

28th September, 2018

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 2017-18

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 2017-18 as approved and adopted in the Annual General Meeting of the Company held on Thursday, 27th September, 2018.

This is for your information and records.

Yours Faithfully,

For HCL Infosystems Limited

Sushil Kumar Jain
Company Secretary & Compliance Officer

Encl: As Above

Annual Report 2017-18



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Nikhil Sinha

Managing Director

Rangarajan Raghavan

Directors

Dhirendra Singh

Dilip Kumar Srivastava

Kaushik Dutta

Pawan Kumar Danwar

Ritu Arora

Sangeeta Talwar

V N Koura

CHIEF FINANCIAL OFFICER

Kapil Kapur

COMPANY SECRETARY

Sushil Kumar Jain

AUDITORS

BSR & Associates LLP, Gurugram

BANKERS

State Bank of India

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 - 110019

CORPORATE OFFICE

E – 4, Sector – XI, Noida – 201301 (U.P.)

CORPORATE IDENTITY NUMBER

L72200DL1986PLC023955

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MD MESSAGE

Dear Shareholders,

The Financial Year 2017-18 was an eventful period for the Company. Our focus on the overall Distribution and Singapore Services Business has borne results with good growth in both the Consumer and Enterprise Divisions.

Another highlight in FY18 was the successful conclusion of a capital raising exercise for ₹ 499 Crore by way of a rights issue to the existing shareholders in December 2017.

During the year, the Company treaded a path of consolidation and took definite steps to build a lean organisation. These steps included decisions to divest the Domestic Services business as well as the Care business to strategic buyers.

The strong performance of our distribution business enabled the Company to post revenue of ₹ 3612 Crore with a growth of 12% Y-o-Y in this Financial Year.

In fact in Q4FY18 with revenue of ₹ 1067 Crore, a 51% Y-o-Y growth was achieved. We intend to continue focusing on our distribution business as the core of our growth engine. Another growth engine for us would be our Overseas Business in Singapore, which registered steady growth along with profitability.

Our consumer distribution partnership that began in 1995 with Nokia brand of mobile phones is still going strong. However, today this business has evolved into a technology led distribution ecosystem across multiple channels in both urban and rural areas in the country. FY18 was an important milestone for consumer distribution as it successfully transformed from a single-brand to multi-brand multi-channel distribution entity. The business is set to further scale up by driving traditional as well as emerging channels in online and offline segments.

FY18 was a great year for our Enterprise Distribution business as its annual revenue grew by 30% Y-o-Y. We started this business around three years back and it has now become profitable and EBITA positive and presently is a resilient operation. Also the business has shown consistent performances with revenues of ₹ 300 Crore plus in each of the past four quarters. The next step for this business is to create a strong value organization with a high margin portfolio by focusing on emerging practices like Cloud, Hybrid Infrastructure and Device as Service.

From a market opportunity perspective in the country, the consumer technology product market led by mobility products has been on an upward swing. In this space there are more opportunities like online channel or direct to consumer or even the mostly untapped rural mobile market. Demand will sustain and grow further as smart phone makers focus on affordability and user friendly features in handsets. The Enterprise IT market again is robust and emergence of new enterprise technology such as cloud and mobility are adding to demand. Hence the growth potential for both our Enterprise and Consumer Businesses remains strong and steady.

In the Financial Year, our Systems Integration and Solutions business continued to focus on efficient execution and completion of current projects as well as drive collection of receivables from our customers.

Going forward, Enterprise Distribution, Consumer Distribution and our Singapore Services business are the three growth engines that we are going to focus on.

I would like to thank our shareholders for the support and faith that they have reposed in the Company. We look forward to a leaner and profitable organization in the year ahead!

With Warm Regards,
Rangarajan Raghavan

Management Discussion & Analysis

Organizational Changes and Focus on Distribution & Overseas Business

For the Company, Financial Year 2018 was a period of recalibration accompanied with business growth and sharp focus on the overall distribution and overseas business.

In this Financial Year, the Company focused on consolidation of its various businesses. Certain strategic steps were undertaken in line with its future road map aimed at building a lean organisation and towards profitable growth. These decisions included divestment of the Domestic Services business and the Care business to strategic buyers.

A highlight of the Financial Year for the Company was the successful conclusion of a capital raising exercise for ₹ 499 Crore by way of a rights issue to its existing shareholders at a price of ₹ 47 in December 2017. The promoters subscribed to 89% of the issue.

The good performance of our Distribution business with annual revenue of ₹ 3,016 Crore and a healthy growth rate was another highlight of the year. The Distribution business consists of Enterprise Distribution and Consumer Distribution and both these businesses posted good growth in the Financial Year.

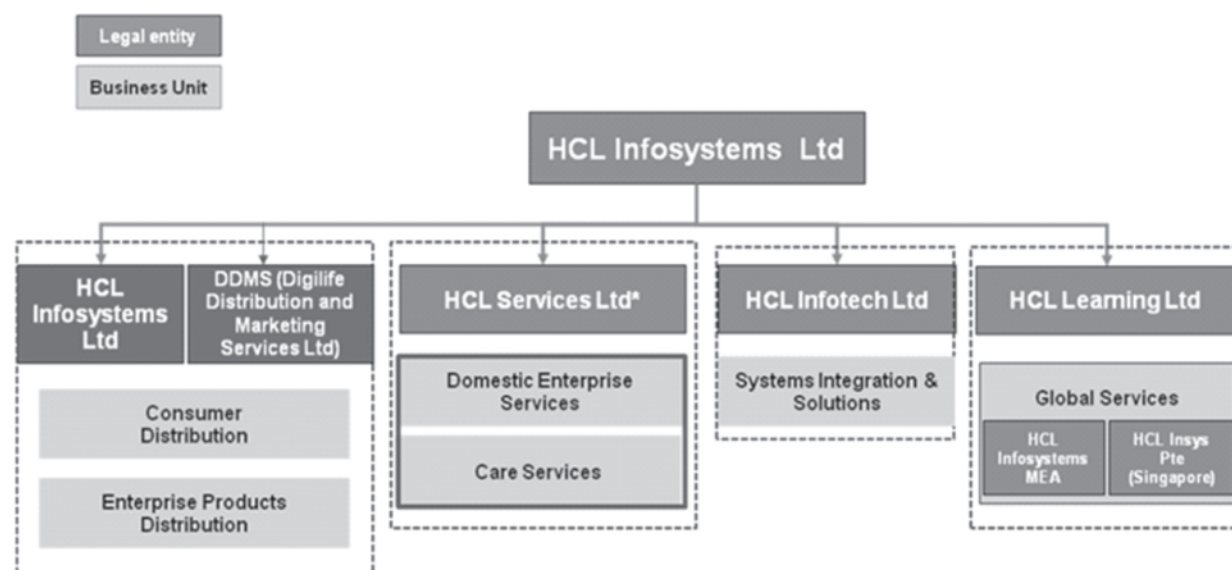
The overseas IT Services business in Singapore grew in a steady manner with good profitability. New customer engagements underpinned by technology partnerships and automation initiatives enabled the business to sustain its growth and register revenue growth of 16% Y-o-Y in FY18.

The Distribution Business along with our overseas business will be the areas of focus in our journey ahead.

Businesses Performance & Highlights

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

Business Categories	Lines of Business
Enterprise Distribution	Third-Party Enterprise Products
Consumer Distribution	Third-Party Consumer Products (including Telecom)
Global Services	Enterprise Services – Singapore and MEA
Systems Integration and Solutions	Systems Integration projects



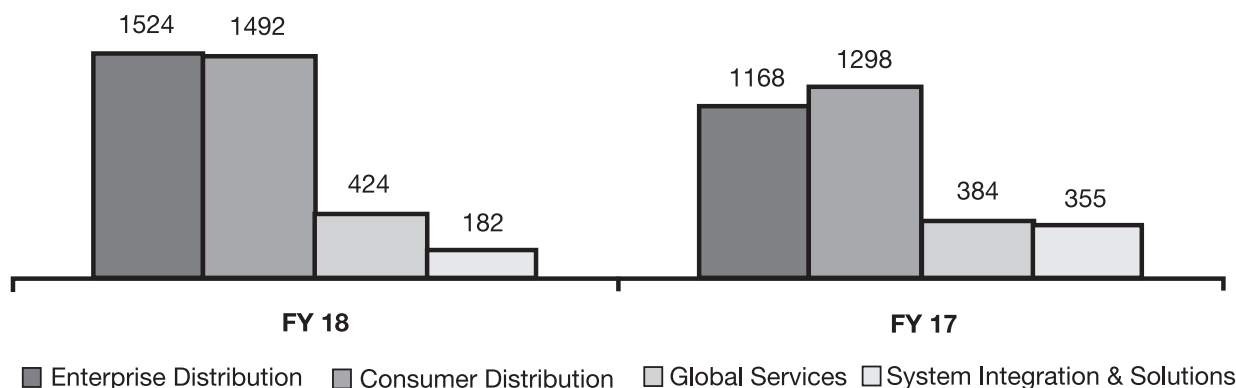
*The Domestic Services business is being divested & the Care business has been divested to strategic buyers. These are consolidated as part of discontinued operations.

The numbers provide a line of business-wise view based on management accounts and are not as per reported segments. Revenue from continuing operations is at ₹ 3,612 Crore in FY18 as against ₹ 3225 Crore revenue registered in FY17.

Highlights for the year FY18 were:

- The Company registered revenue increase of 12% Y-o-Y in FY18 from continuing operations. Distribution business led the top-line growth with revenue of ₹ 3016 Crore, a 22% increase Y-o-Y.

- As part of the Distribution business, Enterprise Distribution posted a consistent performance throughout the Financial Year and has become a resilient business. Enterprise Distribution has become profitable and EBITA positive.
- The other part of the Company's Distribution business, Consumer Distribution successfully transitioned from a single brand to a multi-brand and multi channel business with engagements with leading brands.
- The Systems Integration business of the Company continued on its defined path of focusing on execution of existing projects in a timely manner and collection of receivables.
- The overseas business in Singapore witnessed steady growth and profitability during the Financial Year.

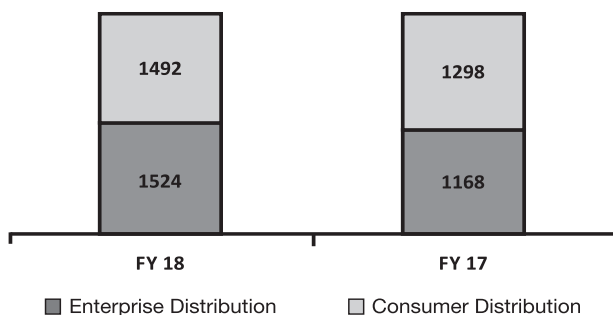


Figures in Rupee Crore

Distribution Business – Enterprise and Consumer Distribution

The Company's strategy in FY18 to focus on the Distribution business resulted in building of good operations in both Enterprise and Consumer Distribution.

For Enterprise Distribution, incubated three years back, FY18 was a good year with both revenue growth and profitability achievement. Annual revenue in FY18 stood at ₹ 1524 Crore in comparison to ₹ 1168 Crore in FY17 and showed an impressive growth of 30% Y-o-Y. Throughout the year Enterprise Distribution displayed consistent performance with revenues of over ₹ 300 Crore in each of the quarters. On the back of an expanding base of 900 plus partners, the channel led business has been the star performer of Enterprise Distribution. The business has built strong relationships with global technology companies which would augur well in the future. Multiple initiatives have been underway to create a strong value organization with a high margin portfolio. There is a strong emphasis and focus on select emerging businesses like Cloud, Security Hybrid IT and Device as a Service and they are expected to be the future growth drivers.



