year ended March 31, 2016 and as at July 1, 2015.

In respect of Learning, considering the impending transaction of sale of Digischool business undertaking, the Group has recognized an impairment charge of ₹ 11 Crores (2016- ₹ 70 Crores) during the year, on account of write down of Goodwill. An impairment charge of ₹ 70 crores was recognised during the period ended March 31, 2016, due to modification in the business model and changes in the overall business environment for the segment. No impairment was identified as at July 1, 2015.

An analysis of the calculation's sensitivity to a change in the key variables, as mentioned above, based on reasonably probable assumptions, did not identify any probable scenarios where the recoverable amount would fall below its carrying amount as at March 31, 2016 and July 1, 2015 for services business and as at July 1, 2015 for learning business. However, an increase/decrease in the discount rate and long term growth rate by 0.5% shall increase/decrease the impairment charge as taken in March 31, 2017 for Services business by approximate ₹ 15 Cr and impairment charge as taken in March 31, 2016 for Learning business by approximate ₹ 6 Cr.

The recoverable value for learning business as on March 31, 2017 has been assessed based on sale consideration as stipulated in the Business Transfer Agreement, in view of the impending transaction of sale of Digischool business undertaking, hence, it is not sensitive to use of any assumptions."

Consolidated Notes to the Financial Statements

56 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

	(₹/Crores)		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.44	0.00	0.44
(+) Permitted receipts	-	3.65	3.65
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	0.44	3.50	3.94
Closing cash in hand as on 30.12.2016	-	0.15	0.15

57 Remuneration to Auditor*:

	(₹/Crores)	
	Year ended 31.03.2017	Nine months period ended 31.03.2016
a) Statutory Audit	2.08	1.96
b) Other Audit Services/Certifications	0.58	0.50
c) Others	-	-
c) Out-of-Pocket Expenses	0.13	0.08
TOTAL	2.79	2.54

* Excluding service tax.

58 Additional information to consolidated accounts as at March 31, 2017 (Pursuant to Schedule III of the Companies Act 2013):

Name of the Entity	Net Assets i.e, total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net (profit) / loss	Amount	As a % of consolidated net (profit) / loss	Amount	As a % of consolidated net (profit) / loss	Amount
Parent company								
HCL Infosystems Limited	113.22	622.07	17.11	(42.38)	(0.88)	0.06	16.63	(42.32)
Subsidiaries: Indian								
Digilife Distribution and Marketing Services Limited	0.62	3.43	(0.55)	1.35	0.03	(0.00)	(0.53)	1.35
HCL Computing Products Limited	0.01	0.04	0.00	(0.01)	0.00	0.00	0.00	(0.01)
HCL Services Limited	9.82	53.94	30.21	(74.82)	(3.94)	0.27	29.29	(74.55)
HCL Learning Limited	(3.14)	(17.25)	6.86	(17.00)	(1.14)	0.08	6.65	(16.92)
HCL Infotech Limited	(32.15)	(176.62)	52.00	(128.78)	(5.41)	0.37	50.45	(128.41)
Pimpri Chinchwad eServices Limited	(0.01)	(0.03)	0.00	(0.01)	0.00	0.00	0.00	(0.01)
Subsidiaries: Foreign								
HCL Touch Inc., USA	(0.27)	(1.46)	0.78	(1.93)	(1.97)	0.14	0.70	(1.79)
HCL Infosystems MEA FZE, Dubai	(0.61)	(3.35)	4.90	(12.14)	(559.47)	38.25	(10.26)	26.11
HCL Infosystems LLC, Dubai	(2.16)	(11.88)	1.38	(3.43)	(1,986.89)	135.88	(52.04)	132.45
HCL Infosystems MEA LLC, Abu Dhabi	(0.11)	(0.63)	(1.01)	2.51	(105.37)	7.21	(3.82)	9.72
HCL Infosystems Qatar WLL	2.70	14.84	(2.49)	6.16	2,481.94	(169.74)	64.27	(163.58)
HCL Insys Pte Limited, Singapore	18.03	99.05	(9.01)	22.33	279.13	(19.09)	(1.27)	3.24
HCL Investment Pte Limited, Singapore	2.31	12.70	0.00	(0.01)	3.96	(0.27)	0.11	(0.28)
Joint Venture								
Nokia HCL Mobile Internet Services Limited	0.00	0.00	0.12	(0.30)	0.00	0.00	0.12	(0.30)
Intra-Group Eliminations	(8.27)	(45.43)	(0.32)	0.79	0.00	0.00	(0.31)	0.79
Total	100.00	549.42	100.00	(247.67)	100.00	(6.84)	100.00	(254.51)

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58 Additional information to consolidated accounts as at March 31, 2017 (Pursuant to Schedule III of the Companies Act 2013): (Contd.)