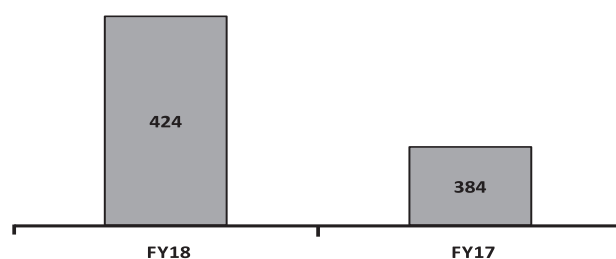
Figures in Rupee Crore

In FY18, the Consumer Business successfully transitioned from a single brand to a multi-brand multi-channel business, which is a comprehensive model comprising General Trade, Organized Trade, E-Commerce, Enterprise and D2R (Direct to Retail) and D2C (Direct to Consumer). The business in the Financial Year built relationships with leading consumer technology brands. The partnership with HMD Global continued for Nokia in emerging channels and contributed to overall revenues. In the Financial Year, new and flagship mobile phone models were launched by the Principals which led to increased business traction. In FY18, Consumer Distribution achieved revenue of ₹ 1492 Crore versus ₹ 1298 Crore in FY17, an increase of 15% Y-o-Y.

Global Services

The Overseas Services business in Singapore registered steady growth in the Financial Year with good profitability. The business posted revenue of ₹ 424 Crore in FY18 versus ₹ 384 Crore in FY17, a 16% Y-o-Y growth. Apart from achieving a steady growth in revenues, the business also was profitable with a PBIT of ₹ 23.6 Crore in the year.

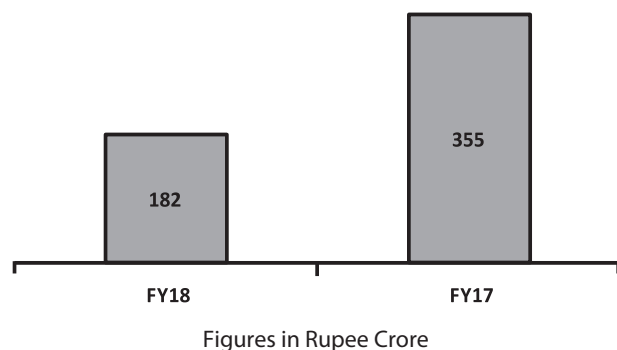
Along with the entire Distribution business the overseas business in Singapore would remain as a focus growth area wherein the organisation would continue to invest and grow.



Figures in Rupee Crore

Systems Integration & Solutions

In FY18, the Systems Integration business continued to focus on efficient execution of the current order book, including mission critical projects of the government. The current order book has Services, Annuity and Build components. Another key focus area was the collection of receivables as projects reached milestones and attained customers' acceptance. The team tracked the collection process very closely realizing a total of ₹ 360 Crore in the Financial Year. The business also continued to focus on cost optimization and improved productivity to ensure that business operations remained on track.



Other Updates

As part of the Company's future roadmap of creating a consolidated and lean organisation, in the Financial Year, the Company's Board of Directors approved the sale of its Care business, a division of HCL Services Limited to QDigi Services Limited (Earlier known as HCL Computing Products Limited –HCPL) and the subsequent transfer of entire shareholding of QDigi Services Limited to Qess Corp Limited for a consideration of ₹ 30 Crore.

In continuation with this strategy, the Board also approved sale of HCL Services Limited (consisting of Domestic Enterprise Services Business) to Karvy Data Management Services Limited for a consideration of approximately ₹ 108 Crore (including tax refunds payable to the extent received).

In FY18, the Company through its various strategic actions and focus on certain businesses took concrete steps to create an agile, fast growing and profitable organization. As a way forward in the new Financial Year the Company will focus on growth of Enterprise Distribution, Consumer Distribution and Global Services as well as successfully manage the Systems Integration Business. Consumer Distribution has successfully undergone its journey from a single brand operation to a multi-brand and multi channel business. This business will carry forward the momentum that it has created so far. Enterprise Distribution has been a success in the Financial Year and it has performed consistently and profitably. The focus going forward will be on growth of the business as well as addressing high margin opportunities by leveraging latest technology products through partnerships with global technology companies. Again, the overseas business in Singapore has been growing steadily and it is geared up for the future with increasing customer traction and building appropriate partnerships and offerings.

Overall the organization has been underpinned by an optimal cost structure and is geared to move into a next phase of profitable growth powered by a productive workforce.

Quality Initiatives

During the Financial Year 2017-18 there was a renewed focus to enhance the customer & partner experience journey to a next level. This journey has shown a tremendous improvement in NPS (Net Promoter Score) rating and Customer and Partner loyalty, as validated by an independent third party agency, AC Nielsen.

Based on this validation of improvement in the NPS rating and Customer and Partner loyalty, a case study was created. This case study was showcased in ASQ (American Society for Quality) South Asia Conference on Quality and Improvement for SATEA Award (South Asia Team Excellence Award), October 2017, New Delhi and received an appreciation award from ASQ.

HCL Insys PTE Ltd. (Singapore Entity) has won the prestigious Golden Globe Tigers Award 2017 in the category of 'Quality Excellence Award for Best Customer Service Result'. The award recognizes HCL's initiative towards continuous Y-o-Y improvement in customer satisfaction and business growth.

Again in the Singapore market there was Y-o-Y improvement in customer satisfaction as was evident from the CSAT (Customer Satisfaction) overall satisfaction score. On an Y-o-Y basis scores improved in these categories like in Service Desk (from 4.6 to 4.8 on a scale of 0 to 6) and onsite support (from 4.9 to 5.1 on a scale of 0 to 6). These satisfaction scores were gained from a survey conducted in an independent manner.

Training and certifications

- All the ISO (International Organization for standardization) & CMMI (Capability Maturity Model Integration) certifications were successfully sustained and confirmed through 3rd party certification and assessment.
- An external training on new ISO 9001:2015 standard was conducted towards improvement in the skills and knowledge of relevant key resources in the organization.
- Partner Experience (PX) Management Training / Workshop was conducted for Enterprise Distribution.
- Six Sigma Yellow Belt & QKONNECT (an in house developed Quality Certification Programme) training was delivered to build a quality culture in the organization.
- In our Singapore Services business, ISO 9001 & ISO 27001 certifications were successfully sustained and confirmed through third party certification & assessment.
- Again, HCL Insys Pte Ltd, Singapore has successfully completed Yearly 'Service Wide Security Assessment (SWSA)', 'Service Management Audit (SMA)' & 'Annual Security Audit (ASA)' for IT Infrastructure & Services built for our esteemed customers. These audits were based on International Standards like ISO 27001:2013, ISO20000, CIS (Center for Internet Security), ISACA (Information Systems Audit and Central Association), NIST (National Institute of Standards and Technology) and Singapore based Regulatory, Governance and Compliance Standards.

Business Risks & Mitigation Measures

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

Periodic monitoring of risk is done and based on overall risk performance, mitigation action is refined and re-planned.

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

Sl. No	Category	Risk item	Risk Description	Mitigation Plan
1	Strategic Risk	Changing trend on Consumer Distribution Business	Disruptions in business growth due to external / internal factors	<ol style="list-style-type: none"> 1. Rationalization of Line of Business portfolio as per strategy 2. Continuously explore OEM vendor diversification. 3. Investing and building further growth channels 4. Building back end to take care of O2O shift (online to offline) 5. Focus on growing Direct to Consumer business
2	Operational Risk	Liquidity / Cash Flow Risk	<p>Delay in mile stone sign offs and collection in public sector projects.</p> <p>Access to external financing is crucial for continuity. A liquidity risk could arise if external financing is not available</p>	<ol style="list-style-type: none"> 1. Follow up and obtain refunds from Income Tax, etc. 2. Focused task groups to work on the receivables and improve collection efficiency 3. Effective contract management discipline 4. Improve business performance 5. Consult regularly with external debt providers to discuss the ongoing business, results and Strategy 6. Secure long term loans to be in line with projected cash flow to ensure debt servicing
3	Treasury Risk	Financing Risk - High Financing cost	<p>High cost of borrowing with hardening of interest rates and downward revision in credit rating</p> <p>Inability to raise money</p>	<ol style="list-style-type: none"> 1. Support in the form of HCL corporate guarantee, for further financing 2. Improve the collection efficiency 3. Daily/Weekly cash flow management to reduce need for borrowings 4. Improve business performance 5. Monetize identified assets
4	Treasury Risk	Breach of Loan covenants	<p>Inability to pay loans could result in breach of loan covenants</p> <p>Recall of loan amount</p>	<ol style="list-style-type: none"> 1. Waiver of covenants by banks 2. Monetization of identified assets 3. Monitor asset-liabilities mismatch and ensure that long term assets are funded through long term liabilities 4. Continuous monitoring & adherence to loan payment terms
5	Financial Risk - Treasury	Effective Management of sanctioned Banking Limits	All our business does need a lot of non fund based limits for LCs, BGs.	<ol style="list-style-type: none"> 1. Collect old BGs 2. Seek credits w/o LC / BGs
6	Operational Risk	Profitability & Operational Excellence	<p>Drop in revenue and GM earned while fixed costs in the business remain fixed</p> <p>Business / project viability & growth</p> <p>Cost over runs</p>	<ol style="list-style-type: none"> 1. Divestments and rationalization of Line of Business portfolio in line with the strategy 2. Constant review of fixed costs, cost saving / cost reduction initiatives 3. Optimize or variabilize fixed costs to the extent possible 4. Improve business performance 5. Continuous monitoring of business units / projects viability & profitability 6. Contingency planning in estimation; effective project management to reduce risks

Sl. No	Category	Risk item	Risk Description	Mitigation Plan
7	Operational Risk	Human Capital Risk	Undesirable attrition Not able to attract and retain good people	1. Comprehensive employee engagement program 2. Succession planning 3. Retention plans
8	Operational Risk	Litigation with Govt. customers	Poor contract management; contracts with long term issues Litigation with the Govt. customers Inability to handle Govt. ccontracts Inability to secure Company's interest while executing Govt. contracts Inability to take timely decisions	1. Improve compliance to contractual terms and conditions 2. Improve efficiency of project management / contract management 3. Closely monitor performance of projects and take timely decisions
9	Operational Risk	Effective use of Management Bandwidth – Org. Time & Resources	Deviation / dilution of management focus from core growth areas	1. Divestments and rationalization of Line of Business portfolio in line with the strategy, to free up management bandwidth 2. Focused implementation of Business Strategy / Goals approved by Board
10	Compliance Risk	Oversight over Foreign Entities	Non-Compliance of overseas regulatory requirements	A checklist of regulatory compliances for each key manager and monthly/quarterly compliance certification by each relevant manager
11	Operational Risk	Brand Positioning & Reputational Risk	Negative reports in media – print, online and social media damaging customer and stakeholder perception	Pro-active engagement through positive news dissemination, increasing social media presence and resolving customer queries through social media
12	Financial Risk	Customer Credit Risk	Customer default in payments (specially channel partners, private schools, Government / PSUs in failing financial health) Increase in customer credit risk, consequent to the movement of multi-brand business model in Consumer Distribution	1. Credit insurance of credit offered to channel partners 2. Good credit control management through detailed evaluation, inputs from the market on credit worthiness of channel partners / customers 3. Timely intervention through extensive management reviews to mitigate any potential exposure
13	Operational Risk	Demand Planning / Inventory Management	In the new business model of Consumer Distribution with multi-vendor situation, the risk of improper demand planning and inventory management issue are key points of focus, from working capital management Blockage of funds impacting cash flow Adverse impact on P&L in order to liquidate inventory at discounted price	Continuous monitoring of adherence to inventory norms
14	Operational Risk	Lack of oversight of Fixed Asset, Off Balance Sheet items & IPR	Economic benefits & ROI Misappropriation of assets Financial exposure & adverse brand image	1. Continuous assessment of ROI 2. Periodic self-assessment & audit 3. Periodic physical verification
15	Operational Risk	Disaster Recovery & Business Continuity Plan	Disruption in business operation due to any natural or man-made disasters	Data replication for SAP with RPO of 4 Hrs. at BCP Site
16	Operational Risk	Information Security	Leakage of sensitive business & client information Inadequate back up restoration procedures, usage of out dated technology	Company-wide initiative on review and implementation of IT security policies, including access control

Sl. No	Category	Risk item	Risk Description	Mitigation Plan
17	Operational Risk	Outsourcing Risks (including manpower)	Risks not transferred to vendor / service provider, while the activity is outsourced	<ol style="list-style-type: none"> 1. Activity outsourcing instead of manpower outsourcing 2. Transfer risks as part of outsourcing 3. Carry out vendor risk assessment at the time of outsourcing 4. Stringent monitoring and MIS on outsourced operations 5. Implementable penal provisions for non-compliances
18	Compliance Risk	Regulatory Risks	<p>Changes in the legal & regulatory environment tend to increase the risk of non-compliance with local, national & international laws and regulations, as well as tax legislations.</p> <p>Failure to comply with applicable regulations could lead to fines, claims and damage of reputation.</p>	<ol style="list-style-type: none"> 1. Implement risk and control monitoring systems and processes aimed at compliance with all applicable laws and regulation. 2. Establish corporate functions to monitor local risks and challenges. 3. Involve consultants/experts, wherever applicable.
19	Compliance Risk	Code of Conduct (COC) & Ethical Issues	Employee frauds leading to business loss or damage to Company reputation	Review of Whistle Blower Mechanism; Strict actions on violations; Continuous training & education on COC; Annual / Quarterly certification

Internal Control Systems and their adequacy

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

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, employee recruitment, 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 in consultation with the 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.

Human Resource Development

In its more than four decade old journey, HCL Infosystems has been focusing on developing an internal talent pool through dedicated programmes on employee development and following best people practices.

As on 31st March 2018, the employee strength of the Company stood at 2688 while on 1st April 2017 it was 3879. This reduction in employee strength is due to divestment of

the Domestic Services and Care businesses and optimization initiatives carried out in the Company. Besides full time employees, the Company also engaged over 1540 associates for various short term projects across different timelines.

Talent Management: The Company cross leveraged existing talent across businesses to cater to relevant opportunities both within India as well as in our global operations in Singapore and Middle East. This ensured optimum utilization of in-house talent as well as actualized possible career paths for them.

Retention of employees critical to our organizational transition was addressed via innovative long term incentive plans.

Talent Attraction: During the year, the Company augmented the leadership pipeline through induction of 7 Senior Management Trainees and 13 Summer Interns from Tier I MBA Institutes.

Capability Development: The focus of capability development in the Financial Year was on need based technical/functional training for respective businesses. Various OEM trainings were conducted like Dell EMC – Data Center Trainings, Microsoft – Cloud Day, Cisco Boot camps having coverage of 740 man-days. Other in-house (Domain and technical) trainings were conducted like VMware, NMS (Network Management Systems), CCNA (Cisco Certified Network Associate) and GST (Goods and Services Tax).

'Assessment Centre' was conducted for the critical level movements across the organization.

Seamless Divestment Transitions: During the year the Company initiated divestment conversations for the Care business and Domestic Services in alignment with its strategic plans. Human Resources partnered with the business on all due diligence requirements leading upto the divestments. 1976 employees were transferred from HCL Infosystems as a result of divestments. Post transition support



HCL INFOSYSTEMS

for critical HR processes like payroll, appraisals etc. continues to be extended as part of the transition services agreement.

Productivity Enhancement: During the year, wage cost was reduced as an outcome of optimization in the businesses and in line with the future focus of creating a lean organisation. Employees were digitally enabled with applications like “HCL on the Go” and “Alternate Workplace”. This helped the organization in enhancing customer experience and rationalizing physical workspace.

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, 2018

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

The Management Discussion and Analysis on Financial performance relates to Consolidated Financial statements of the Company and its subsidiaries. This should be read in conjunction with the financial statements and related notes to the consolidated financial statements for the year ended March 31, 2018.

RESULTS OF FINANCIAL STATEMENTS

₹ Crore

Particulars	FY 18	FY 17
Revenue	3,612	3,225
Cost of Sales	3,246	2,814
Gross Margin from continuing operations	366	411
Employee benefits expense	306	326
Administration, Selling & Others	146	152
Depreciation and amortization expense	27	31
Interest income on Lease Rental	4	13
Gain on Foreign Exchange Fluctuation	2	3
Provisions/Liabilities no longer required written back	28	1
Operating Profit/(Loss) from continuing operations before Doubtful Debts provision	(79)	(82)
Provision for Doubtful Debts	47	16
Interest income on discounted receivables	75	102
Investment & Other Income	20	26
Finance costs	139	153
Profit / (Loss) Before Exceptional Items and Tax from continuing operations	(170)	(122)
Exceptional Items Gain/ (Loss)	(31)	(11)
Tax Expense	6	(9)
Profit / (Loss) After Tax from continuing operations	(207)	(124)
Profit / (Loss) from discontinued operations (before Tax)	(507)	(160)
Tax expense of discontinued operations	100	(36)
Profit/ (Loss) from discontinued operations (after tax)	(607)	(124)
Profit/ (Loss) from continuing and discontinued operations (after tax)	(814)	(248)
Other Comprehensive Income	4	(7)
Total Comprehensive Income/(Loss) for the Year	(810)	(255)

Revenue

Consolidated Revenues for FY 18 was ₹ 3,612 Crore as against ₹ 3,225 Crore in FY 17.

Gross Margin

Gross margin percentage decreased by 261 bps from 12.7% in FY 17 to 10.1% in FY 18, mainly on account of change in revenue mix (Consumer distribution business registered an increase in the composition of total revenue). In absolute terms, gross margin was ₹ 366 Crore in FY 18 as against ₹ 411 Crore in FY 17.

Employee benefits expense

Employee benefits expense was ₹ 306 Crore in FY 18 as against ₹ 326 Crore in FY 17.

Administration, Selling and Other Expenses

Administration, Selling and other expenses were ₹ 146 Crore in FY 18 as against ₹ 152 Crore in FY 17.

₹ Crore

Particulars	FY 18	FY 17
Legal, Professional and Consultancy Charges	30	28
Rent	18	22
Retainership Expenses	15	16
Property, Plant & Equipment Written-Off	11	1
Bank Charges	10	11
Travelling and Conveyance	9	13
Rates and Taxes	8	6
Packing, Freight and Forwarding	6	8
Office Electricity and Water	5	5
Others	34	42
Total	146	152

Depreciation

Depreciation was ₹ 27 Crore in FY 18 as against ₹ 31 Crore in FY 17.

Interest Income on Lease Rental

Interest Income on Lease Rental was ₹ 4 Crore in FY 18 as against ₹ 13 Crore in FY 17.

Provisions/Liabilities no longer required written back

Provisions/Liabilities no longer required written back was ₹ 28 Crore in FY 18 as against ₹ 1 Crore in FY 17.

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

Operating Profit/ (Loss) from continuing operations before Doubtful Debts provision was ₹ (79) Crore in FY 18 as against ₹ (82) Crore in FY 17.

Provision for Doubtful Debts

Provisions for doubtful debts were ₹ 47 Crore in FY 18 as against ₹ 16 Crore in FY 17.

Interest income on discounted receivables

Interest income on discounted receivables was ₹ 75 Crore in FY 18 as against ₹ 102 Crore in FY 17.

Investment & Other Income

Investment & other income was ₹ 20 Crore in FY 18 as against ₹ 26 Crore in FY 17.

Finance Costs

Finance costs was ₹ 139 Crore in FY 18 against ₹ 153 Crore in FY 17.

Exceptional Items

Loss from Exceptional items was Goodwill impairment for Learning Business ₹ 31 Crore in FY 18 as against ₹ 11 Crore in FY 17.

Tax Expense

Tax expense net of deferred tax was ₹ 6 Crore in FY 18 as against ₹ (9) Crore in FY 17.

Profit/(Loss) after Tax from continuing operations

Profit/ (Loss) after Tax from continuing operations was ₹ (207) Crore in FY 18 as against ₹ (124) Crore in FY 17.

Profit/ (Loss) from Discontinued operations (before Tax)

Profit/ (Loss) from Discontinued operations was ₹ (507) Crore in FY 18 as against ₹ (160) Crore in FY 17. This includes Goodwill write-off ₹ 412 Crore in FY 18 and ₹ 50 Crore in FY 17.

Tax expense from discontinued operations

Tax expense from discontinued operations was ₹ 100 Crore in FY 18 (Deferred Tax Assets Reversal) against ₹ (36) Crore in FY 17.

Profit/ (Loss) from Continuing and Discontinued operations (after tax)

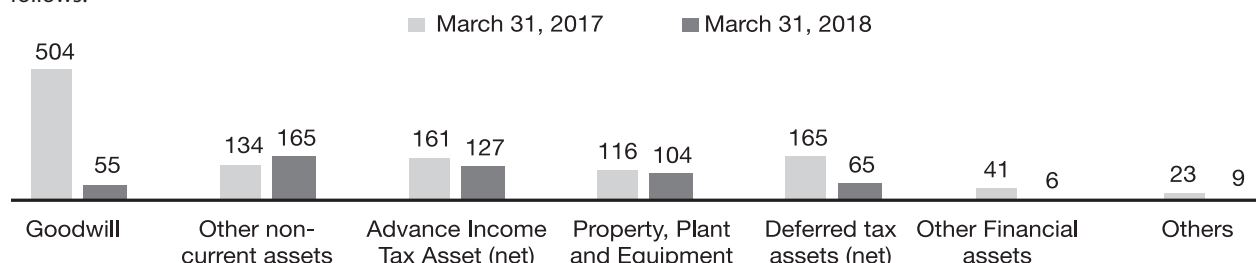
Profit/ (Loss) from Continuing and Discontinued operations (after tax) was ₹ (814) Crore in FY 18 as against ₹ (248) Crore in FY 17.

FINANCIAL CONDITION

Particulars	March 31, 2018	March 31, 2017
ASSETS		
Non-current assets	531	1,144
Current assets	2,128	2,040
Disposal group-assets held for sale	219	-
Total	2,878	3,184
EQUITY AND LIABILITIES		
Net Worth	235	549
Non-Current Liabilities	182	433
Current Liabilities	2,370	2,202
Disposal group-liabilities directly associated with assets held for sale	91	-
Total	2,878	3,184

Non-Current Assets

Non-current assets were ₹ 531 Crore as at March 31, 2018 as compared to ₹ 1,144 Crore as at March 31, 2017. The details are as follows:



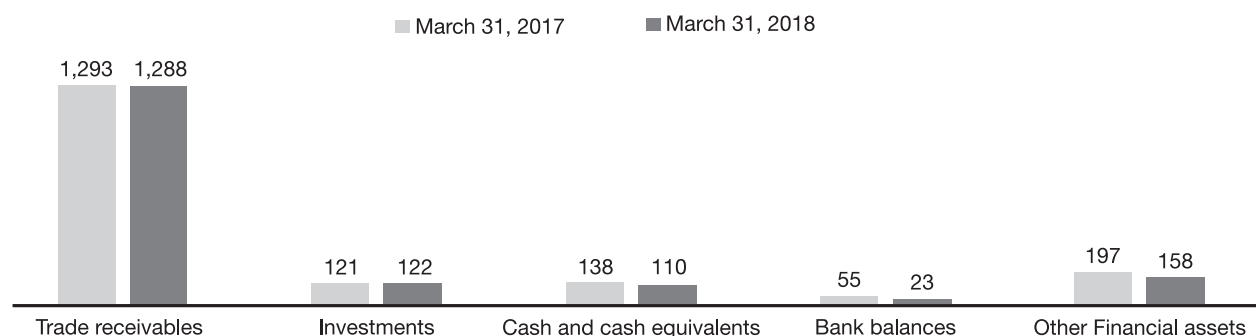
Goodwill was ₹ 55 Crore as at March 31, 2018 as compared to ₹ 504 Crore as at March 31, 2017. Goodwill decreased by ₹ 449 Crore due to impairment of Goodwill for Services business ₹ 412 Crore, Learning Business ₹ 31 Crore and ₹ 6 Crore pertains to Disposal group - assets held for sale.

Deferred Tax Assets was ₹ 65 Crore as at March 31, 2018 as compared to ₹ 165 Crore as at March 31, 2017 lower by ₹ 100 Crore mainly due to Reversal of Deferred Tax Assets related to Services businesses.