(₹/Crores)

Name of the Entity	Net Assets i.e, total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net (profit) / loss	Amount	As a % of consolidated net (profit) / loss	Amount	As a % of consolidated net (profit) / loss	Amount
Parent company								
HCL Infosystems Limited	122.45	984.39	(20.62)	44.19	0.60	0.03	(21.13)	44.22
Subsidiaries: Indian								
Digilife Distribution and Marketing Services limited	(0.74)	(5.92)	(0.85)	1.83	(0.05)	(0.00)	(0.88)	1.83
HCL Computing Products Limited	0.01	0.06	0.00	(0.01)	0.00	0.00	0.00	(0.01)
HCL Services Limited	15.98	128.50	26.47	(56.71)	0.80	0.04	27.08	(56.67)
HCL Learning Limited	(0.04)	(0.33)	13.02	(27.91)	0.20	0.01	13.33	(27.90)
HCL Infotech Limited	(6.00)	(48.20)	34.58	(74.11)	0.00	0.00	35.41	(74.11)
Pimpri Chinchwad eServices Limited	(0.00)	(0.01)	0.01	(0.01)	0.00	0.00	0.01	(0.01)
Subsidiaries: Foreign								
HCL Touch Inc., USA	0.05	0.42	0.01	(0.02)	2.70	0.14	(0.06)	0.12
HCL Infosystems MEA FZE, Dubai	(3.25)	(26.14)	9.96	(21.35)	(66.22)	(3.32)	11.79	(24.67)
HCL Infosystems LLC, Dubai	(1.02)	(8.23)	(0.13)	0.28	(20.83)	(1.05)	0.37	(0.77)
HCL Infosystems MEA LLC, Abu Dhabi	(0.37)	(2.95)	(1.76)	3.76	(7.48)	(0.38)	(1.61)	3.38
HCL Infosystems Qatar WLL	1.21	9.72	(2.96)	6.35	24.62	1.24	(3.63)	7.59
HCL Infosystems South Africa (Pty) Limited	(0.13)	(1.06)	0.00	(0.00)	0.00	0.00	0.00	(0.00)
HCL Insys Pte Limited, Singapore	19.85	159.55	(6.57)	14.07	155.32	7.79	(10.44)	21.86
HCL Investment Pte Limited, Singapore	1.61	12.98	0.03	(0.07)	10.34	0.52	(0.22)	0.45
Joint Venture								
Nokia HCL Mobile Internet Services Limited	(0.05)	(0.41)	0.02	(0.05)	0.00	0.00	0.02	(0.05)
Intra-Group Eliminations	(49.56)	(398.44)	48.78	(104.54)	0.00	0.00	49.95	(104.54)
Total	100.00	803.93	100.00	(214.30)	100.00	5.02	100.00	(209.28)

59 In compliance with the Section 2(41) of Companies Act, 2013, the company has changed its Financial year end from June 30 to March 31 in 2016. Accordingly, the previous year's figures are for the nine month period from July 1, 2015 to March 31, 2016 and to the extent are not comparable with those for the current year. Previous year's figures have also been regrouped / recasted, wherever necessary, to conform to the current period's presentation.

For Price Waterhouse

Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI

Partner
Membership Number - 056155

Place : Noida
Dated :

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI

Executive Vice Chairman
& Managing Director
DIN - 03114983

S G MURALI

Group Chief Financial Officer

KAUSHIK DUTTA

Director
DIN - 03328890

SUSHIL KUMAR JAIN

Company Secretary

**Statement pursuant to first proviso to sub section (3) of Section 129 of the Companies Act 2013,
read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed FORM AOC-1 relating to Subsidiaries / Joint Venture**

(₹ Crores) except % of shareholding

S. No.	Name of the Subsidiary Company / Joint Venture	Reporting Currency	Exchange Rate	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of Share holding	Country
1	Digilife Distribution and Marketing Services limited	INR	1.00	56.05	(52.62)	37.72	34.28	-	211.45	1.36	0.00	1.35	-	100	India
2	HCL Computing Products Limited	INR	1.00	0.10	(0.06)	0.08	0.04	-	-	(0.01)	-	(0.01)	-	100	India
3	HCL Services Limited	INR	1.00	0.08	53.86	581.71	527.75	-	560.35	(110.51)	(35.68)	(74.92)	-	100	India
4	HCL Learning Limited	INR	1.00	0.08	(17.32)	59.06	76.31	-	13.30	(17.00)	-	(17.00)	-	100	India
5	HCL Infotech Limited	INR	1.00	0.22	(176.84)	1,231.12	1,407.76	-	336.58	(128.78)	-	(128.78)	-	100	India
6	Pimpri Chinchwad eServices Limited	INR	1.00	0.05	(0.07)	0.00	0.02	-	-	(0.01)	-	(0.01)	-	85	India
7	HCL Touch Inc., USA	USD	64.85	0.00	(1.46)	1.99	3.45	-	-	(1.56)	0.37	(1.93)	-	100	USA
8	HCL Infosystems MEA FZE, Dubai	AED	17.09	88.87	(92.17)	53.38	56.69	1.11	6.33	(12.38)	-	(12.38)	-	100	Dubai
9	HCL Infosystems LLC, Dubai	AED	17.09	0.51	(11.91)	4.00	15.36	-	18.61	(3.35)	-	(3.35)	-	49	Dubai
10	HCL Infosystems MEA LLC, Abu Dhabi	AED	17.09	0.26	(0.62)	4.79	5.15	-	11.11	2.42	-	2.42	-	49	Abu Dhabi
11	HCL Infosystems Qatar WLL	AED	17.09	0.68	14.49	18.82	3.65	-	26.83	6.79	0.43	6.36	-	49	Qatar
12	HCL Insys Pte Limited, Singapore	SGD	45.67	91.33	98.52	266.26	76.41	128.13	383.43	26.39	4.07	22.33	-	100	Singapore
13	HCL Investment Pte Limited, Singapore	USD	64.85	8.41	4.29	12.95	0.25	-	-	(0.00)	0.00	(0.01)	-	100	Singapore

Notes

The HCL logo consists of the letters 'HCL' in a bold, italicized, sans-serif font, enclosed within a white rectangular box.

HCL

HCL INFOSYSTEMS

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