Current Assets

Current assets were ₹ 2,128 Crore as at March 31, 2018 as compared to ₹ 2,040 Crore as at March 31, 2017. The details are as follows:

- Inventories were ₹ 299 Crore as at March 31, 2018 as compared to ₹ 141 Crore as at March 31, 2017 higher by ₹ 158 Crore mainly due to higher inventory level in Consumer Distribution business to cater the growth of this business.
- Financial Assets were ₹ 1,701 Crore as at March 31, 2018 as compared to ₹ 1,804 Crore as at March 31, 2017. The details are as follows:



- Other Current Assets were ₹ 128 Crore as at March 31, 2018 as compared to ₹ 94 Crore as at March 31, 2017

Net Worth

The Equity Share Capital of the Company was ₹ 66 Crore as at March 31, 2018. Other equity was ₹ 170 Crore as at March 31, 2018.

During FY 18, the Company raised ₹ 499 Crore from Rights issue of equity shares of ₹ 2 per share at a price of ₹ 47 per share including premium of ₹ 45 per share.

Non-Current Liabilities

Non-current liabilities were ₹ 182 Crore as at March 31, 2018 as compared to ₹ 433 Crore as at March 31, 2017 mainly due to decrease in Bank borrowings and term loans by ₹ 244 Crore.

Net Borrowings

The net borrowings were ₹ 928 Crore as at March 31, 2018 as compared to ₹ 1,023 Crore as at March 31, 2017.

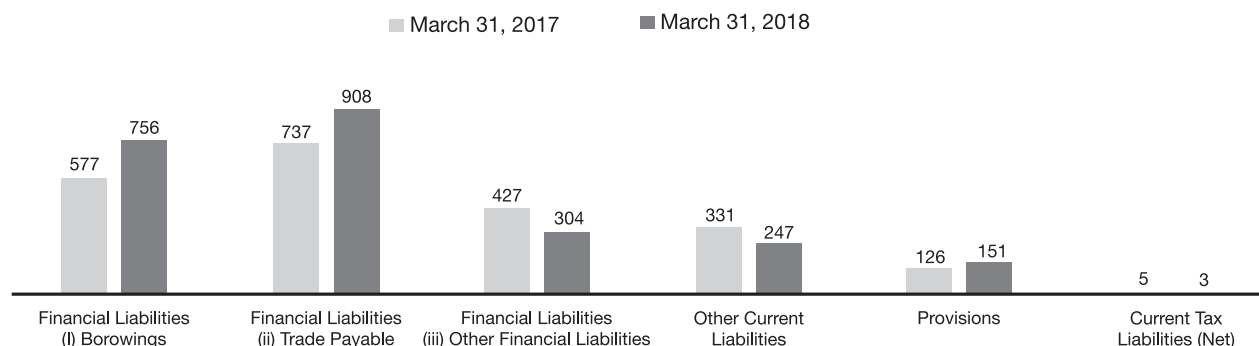
₹ Crore

Particulars	March 31, 2018	March 31, 2017
Borrowings	1,183	1,337
Less: Investments	122	121
Less: Cash & Bank	133	193
Net Borrowings	928	1,023

Current Liabilities

Current liabilities were ₹ 2,370 Crore as at March 31, 2018 as compared to ₹ 2,202 Crore as at March 31, 2017. The details are as follows:

₹ Crore



CASH FLOW STATEMENT

A summary of cash statement is given below:

₹ Crore

Particulars	FY 18	FY 17
Opening balance of cash and cash equivalents	138	199
Net cash flow from operating activities	(283)	77
Net cash flow from investing activities	92	(3)
Net cash flow from financing activities	167	(135)
Effect of foreign exchange on cash and cash equivalents	2	0
Cash and cash equivalents at the end of the year	116	138

Cash flow from operations

₹ Crore

Particulars	FY 18	FY 17
Operating profit before changes in operating assets and liabilities	(112)	(91)
changes in operating assets and liabilities	(127)	225
Cash generated from operations	(239)	134
Tax payments made	(44)	(57)
Net cash generated/(used) in operating activities	(283)	77

Cash flow from investing activities

In FY 18, the Company generated ₹ 92 Crore from investing activities as against use of ₹ 3 Crore in FY 17. The significant items of investing activities were Property, Plant and Equipment, Investments, lease rent recoverable, interest income and investment in fixed deposits.

Cash flow from financing activities

In FY 18, the Company generated ₹ 167 Crore from financing activities as against use of ₹ 135 Crore in FY 17.

₹ Crore

Particulars	FY 18	FY 17
Share capital issued	21	-
Securities premium received	474	-
Proceeds from borrowings (net)	(155)	57
Interest paid	(173)	(191)
Amount transferred to investor education & protection fund	(1)	(1)
Net cash generated/(used) in investing activities	167	(135)

SEGMENT PERFORMANCE

₹ Crore

Segment Revenue

Particulars	FY 18	FY 17
Hardware Products and Solutions	182	362
Services*	875	946
Distribution	3,016	2,470
Learning	3	13
Inter-Segment Elimination	(34)	(53)
Total	4,043	3,738

*This includes revenue for FY 18 ₹ 431 Crore and for FY 17 ₹ 512 Crore from discontinued operations (Care Business & Domestic Enterprise Services Business)

Hardware Products and Solutions

Hardware Products & Solution business comprise of sale of IT products & solutions to enterprise and government customers. Segment revenue in FY 18 was ₹ 182 Crore as against ₹ 362 Crore in FY 17. In the SI business, we are in the process of concluding the build phase and moving towards support phase. Consequently, the revenues have gradually tapered down.

Segment PBIT in FY 18 was ₹ (49) Crore as against ₹ (6) Crore in FY 17.

Segment assets were ₹ 913 Crore as at March 31, 2018 as against ₹ 1,239 Crore as at March 31, 2017 and Segment liabilities were ₹ 506 Crore as at March 31, 2018 as against ₹ 585 Crore as at March 31, 2017. The reduction in Segment assets is primarily due to reduction in trade receivables and lease rent recoverable.

Services

The Services business provides IT infrastructure managed services, enterprise application services, Office automation maintenance services, cloud services & managed print services.

Domestic Enterprise Services and Care businesses has been considered as discontinued operations. Below Segment Revenue and Segment PBIT includes discontinued operations.

Segment Revenue in FY 18 was ₹ 875 Crore as against ₹ 946 Crore in FY 17.

Segment PBIT in FY 18 was ₹ (464) Crore as against ₹ (102) Crore in FY 17. PBIT includes impairment of goodwill of ₹ 412 Crore in FY 18 as against ₹ 50 Crore in FY 17.

Segment assets were ₹ 347 Crore as at March 31, 2018 as against ₹ 741 Crore as at March 31, 2017 and Segment liabilities were ₹ 194 Crore as at March 31, 2018 as against ₹ 222 Crore as at March 31, 2017.

Distribution

The distribution segment consist of distribution of (a) Consumer Products including telecommunication and digital lifestyle products (b) Enterprise products including IT products, Enterprise software and Office Automation products.

Segment revenue in FY 18 was ₹ 3,016 Crore as against ₹ 2,470 Crore in FY 17. The increase is mainly due to Apple tie-up in Consumer distribution business.

Segment PBIT in FY 18 was ₹ 12 Crore as against ₹ 7 Crore in FY 17.

Segment assets were ₹ 1,051 Crore as at March 31, 2018 as against ₹ 442 Crore as at March 31, 2017 and Segment liabilities were ₹ 717 Crore as at March 31, 2018 as against ₹ 427 Crore as at March 31, 2017.

Learning

Segment revenue in FY 18 was ₹ 3 Crore as against ₹ 13 Crore in FY 17.

Segment PBIT in FY 18 was ₹ (45) Crore as against ₹ (19) Crore in FY 17. PBIT includes impairment of goodwill of ₹ 31 Crore in FY 18 as against ₹ 11 Crore in FY 17.

Segment assets were ₹ 11 Crore as at March 31, 2018 as against ₹ 74 Crore as at March 31, 2017 and Segment liabilities were ₹ 10 Crore as at March 31, 2018 as against ₹ 16 Crore as at March 31, 2017.

Annual 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 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 annually and recommend any proposed changes to the Board for approval.

Note: The above is required only if the Company is required to incur expenditure on the CSR activities

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

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 monitoring 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 3 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 46.46 Metric Tons (March 2018) 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. Rangarajan Raghavan
Managing Director

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

Date : 29th May, 2018

Place : Noida

Board Report

Dear Shareholders,

Your Board of Directors has pleasure in presenting their Thirty Second (32nd) Annual Report on the Business and Operations of the Company, together with the Audited Accounts for the financial year ended 31st March, 2018.

Financial Highlights

The summary of the financial performance of the Company for the Financial Year ended 31st March, 2018 as compared to the previous year is as below:

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Continuing operations				
Net sales and other income	3,742.03	3,371.19	3,003.02	2,313.42
Profit before exceptional items interest, depreciation and tax	(3.26)	61.58	40.24	52.83
Finance charges	139.47	152.50	112.69	104.60
Depreciation and amortization	27.48	31.08	4.44	4.80
Exceptional items	(31.42)	(11.00)	(553.62)	(320.19)
Loss before tax	(201.63)	(133.00)	(630.50)	(376.76)
Provision for taxation: current	2.44	11.31	-	6.31
Deferred tax expenses / (credit)	3.13	(20.63)	1.07	(20.68)
Net loss after tax	(207.20)	(123.68)	(631.57)	(362.39)
Discontinued operations				
Loss before tax	(507.21)	(159.67)		
Tax expense / (credit)	99.35	(35.68)		
Net loss after tax	(606.56)	(123.99)		
Net loss after tax	(813.76)	(247.67)	(631.57)	(362.39)

Performance

The consolidated net revenue (from continuing operations) of the Company for the year ended 31st March 2018 was ₹ 3,742.03 Crores as against ₹ 3,371.19 Crores during the previous year ended 31st March, 2017. The consolidated loss before tax (from continuing operations) for the year ended, 31st March, 2018 was ₹ 201.63 Crores as against a loss of ₹ 133.00 Crores during the previous year ended 31st March, 2017.

The net revenue on standalone basis for the year ended, 31st March, 2018 was ₹ 3,003.02 Crores as against ₹ 2,313.42 Crores during the previous year ended 31st March, 2017. The loss before tax for the year ended, 31st March, 2018 was ₹ 630.50 Crores as against a loss of ₹ 376.76 Crores during the previous year ended 31st March, 2017.

Rights Issue

During the financial year under review, the Company had allotted 106,190,299 Equity Shares with a face value of ₹ 2/- each at a premium of ₹ 45/- per Equity Share for an amount aggregating to ₹ 499,09,44,053/- on a rights basis on December 8, 2017. The said fully paid up equity shares were admitted to dealings on the BSE Limited and National Stock Exchange of India Limited with effect from December 14, 2017, pursuant to their trading approvals, vide their respective circulars dated December 13, 2017.

As per Regulation 16 of SEBI ICDR Regulations and Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 (Listing Regulations), the Monitoring Agency i.e. Axis Bank, has confirmed in its report dated January 30, 2018 that the proceeds of the Rights Issue has been utilized as per the objects stated in the Letter of Offer dated October 31, 2017 and there has been no deviation in the utilization of proceeds from the objects stated in the offer letter of Rights Issue.

Recommendation of Dividend

Your Board of Directors do not recommend any dividend for the financial year 2017-18.

Operations

A detailed analysis and insight into the financial performance and operations of your Company for the year ended 31st March, 2018 is appearing in the Management Discussion and Analysis, forming part of the Annual Report.

There is no change in the authorized share capital of the Company.

Transfer to reserves

No amount is proposed to be transferred to the general reserve of the Company.

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 the Company had allotted 1,00,000 Equity Shares of ₹ 2/- each 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 2018-2019 to BSE and NSE.

Directors and Key Managerial Personnel (KMP)

The Board of Directors of the Company has optimum combination of executive and non-executive directors including independent directors and woman directors in compliance with the provisions of the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, Mr. Pradeep Kumar Khosla, Independent Director, had resigned from the Directorship of the Company

w.e.f 12th June, 2017. Further, Mr. Premkumar Seshadri ceased to be Managing Director of the Company w.e.f. close of business hours of 31st March, 2018 and Mr. Raghavan Rangarajan was appointed as Managing Director of the Company w.e.f. 1st April, 2018. The Board places on record their appreciation for the contributions made by them during their tenure with the Company.

Mr. V N Koura, the Non-executive and Non Independent Director liable to retire from office by rotation at the ensuing Annual General Meeting has vide his letter dated 25th May, 2018 expressed his unwillingness to be reappointed as Director of the Company due to his other professional commitments and hence will not be reappointed at the forthcoming AGM.

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 Obligation 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 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.

Independent Directors of the Company in their separate meeting held on 29th March, 2018 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 Policy are stated in the Corporate Governance Report.

Board Meetings

During the financial year 2017-18, 13 (Thirteen) 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.

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 Board 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 safe guarding 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.

Statement on Declaration given by Independent Directors

All independent directors have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

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*		7,50,000
Mr. V.N. Koura	–	–
Dr. Pradeep Kumar Khosla**		75,000
Ms. Sangeeta Talwar		23,25,000
Mr. Kaushik Dutta		21,75,000
Mr. Dharendra Singh		22,50,000
Mr. Pawan Kumar Danwar	–	–
Mr. Dilip Kumar Srivastava	–	–
Ms. Ritu Arora		9,75,000

Executive Directors	Ratio to median remuneration	Remuneration
Mr. Premkumar Seshadri***	–	–

Note:

- No sitting fees is paid to Executive Director and Non-Independent Director, other than Dr. Nikhil Sinha.
- * Dr. Nikhil Sinha was paid sitting fees for Board/ Committees meetings held on and after 26th July, 2017
- ** Dr. Pradeep Kumar Khosla resigned from Directorship of the Company w.e.f. 12th June, 2017
- *** Mr. Premkumar Seshadri resigned from the position of Managing Director of the Company w.e.f the closing hours of 31st March, 2018.

(b) 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 was not paid any remuneration by the Company.

No remuneration, other than the sitting fees were paid to Non-Executive and Independent Directors, which

continued to be paid @ ₹ 75,000/- per Board / Committee meeting, as was paid during the year 2016-17.

(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 4.0%

(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 2277.

(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 4.0%
- 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 of the Companies Act, 2013 and other applicable sections of the Companies Act, 2013 read with relevant rules for the financial year 2017-18. 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.

Policy on Directors' Appointment and Remuneration

In terms of Section 178(3) of the Companies Act, 2013, upon recommendation of the Nomination and Remuneration Committee, the Board has adopted the Nomination and Remuneration Policy of the Company. Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other prescribed matters, are governed by such policy. In terms of Section 178(4) of the Act, such policy is attached hereto as Annexure - 1 which forms part of this report.

Annual Evaluation of Performance of the Board, its Committees and Individual Directors

The evaluation of performance of the Board, its Committees and individual directors for the financial year 2017-18 was carried out in accordance with the policy for evaluation of the performance of the Board of Directors of the Company. The Company had appointed an external agency to conduct the online board evaluation of the Board, Committees and individual Directors including Independent Directors, as per the assessment from designed inhouse by the Company. The report content and quality was reviewed by Independent HR consultant and shared the results with the Board Chairman Dr. Nikhil Sinha. Independent Directors in their separate meeting have reviewed the performance of Non-Independent Directors and the Board as a whole. They also reviewed the performance of chairperson of the Company. The Board was satisfied with the evaluation results.

Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, 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 Ethics Committee [Committee constituted under the prevention of Sexual Harassment at the workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act")] 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**

As per Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company in its 31st Annual General Meeting held on 14th September, 2017 approved the appointment of M/s BSR & Associates LLP, Chartered Accountants (FRN – 116231W/W-100024), as the Statutory Auditors of the Company for an initial term of 5 years i.e. from the conclusion of 31st Annual General Meeting till the conclusion of 36th Annual General Meeting of the Company.

The Report given by M/s BSR & Associates LLP, Chartered Accountants on the financial statements of the Company for the financial year 2017-18 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) of the Act.

Secretarial Audit

The Secretarial Audit was carried out by M/s. V K C & Associates, Practicing Company Secretaries for the financial year 2017-18. The Report given by the Secretarial Auditors is annexed and forms an integral part of this Board's Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) of the Act. In terms of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Audit Committee recommended and the Board of Directors appointed M/s. V K C & Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company in relation to the financial year 2018-19. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder.

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/>

HCL Touch Inc., US, the erstwhile step down wholly owned subsidiary of your Company ceased to be the step down subsidiary on its winding up w.e.f 4th April, 2018. Also, QDigi Services Limited (formerly known as HCL Computing Products Limited), a wholly owned subsidiary has ceased to be the subsidiary of your Company w.e.f 11th April, 2018 on its sale to an Independent buyer.

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".

Investor Education and Protection Fund (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more have also been transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends along with the corresponding Shares that become due to transfer during the FY 2017-18.

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

Place : Noida
Date : 29th May, 2018

Sd/-
Nikhil Sinha
(Chairman)

Annexure to Board 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 1500 units of electrical energy per month during the period of the financial year.

B. Research & Development

1. Expenditure on R & D (Consolidated)

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

2. Foreign Exchange earnings and outgo

During the year under review, the Company's Standalone earnings in foreign currency were

₹ 6.64 Crores (Previous period ₹ 6.94 Crores). The Standalone expenditure in foreign currency including imports during the year amounted to ₹ 121.92 Crores (Previous period ₹ 126.19 Crores).

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

During the Financial Year 2017-18, your company has taken the following steps to increase its Foreign Exchange earnings. HCL Insys Pte. Ltd., the company's subsidiary based out of Singapore had the following highlights:

- Bagged a number of New Customer Engagements as well as renewed contracts.
- Achieved overall revenue of SGD\$ 78.2 Million with a revenue growth of 16% Y-o-Y with good profitability
- New initiatives involving automation such as Devops and EUC automation using self heal; New partnerships were inked with Nutanix, Nanoheal, Puppet.

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN**as on the financial year ended on 31st March, 2018****[Pursuant to the Companies Act, 2013 read with rules made thereunder]****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	46.56
2	Computers/ Micro Processor based systems	46511- Wholesale of computers and computer peripheral equipment	49.48

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	QDigi Services Limited (formerly known as HCL Computing Products Limited)*	U72900DL2012PLC238730	Subsidiary	100	2(87)(ii)
7	HCL Insys Pte Limited, Singapore (Through HCL Learning 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 FZE, Dubai)		Subsidiary	49	2(87)(i)
13	HCL Touch Inc., US (Through HCL Services Limited)**		Subsidiary	100	2(87)(ii)

* QDigi Services Limited (formerly known as HCL Computing Products Limited) ceased to be the subsidiary w.e.f 11.04.2018 on its sale on the entire stake in its capital to an independent buyer.

**HCL Touch Inc., US, the erstwhile wholly owned subsidiary ceased to step down on its winding up w.e.f. 4th April, 2018

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, 2017)				No. of Shares held at the end of the year (As on 31 st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4,40,105	–	4,40,105	0.20	6568	–	6568	0.002	-0.198
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	12,89,37,739	–	12,89,37,739	57.84	207024593	–	207024593	62.885	5.045
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other..	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	12,93,77,844	–	12,93,77,844	58.04	207031161	–	207031161	62.887	4.847
(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	207031161	–	207031161	62.887	4.847
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	5,000	10,750	15,750	0.01	5,000	500	5,500	0.002	-0.008
b) Banks/FI	44,28,815	7,750	44,36,565	1.99	3914526	7000	3921526	1.191	-0.799
c) Central Govt	–	–	–	–	398703	–	398703	0.121	0.121
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	94,976	500	95,476	0.04	3518695	–	3518695	1.069	-1.029
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Foreign Portfolio Investment Funds	42,15,719	–	42,15,719	1.89	330407	–	330407	0.100	-1.79
Alternate Investment Funds	–	–	–	–	1800000	–	1800000	0.547	0.547
Sub-total (B)(1):-	87,44,510	19,000	87,63,510	3.93	9967331	7500	9974831	3.030	-0.9

Category of Shareholders	No. of Shares held at the beginning of the year (As on 31 st March, 2017)				No. of Shares held at the end of the year (As on 31 st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,31,17,778	14,33,380	1,45,51,158	6.53	28685497	1387135	30072632	9.135	-2.605
ii) Overseas	70,000	-	70,000	0.03	70,000	-	70,000	0.021	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	5,30,81,755	15,11,630	5,45,93,385	24.49	1128140	59131102	60259242	18.31	-6.18
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,25,89,684	86,625	1,26,76,309	5.69	86625	17040584	17127209	5.20	-0.49
c) Others (specify)									
i) NRI	27,93,098	7,000	28,00,098	1.26	3950119	3125	3953244	1.201	-0.059
ii) Trust	85,320	5	85,325	0.04	64620	5	64625	0.020	-0.02
iii) Foreign Body Corporate	-	2000	2,000	0.00	-	-	-	-	-
iv) Clearing Member	-	-	-	-	656984	-	656984	0.200	0.200
Sub-total (B)(2):-	8,17,37,635	30,40,640	8,47,78,275	38.04	109598966	2604970	112203936	34.083	-3.957
Total Public Shareholding (B) = (B)(1) + (B)(2)	9,04,82,145	30,59,640	9,35,41,785	41.96	119566297	2612470	122178767	37.113	-4.847
C. Shares held by Custodian for GDR & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	21,98,59,989	30,59,640	22,29,19,629	100.00	326597458	2612470	329209928	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 31 st March, 2017)			Share holding at the end of the year (As on 31 st March, 2018)			% 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	-	-	-	-	-
2	Ms. Gita Chowdhry	1,52,445	0.07	-	-	-	-	-
3	Ms. Kiran Malhotra	59,060	0.02	-	-	-	-	-
4	Mr. Shiv Nadar	2,070	0.00	-	3055	0.001	-	0.001
5	Ms. Roshni Nadar	1,960	0.00	-	2893	0.001	-	0.001
6	Ms. Poorva Malhotra	12,880	0.01	-	-	-	-	-
7	Mr. Akshay Chowdhry	900	0.00	-	-	-	-	-
8	Mr. Shiven Malhotra	11,880	0.01	-	-	-	-	-
9	Ms. Kiran Nadar	420	0.00	-	620	0.000	-	-
10	Ms. Nina Puri*	-	-	-	-	-	-	-
11	M/s Vireet Investments Private Limited*	18,25,703	0.82	-	-	-	-	-
12	M/s HCL Corporation Pvt. Ltd. (Formerly, Guddu Investments (Pondy) Pvt. Ltd.)	11,13,82,239	49.97	-	164421399	49.944	-	-0.026

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 31 st March, 2017)			Share holding at the end of the year (As on 31 st March, 2018)			% 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	
13	M/s Vama Sundari Investments (Delhi) Pvt Ltd	10,38,848	0.47	-	42603194	12.941	-	12.471
14	M/s AKM Systems Pvt. Ltd.	1,19,97,007	5.38	-	-	-	-	-
15	M/s Apollo Trading And Finance Pvt. Ltd.	13,46,971	0.60	-	-	-	-	-
16	M/s BFL Investments & Financial Consultants Pvt. Ltd.	13,46,971	0.60	-	-	-	-	-
	Total	12,93,77,844	58.04	-	207031161	62.887	-	-

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

Sl. No.		Shareholding at the beginning of the year (As on 1 st April, 2017)		Cumulative Shareholding during the year (As on 31 st March, 2018)	
		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	207031161	62.887
	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	207031161	62.887

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

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
	For Each of the Top 10 Shareholders				
1.	AKM Systems Pvt Ltd	11997007	3.644	11997007	3.644
	Less: Market Sale 04-12-2017	11997007	3.644	0	0.000
	Add: Market Purchase 08-12-2017	11997007	3.644	11997007	3.644
	At the End of the year (or on the date of separation, if separated during the year)	NA	NA	11997007	3.644
2.	LIFE INSURANCE CORPORATION OF INDIA	2131085	0.647333	2131085	0.647333
	Less: Market Sale 04-12-2017	2131085	0.647333	0	0.000
	Add: Market Purchase 08-12-2017	2131085	0.647333	2131085	0.647333
	At the End of the year (or on the date of separation, if separated during the year)	NA	NA	2131085	0.647333
3.	VIREET INVESTMENTS PRIVATE LIMITED	1825703	0.554571	1825703	0.554571
	Less: Market Sale 04-12-2017	1825703	0.554571	0	0.000
	Add: Market Purchase 08-12-2017	1825703	0.554571	1825703	0.554571
	At the End of the year (or on the date of separation, if separated during the year)	NA	NA	15,00,000	0.6729

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
4.	EQ India Fund		0	0.000	0	0.000
	Add: Market Purchase	05-01-2018	1200000	0.364509	1200000	0.364509
	Add: Market Purchase	19-01-2018	300000	0.091127	1500000	0.455636
	Add: Market Purchase	26-01-2018	300000	0.091127	1800000	0.546763
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	1800000	0.546763
5.	SOCIETE GENERALE		0	0.000	0	0.000
	Add: Market Purchase	08-12-2017	66465	0.020189	66465	0.020189
	Add: Market Purchase	22-12-2017	160470	0.048743	226935	0.068933
	Less: Market Sale	29-12-2017	160470	0.048743	66465	0.020189
	Less: Market Sale	12-01-2018	66465	0.020189	0	0
	Add: Market Purchase	26-01-2018	216661	0.065812	216661	0.065812
	Add: Market Purchase	02-02-2018	143679	0.043643	360340	0.109455
	Add: Market Purchase	09-02-2018	131848	0.040049	492188	0.149505
	Add: Market Purchase	16-02-2018	349020	0.106017	841208	0.255523
	Add: Market Purchase	23-02-2018	555778	0.168821	1396986	0.424345
	Add: Market Purchase	02-03-2018	107096	0.032531	1504082	0.456876
	Less: Market Sale	09-03-2018	65913	0.020021	1438169	0.436854
	Less: Market Sale	23-03-2018	40134	0.012191	1398035	0.424663
	Less: Market Sale	30-03-2018	232288	0.070559	1165747	0.354104
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	1165747	0.354104
6.	CHETAN JAYANTILAL SHAH		2000000	0.607515	2000000	0.607515
	Less: Market Sale	25-08-2017	300000	0.091127	1700000	0.516387
	Less: Market Sale	01-09-2017	200000	0.060751	1500000	0.455636
	Add: Market Purchase	03-12-2017	1000000	0.303757	2500000	0.759393
	Less: Market Sale	04-12-2017	1500000	0.455636	1000000	0.303757
	Add: Market Purchase	08-12-2017	500000	0.151878	1500000	0.455636
	Add: Market Purchase	15-12-2017	1000000	0.303757	2500000	0.759393
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	2500000	0.759393
7.	SUBHASH ARORA INVESTMENT P LTD		2520000	0.765469	2520000	0.765469
	Less: Market Sale	11-08-2017	708089	0.215087	1811911	0.550381
	Less: Market Sale	18-08-2017	291911	0.08867	1520000	0.461711
	Less: Market Sale	25-08-2017	500000	0.151878	1020000	0.309832
	Add: Market Purchase	03-12-2017	607142	0.184423	1627142	0.494256
	Less: Market Sale	04-12-2017	1020000	0.309832	607142	0.184423
	Add: Market Purchase	08-12-2017	412858	0.125408	1020000	0.309832
	Add: Market Purchase	15-12-2017	607142	0.184423	1627142	0.494256
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	1627142	0.494256

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
8.	For Each of the Top 10 Shareholders					
	MV SCIF MAURITIUS		884281	0.268607	884281	0.268607
	Add: Market Purchase	14-04-2017	9795	0.002975	894076	0.271582
	Add: Market Purchase	21-04-2017	9790	0.002973	903866	0.274556
	Add: Market Purchase	28-04-2017	97890	0.029734	1001756	0.30429
	Add: Market Purchase	05-05-2017	19576	0.005946	1021332	0.310237
	Add: Market Purchase	19-05-2017	97850	0.029722	1119182	0.339959
	Add: Market Purchase	02-06-2017	9785	0.002972	1128967	0.342932
	Add: Market Purchase	16-06-2017	19888	0.006041	1148855	0.348973
	Add: Market Purchase	23-06-2017	41049	0.012468	1189904	0.361442
	Less: Market Sale	07-07-2017	60906	0.0185	1128998	0.342941
	Less: Market Sale	21-07-2017	20304	0.006167	1108694	0.336774
	Add: Market Purchase	11-08-2017	13781	0.004186	1122475	0.34096
	Less: Market Sale	15-09-2017	40868	0.012413	1081607	0.328546
	Less: Market Sale	22-09-2017	42808	0.013003	1038799	0.315543
	Add: Market Purchase	29-09-2017	3381	0.001027	1042180	0.31657
	Add: Market Purchase	06-10-2017	1071	0.000325	1043251	0.316895
	Add: Market Purchase	27-10-2017	15748	0.004783	1058999	0.321678
	Add: Market Purchase	31-10-2017	19540	0.005935	1078539	0.327614
	Add: Market Purchase	03-11-2017	29310	0.008903	1107849	0.336517
	Add: Market Purchase	10-11-2017	57620	0.017502	1165469	0.35402
	Add: Market Purchase	03-12-2017	527547	0.160246	1693016	0.514266
	Less: Market Sale	04-12-2017	1165469	0.35402	527547	0.160246
	Add: Market Purchase	08-12-2017	637922	0.193773	1165469	0.35402
	Add: Market Purchase	15-12-2017	541935	0.164616	1707404	0.518636
	Add: Market Purchase	22-12-2017	59831	0.018174	1767235	0.53681
	Less: Market Sale	12-01-2018	14951	0.004541	1752284	0.532269
	Less: Market Sale	09-02-2018	74705	0.022692	1677579	0.509577
	Add: Market Purchase	16-02-2018	7765	0.002358	1685344	0.511935
	Less: Market Sale	16-03-2018	29924	0.009089	1655420	0.502846
	Less: Market Sale	23-03-2018	80072	0.024322	1575348	0.478523
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	1575348	0.478523
9.	GANESH SRINIVASAN		0	0.000	0	0.000
	Add: Market Purchase	12-01-2018	390000	0.118465	390000	0.118465
	Add: Market Purchase	26-01-2018	260000	0.078976	650000	0.197442
	Add: Market Purchase	09-02-2018	175000	0.053157	825000	0.250599
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	825000	0.250599
10.	BHADRA JAYANTILAL SHAH		2000000	0.607515	2000000	0.607515
	Less: Market Sale	25-08-2017	300000	0.091127	1700000	0.516387
	Less: Market Sale	01-09-2017	200000	0.060751	1500000	0.455636
	Add: Market Purchase	03-12-2017	1000000	0.303757	2500000	0.759393
	Less: Market Sale	04-12-2017	1500000	0.455636	1000000	0.303757
	Add: Market Purchase	08-12-2017	500000	0.151878	1500000	0.455636
	Add: Market Purchase	15-12-2017	1000000	0.303757	2500000	0.759393
	At the End of the year (or on the date of separation, if separated during the year)		NA	NA	2500000	0.759393

(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.	For Each of the Directors and KMP				
	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					
2.	Mr. Kapil Kapur (At the beginning of the year)	400	–	–	–
	Add:	–	–	–	–
	Less:	(400)	(0.000)	(400)	(0.000)
	At the End of the year	–	–	–	–

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	26,365.00	54,059.10	–	80,424.10
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	54,371.63	–	80,885.72
Change in Indebtedness during the financial year				
• Addition	18,996.79	–	–	18,996.79
• Reduction	–	-2,590.25	–	-2,590.25
Net Change	18,996.97	-2,590.25		16,406.54
Indebtedness at the end of the financial year				
i) Principal Amount	45,361.79	51,468.85	–	96,830.64
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	132.51	238.64	–	371.16
Total (i+ii+iii)	45,494.30	51,707.49		97,201.79

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/WT/ 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	

* Resigned w.e.f the closing hours of 31st March, 2018.

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*	0.75	–	–	0.75
	Ms. Sangeeta Talwar	23.25	–	–	23.25
	Mr. Kaushik Dutta	21.75	–	–	21.75
	Mr. Dharendra Singh	22.50	–	–	22.50
	Ms. Ritu Arora	9.75	–	–	9.75
	Total (1)				78.00
2.	Other Non-Executive Directors				
	Dr. Nikhil Sinha**	7.50	–	–	7.50
	Mr. V.N. Koura	–	–	–	–
	Mr. Pawan Kumar Danwar	–	–	–	–
	Mr. Dilip Kumar Srivastava	–	–	–	–
	Total (2)				7.50
	Total (B)=(1+2)				–
	Total Managerial Remuneration	–	–		
	Overall Ceiling as per the Act	₹ 1,00,000 per Board/ Committee meeting			

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

** Dr. Nikhil Sinha started getting sitting fees for Board/Committees meetings held on and after 26th July, 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. Kapil Kapur 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	112.49	42.41	44.61	199.50
		–	–	1.67	5.05
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	3.38	–	–
	(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	112.49	45.79	46.28	204.55

[#] Resigned w.e.f 15th September, 2017

^{##} Remuneration for Kapil Kapur is considered for the period 15th September, 2017 to 31st March, 2018.

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, 2018 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 31/03/2018	Options Exercised till 31/03/2018	Options Lapsed/ Forfeited during year ended 31/03/2018	Options in force as on 31/03/2018
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	-	-	-
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	-	-
18-Sep-14	380.00	Fully vested	-	-	-
21-Nov-14	363.75	3,000	-	-	-
Total			23,31,977	-	-

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 31/03/2018	Options Exercised till 31/03/2018	Options Lapsed/ Forfeited during year ended 31/03/2018	Options in force as on 31/03/2018
	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	-	-	-
	15-May-06	842.50	Fully vested	-	-	-
	15-Jun-06	620.50	Fully vested	430	-	-
	17-Jul-06	673.75	Fully vested	80	-	-
	15-Mar-07	648.75	Fully vested	7,860	-	-
	23-Jan-08	898.25	Fully vested	-	4,065	-
	16-Aug-11	375.00	Fully vested	-	-	-
	17-Aug-11	375.00	Fully vested	-	-	-
	18-Jun-12	202.00	Fully vested	-	-	-
	30-Jan-13	186.00	Fully vested	20,000	-	-
	14-Feb-13	178.00	Fully vested	-	-	-
	10-May-13	187.00	2,000	2,000	-	-
Total				39,444	4,065	-

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	197,221 equity shares of ₹ 2/- each
2.	Money realised by exercise of options :	₹ 93,18,26,384.15	₹ 1,98,94,774.80
3.	Weighted average exercise price of options granted (₹):	₹ 653.85	₹ 1,044.55
4.	Weighted average fair value of options granted (₹):	₹ 84.90	₹ 148.95
5.	Employee-wise details of options granted to:		
	(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



HCL INFOSYSTEMS

ESOP Certificate

Independent Auditors' Report on compliance of regulation for Employee Stock Option Scheme under the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

To the Members of HCL Infosystems Limited

1. This report is issued in accordance with the terms of our agreement dated 9 March 2018.
2. The Report contains details of compliance of regulations for the Employees Stock Option Scheme ("ESOS Scheme") by HCL Infosystems Limited ("the Company") for the year ended March 31, 2018 in accordance with the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations").

Managements' Responsibility

3. The compliance of the regulations of SEBI Regulations is the responsibility of the Management.
4. The Management is also responsible for ensuring that the Company complies with the provisions of the regulations notified by the SEBI Regulations and provides all relevant information to the Securities and Exchange Board of India. The management shall comply with the provisions which shall be implemented in a manner so as to achieve the objectives of the principles.
5. The Management is responsible for maintaining the relevant information and documents, which are required to be kept and maintained under the relevant laws and regulations, implementing the ESOS Scheme in accordance with the SEBI Regulations and establishing and maintaining effective internal control for properly recording the information related to the ESOS Scheme in the records maintained by the Company.

Auditor's Responsibility

6. Pursuant to the requirements and compliance of the SEBI Regulations, it is our responsibility to obtain reasonable assurance and form an opinion as to whether the Company complies with the conditions and provisions of the regulations notified by the SEBI Regulations.
7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, ("the Guidance Note"), issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the 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, issued by the ICAI.

Opinion

9. Based on our examination as above, and the information and explanation given to us, in our opinion, we provide reasonable assurance that the ESOS Scheme is in accordance with the provisions of the SEBI Regulations. We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on Use

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

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 116231W/W-100024

Manish Gupta

Partner

Membership No.: 095037

Place : Gurugram
Date: 29 May 2018

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, 2018, the Board of Directors of the Company comprises of Nine Directors. Of the Nine Directors, Eight are Non-Executive Directors and four 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, 2018 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 2017-18 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 2017-18		Whether attended last AGM held on 14 th September, 2017	No. of Directorships in other public companies as on 31 st March, 2018	No. of Committee positions held in other public companies as on 31 st March, 2018	
		Held	Attended			Chairman	Member
Dr. Nikhil Sinha(Chairman)	Non Independent & Non-Executive Director	13	7	No	2	-	-
Mr. Premkumar Seshadri* (Executive Vice Chairman & Managing Director)	Executive Director	13	11	Yes	3	-	1
Mr. Dilip Kumar Srivastava	Non Independent & Non-Executive Director	13	12	Yes	4	-	1
Mr. Dharendra Singh	Independent & Non-Executive Director	13	12	Yes	5	4	1
Mr. Kaushik Dutta	Independent & Non-Executive Director	13	13	Yes	8	-	5
Mr. Pawan Kumar Danwar	Non Independent & Non-Executive Director	13	13	Yes	2	-	2
Dr. Pradeep K. Khosla**	Independent & Non-Executive Director	2	1	NA	-	-	-
Ms. Ritu Arora	Independent & Non-Executive Director	13	7	Yes	-	-	-
Ms. Sangeeta Talwar	Independent & Non-Executive Director	13	13	Yes	5	-	-
Mr. V N Koura***	Non-Independent & Non-Executive Director	13	3	Yes	1	-	-

** Mr. Premkumar Seshadri ceased to be Managing Director of the Company w.e.f. close of business hours of 31st March, 2018 and Mr. Rangarajan Raghavan was appointed as Managing Director of the Company w.e.f. 1st April, 2018

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

*** Mr. V N Koura, liable to retire by rotation at the ensuing Annual General Meeting has vide letter dated 25th May, 2018 expressed his unwillingness to be reappointed as Director of the Company and hence will not be reappointed at the forthcoming AGM.

- (v) Thirteen Board Meetings were held during the Financial Year 2017-18 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:

27 th April, 2017	30 th May, 2017	3 rd July, 2017
26 th July, 2017	29 th August, 2017	14 th September, 2017
25 th October, 2017	27 th December, 2017	31 st January, 2018
8 th and 9 th February, 2018	28 th February, 2018	23 rd March, 2018
29 th March, 2018		

- (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. Transaction that involve substantial payment (write off) towards goodwill.
- i. Sale of investments, subsidiaries which are material in nature and not in normal course of business
- j. Quarterly details of foreign exchange exposures and steps taken by management to limit the risks of adverse exchange rate movement, if material.
- k. Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- l. Discussion & review of Business Operations.
- m. Advancing inter-corporate loan to subsidiaries.
- n. Issue of corporate guarantees(s) on behalf of subsidiaries
- o. Minutes of meetings of Board of Directors of subsidiary companies.
- p. Review of operations of subsidiary companies.
- q. Review of related party transactions.
- r. Approval to make payment of remuneration by way of commission to Non Executive Director.
- s. 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	5	5
Mr. Dharendra Singh	Independent & Non-executive	5	5
Mr. Nikhil Sinha	Non-Independent & Non-executive	5	4
Ms. Ritu Arora	Independent & Non-executive	5	2
Ms. Sangeeta Talwar	Independent & Non-executive	5	5

- f. The Audit Committee met Five times during the Financial Year 2017-18 on the following dates:

30 th May, 2017	26 th July, 2017	25 th October, 2017
31 st January, 2018	29 th March ,2018	

- g. The previous Annual General Meeting of the Company was held on 14th September, 2017 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:

1. Manage the following set of activities with respect to members of the Board of Directors of the Company:
 - Appointment of Directors
 - Formulate the criteria for determining qualification, positive attributes and independence of Directors
 - Review and recommend potential candidates to the Board for appointment with due consideration to Board diversity
 - Evaluation of performance of the Directors of the Board
 - Establish criteria for evaluation of Director's performance
 - Conduct evaluation and submit the report to 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
2. Manage the following set of activities with respect to Key Managerial Personnel viz. Executive Directors, Managing Director, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary of the Company and in future, such persons as recommended by the Board:
 - Establish and Review the performance scorecard for key managerial personnel for each financial year
 - Review and recommend compensation, incentive & 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
3. 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	8	8
Mr. Dilip Kumar Srivastava	Non - Independent & Non-executive	8	8
Ms. Sangeeta Talwar	Independent & Non-executive	8	8

- e. The Committee met Eight times during the Financial Year 2017-18 on the following dates:

30 th May, 2017	26 th June, 2017	26 th July, 2017
24 th August, 2017	25 th October, 2017	31 st January, 2018
28 th February, 2018	29 th March, 2018	

- 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, 2018, the Board has decided that no commission be paid to Non-executive Directors for the year ending 31st March, 2018.

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 to the Independent Directors and Dr. Nikhil Sinha.

- g. Details of remuneration paid / payable to all the Directors for the period from 1st April, 2017 to 31st March, 2018:

(₹ / Lacs)

Name	Salary & Allowances	Perquisites	Performance Linked Bonus	Commission	Sitting Fees
Executive Directors					
Mr. Premkumar Seshadri*	NIL	NIL	NIL	NIL	NIL
Non-executive Directors					
Dr. Nikhil Sinha**	NIL	NIL	NIL	NIL	7.50
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	0.75
Mr. Dharendra Singh	NIL	NIL	NIL	NIL	22.50
Ms. Sangeeta Talwar	NIL	NIL	NIL	NIL	23.25
Mr. Kaushik Dutta	NIL	NIL	NIL	NIL	21.75
Ms. Ritu Arora	NIL	NIL	NIL	NIL	9.75

* Mr. Premkumar Seshadri ceased to be Managing Director of the Company w.e.f. close of business hours of 31st March, 2018

** Dr. Nikhil Sinha started getting sitting fees for Board/Committees meetings held on and after 26th July, 2017

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

- Mr. Premkumar Seshadri is not paid any remuneration by the Company.
- 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: 1 Year from 1st January, 2018. However, Mr. Premkumar Seshadri ceased to be Managing Director of the Company w.e.f. close of business hours of 31st March, 2018.

- 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, 2018, 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 2018. There is not any relationship between the Directors of the Company.

(iii) STAKEHOLDERS RELATIONSHIP COMMITTEE:

- a. 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.

- b. 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

* In view of resignation of Mr. Premkumar Seshadri, he is ceased to be member of the Committee w.e.f. 31st March, 2018 and Mr. Rangarajan Raghavan was appointed as member of the Committee w.e.f. 1st April, 2018.

- c. The Committee met four times during the Financial Year 2017-18 on the following dates:

30 th May, 2017	26 th July, 2017	25 th October, 2017
31 st January, 2018		

- 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 Eleven 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, 2018.

(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.
- The composition of the Corporate Social Responsibility Committee is given below:

Name	Category
Ms. Sangeeta Talwar (Chairperson)	Independent & Non- executive
Mr. Pawan Kumar Danwar	Non-Independent & Non- executive
Mr. Dilip Kumar Srivastava	Non-Independent & Non- executive

The Company is having losses from the past three years, hence not liable to spend any amount of CSR activities. Therefore no meeting of Corporate Social Responsibility Committee was conducted during the Financial Year 2017-18.

b. FINANCE COMMITTEE

- The Company constituted a Committee of Director in 1999 and renamed as Finance Committee in 2011.
- The Committee is governed by a Charter.
- 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	6	6
Mr. Premkumar Seshadri*	Non-Independent & executive	6	6
Mr. Pawan Kumar Danwar	Non-Independent & Non-executive	6	6
Ms. Ritu Arora	Independent & Non-executive	6	4

* In view of resignation of Mr. Premkumar Seshadri, he is ceased to be member of the Committee w.e.f. 31st March, 2018

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 is given below:

Name	Category
Mr. Premkumar Seshadri (Chairperson)	Non-Independent & executive
Dr. Nikhil Sinha	Non-Independent & Non-executive
Dr. Pradeep Kumar Khosla	Independent & Non-executive

Note: In view of resignation of two members (Mr. Premkumar Seshadri and Dr. Pradeep Kumar Khosla) the composition of the Committee is being under consideration for reconstitution.

4. INDEPENDENT DIRECTORS' MEETING

During the period under review, the Independent Directors met on 29th March, 2018, inter alia, to discuss:

- review the performance of non-independent directors and the Board as a whole;
- review the performance of the Chairman of the Company, taking into account the views of executive directors and non-executive directors.
- 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, Ms. Ritu Arora, who could not attend the meeting as she was 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 from this the Company frequently organizes the familiarization 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 <http://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:

- Shall possess a director's identification number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall provide his/her written consent to act as a Director;
- Shall endeavour to attend all Board meetings and wherever he/she is appointed as a Board committee ("Committee") member, the Committee meetings;
- Shall abide by the Code of Conduct established by the Company for directors and senior management personnel;
- 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;
- 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;
- 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:

- 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 short listed 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-à-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 Committee of the Board 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 Committees 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 conduct the online evaluation of the Board, Committees and Individual Directors including Independent Directors, as per the questionnaires designed by the Company. The report content and quality was reviewed by an Independent HR consultant and the results were shared with the Board Chairman – Dr. Nikhil Sinha.

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

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 “Managing Director” 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 2017-18.”

Sd/-

Rangarajan Raghavan
Managing Director

9. UNLISTED SUBSIDIARY COMPANIES:

The Company has Thirteen unlisted subsidiaries as on 31st March, 2018 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.	Qdigi Services Limited (formerly known as 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:

* Qdigi Services Limited (formerly known as HCL Computing Products Limited) sold to M/s Quess Corp Limited w.e.f. 11th April, 2018

** HCL Touch Inc., US, the erstwhile wholly owned subsidiary ceased to step down by winding up w.e.f. 4th April, 2018

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 <http://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 2017-18 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 2017-18. 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 <http://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 <http://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
2016-17	14 th September, 2017	10:00 A.M.	Kamani Auditorium, 1, Copernicus Marg, New Delhi- 110001
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

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

14th September, 2017

- Approval for offer or invitation to subscribe to Redeemable Non- Convertible Debentures on private placement

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

14. POSTAL BALLOT

During the year under review, the Company have come up with following Postal Ballots:

- (i) The Members of the Company have approved the following Ordinary resolution through postal ballot, the result of which was delivered on 4th September, 2017.

The Board had appointed Mr. Vineet K Chaudhary, Practicing Company Secretary as Scrutinizer for conducting the postal ballot and e- voting process in a fair and transparent manner.

The details of the voting pattern in respect of Ordinary Resolution through postal ballot was as under:

Reclassification of the Status of Promoters Shareholding into Public Shareholding.							
Promoter/Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(a)	(b)	(c)=(b)/(a)*100	(d)	(e)	(f)=(d)/(b)*100	(g)=(e)/(b)*100
Promoter and Promoter Group	129377844	112425537	86.90	112425537	0	100	0
Public- Institutional holders	8529045	4280393	50.19	4280393	0	100	0
Public- Others	85012740	427499	0.50	289045	138454	67.61	32.39
Total	222919629	117133429	52.55	116994975	138454	99.88	0.12
The above resolution was duly approved with requisite majority by the members of the Company as Ordinary resolution							

- (ii) The Members of the Company have approved the following Special resolution through postal ballot, the result of which was delivered on 26th March, 2018

The Board had appointed Mr. Vineet K Chaudhary, Practicing Company Secretary as Scrutinizer for conducting the postal ballot and e- voting process in a fair and transparent manner.

The details of the voting pattern in respect of Special Resolution through postal ballot was as under:

To sell/transfer dispose off the entire investments of HCL Infosystems Limited in its wholly owned subsidiary, HCL Services Limited to M/s Karvy Data Management Services Limited							
Promoter/Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(a)	(b)	(c)=(b)/(a)*100	(d)	(e)	(f)=(d)/(b)*100	(g)=(e)/(b)*100
Promoter and Promoter Group	207031161	207031161	100	207031161	0	100	0
Public- Institutional holders	9651425	2418861	25.06	2418861	0	100	0
Public- Others	112507342	139887	0.12	133847	6040	95.68	4.32
Total	329189928	209589909	63.67	209583869	6040	99.99	0.01

The above resolution was duly approved with requisite majority by the members of the Company as Special resolution

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, 2018 and the Board reviewed the same.

16. DISCLOSURES:

- 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.
- 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.
- 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.
- 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
- 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:
 - The Company has appointed separate persons to the post of Chairperson and Managing Director.
 - The statutory financial statements of the Company are unqualified.
 - Internal Auditor can directly report to the Audit Committee.

17. MEANS OF COMMUNICATION:

- 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.
- 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 2017-18 were published as detailed below:

Quarter (FY 2016-17)	Date of Board Meeting	Date of Publication	Name of the Newspaper
1	30 th May, 2017	31 st May, 2017	Business Standard
2	26 th July, 2017	27 th July, 2017	Business Standard
3	25 th October, 2017	26 th October, 2017	Business Standard
4	31 st January, 2018	1 st February, 2018	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.

18. GENERAL SHAREHOLDERS' INFORMATION:

- (i) Annual General Meeting:
- Date : Thursday, 27th September, 2018
- 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 2018-19) :
- Adoption of Results for the quarter ending 30th June, 2018 : 25th July, 2018
- Adoption of Results for the quarter ending 30th September, 2018 : 24th October, 2018
- Adoption of Results for the quarter ending 31st December, 2018 : 29th January, 2019
- Adoption of Results for the quarter ending 31st March, 2018 : 30th May, 2019
- (iv) Date of Book Closure : 24th September, 2018 (Monday) to 27th September, 2018 (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
Demat Form – 500179
- (vii) Market price data:

Month	Company's Share Price	
	High (₹)	Low (₹)
April, 2017	61.00	52.25
May, 2017	57.45	46.30
June, 2017	49.40	43.40
July, 2017	46.60	37.55
August, 2017	50.65	40.00
September, 2017	55.00	46.20
October, 2017	51.65	46.00
November, 2017	53.30	46.25
December, 2017	59.60	46.75
January, 2018	64.70	53.25
February, 2018	69.70	51.00
March, 2018	64.60	49.40



(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, 2018:

No. of equity shares	Shareholders		Total Shares	
	Number	(%)	Number	(%)
Upto 500	74895	78.28	11210202	3.40
501-1000	9638	10.07	8178947	2.48
1001-2000	4989	5.22	7873522	2.39
2001-3000	1781	1.86	4661932	1.42
3001-4000	941	0.98	3448335	1.05
4001-5000	844	0.88	4050716	1.23
5001-10000	1466	1.53	11193427	3.40
10001 and above	1129	1.18	278592847	84.63
Total	95683	100.00	329209928	100.00

(xii) Shareholding pattern as on 31st March, 2018:

Category	No. of shares	Percentage (%)
Promoters / Promoters Group	207031161	62.89
Mutual Funds/Alternate Investment Funds	1805500	0.55
NBFCs	776994	0.23
Foreign Portfolio Investors	3849102	1.17
Foreign Bank	6725	0.00
Financial Institutions / Banks	3914801	1.19
Bodies Corporate	29365638	8.92
Indian Public	73217304	22.24
NRI / Trust/others	8844000	2.69
Central Government (IEPF Fund)	398703	0.12
TOTAL	329209928	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, 2018, 99.21 % 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, 2018.

(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.com. 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.

Corporate Governance Certificate

Independent Auditors' Report on Compliance with the Corporate Governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To the Members of HCL Infosystems Limited

1. This report is issued in accordance with the terms of our agreement dated 9 March 2018.
2. The accompanying Corporate Governance Report prepared by HCL Infosystems Limited ("the Company") contains details of compliance of conditions of corporate governance by the Company for the year ended 31 March 2018, as stipulated in Regulations 17-27, clauses (b) to (i) of the Regulation 46(2) and paragraphs C, D and E of the Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") pursuant to the Listing Agreement of the Company with stock exchanges.

Management's Responsibility

3. The preparation of the Corporate Governance Report is the responsibility of the Management including the preparation and maintenance of all the relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
4. The Management along with the Board of Directors is also responsible for ensuring that the Company complies with the conditions of the Corporate Governance and provides all relevant information to Securities and Exchange Board of India. The management shall comply with the corporate governance provisions which shall be implemented in a manner so as to achieve the objectives of the principles.

Auditor's Responsibility

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing regulations for the year ended 31 March 2018.
6. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the subject matter stated in the above paragraph. The procedures selected, including procedures for assessment of the risk associated with the subject matter, depends on the auditor's judgement.
7. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
8. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes and Guidance Note on Certification of Corporate Governance, ("the Guidance Notes"), both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Notes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
9. We have complied with the 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, issued by ICAI.

Opinion

10. In our opinion, and to the best of our information and according to the explanation and representations given to us, we are of the opinion that the Company has complied with the conditions of the Corporate Governance as stipulated in Listing Regulations, as applicable as at 31 March 2018, referred to in paragraph 2 above.
11. We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on Use

12. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with the obligations under the Listing Regulations and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of report.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No: 116231W/W-100024

Manish Gupta

Partner

Membership No.: 095037

Place: Gurugram
Date: 29 May 2018

Secretarial Audit Report

(For The Financial Year Ended March 31, 2018)

[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

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, 2018 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, 2018 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;
 - (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 Bombay Stock Exchange 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 is 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, compliance as required under the Act has been made by the Company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

- The Company has allotted 80,000 equity shares on July 26, 2017 against the options exercised under Employee Stock Based Compensation Plan 2005 (Scheme 2005).
- The Company has passed the special resolution in its Annual General Meeting held on September 14, 2017:
 - a) To approve the offer or invitation to subscribe to secured/unsecured Redeemable Non-convertible Debenture in one or more series/tranches, of the aggregate nominal value of upto Rs. 300 Crores on private placement basis.
 - b) To approve the related party transaction with HCL Corporation Private Limited as per the provisions of SEBI (LODR) Regulation, 2015.
- The Company has allotted 106,190,299 equity shares of face value of Rs. 2/- each, issued at a price of Rs. 47/- per equity shares on December 08, 2017 through Right Issue Basis.
- The Company has allotted 20,000 equity shares on January 31, 2018 against the options exercised under Employee Stock Based Compensation Plan 2005 (Scheme 2005).
- The Board of Directors of the Company on January 31, 2018 had approved the Sale of CARE business, a division of HCL Services Limited (wholly owned subsidiary) on slump sale basis, to QDigi Services Limited (Earlier known as HCL Computing Products Limited (HCPL) and then transfer of entire shareholding of QDigi Services Limited to M/s Quess Corp Limited for a total consideration of Rs 30 Crore. Pursuant to above, the CARE Business division has been transferred to QDigi Services Limited on March 31, 2018 and entire shareholding of QDigi Services Limited has been transferred to M/s Quess Corp Limited on April 11, 2018.
- The Board of Directors of the Company on March 23, 2018 has approved the transfer of shares of HCL Insys Pte Ltd. from HCL Services Ltd., a wholly owned subsidiary to HCL Learning Ltd., another wholly owned subsidiary of HCL Infosystems Ltd.
- The Board of Directors of the Company on March 23, 2018 has accorded its approval to purchase IT& Facility Unit from HCL Services Ltd., a wholly owned subsidiary.
- During the year under review, the Company has passed the special resolution through Postal Ballot:
 - a) Reclassification of the Status of Promoters & Promoter Group holding 16,952,307 Equity Shares aggregating to 7.61% of the paid-up capital of the Company, from "Promoter & Promoter Group" shareholding of the Company to the "Public" shareholding of the Company.
 - b) To sell/ transfer/ dispose of the entire investment of HCL Infosystems Limited in HCL Services Limited, a wholly owned subsidiary to M/s Karvy Data Management Services Limited.

FOR VKC & ASSOCIATES;
(Company Secretaries)

CS MOHIT K. DIXIT
Partner

Date: 29.05.2018
Place: New Delhi

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

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)

CS MOHIT K. DIXIT
Partner

ACS No. 49021
C P No. 17827

Date: 29.05.2018
Place: New Delhi

INDEPENDENT AUDITOR'S REPORT

To

The Members of HCL Infosystems Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of HCL Infosystems Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

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 that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding 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.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, 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.

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. Those Standards 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.

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 auditor's 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.

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

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

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 31 March 2018, its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 30 May 2017 on the standalone Ind AS financial statements of the Company for the year ended 31 March 2017. Our opinion on the standalone Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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, the Cash Flow Statement and 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 prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; - Refer Note 38 to the standalone Ind AS financial statements.
 - ii. The Company has long term contracts as at 31 March 2018 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at 31 March 2018.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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

Manish Gupta
Partner
Membership No.: 095037

Place: Gurugram
Date: 29 May 2018

Annexure A To Independent Auditors' Report

To the Members of HCL Infosystems Limited on the standalone financial statements for the year ended 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of HCL Infosystems Limited ("the Company") as of 31 March 2018 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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance by the ICAI.

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

Manish Gupta
Partner
Membership No.: 095037

Place: Gurugram
Date: 29 May 2018

Annexure B To Independent Auditors' Report

Annexure B of the Independent Auditor's Report to the members of HCL Infosystems Limited on the standalone financial statements for the year ended 31 March 2018

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified by the management in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in fixed assets are held in the name of the Company, except for the immovable property mentioned below:

(₹ in crores)

Particulars	Gross Block	Net Block
Land and Buildings at Ambattur, Chennai	5.58 crores	3.20 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the registered maintained under section 189 of the Act. According, the provisions of clause 3(iii) of the order are not applicable to the Company.
- (iv) According to the information and explanations given to us, there are no loans given by the Company in respect of which provisions of Section 185 of the Companies Act, 2013 are applicable. Further, provisions of Section 186 of the Companies Act, 2013 have been complied with respect to loans and guarantees given by the Company.
- (v) The Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the products of the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Service tax, Duty of customs, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs as at 31 March 2018 which have not been deposited on account of a dispute. The particulars of Income tax, Service tax, Duty of excise and sales tax as at 31 March 2018 which have not been deposited on account of a dispute, are as follows:

Nature of the statute	Nature of dues	Amount (₹ in crores)	Amount deposited (₹ in crores)	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income tax	1.93	-	2004-2005 2005-2006 2006-2007	Assessing Officer / Income Tax Appellate Tribunal / CIT
Income tax Act, 1961	Income tax	3.00	-	2011-2012	CIT (Appeal)
Income tax Act, 1961	Income tax	0.78	-	2012-2013	CIT (Appeal)
Income tax Act, 1961	Income tax	19.19	-	2013-2014	Income Tax Appellate Tribunal
Income tax Act, 1961	Income tax	0.22	-	2014-2015	CIT (Appeal)

Contd....

Nature of the statute	Nature of dues	Amount (₹ in crores)	Amount deposited (₹ in crores)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise	7.19	1.40	2002-2013	Commissioner of Appeals / CESTAT / High Court
Finance Act, 1994	Service tax	340.80	13.20	2003-2016	CESTAT / High Court / Commissioner (Appeals)
Andhra Pradesh Value Added Tax Act, 2005	Sales tax	0.26	-	2008-2009	Deputy Commissioner Appeals
Bihar Value Added Tax Act, 2005	Sales tax	13.21	6.66	2006-2007 2008-2015	Joint Commissioner Appeals / High Court / Assistant Commissioner of Sales tax
Delhi Sales Tax Act, 1975	Sales tax	0.17	0.05	2003-2006	Assistant Commissioner Sales tax / Joint Commissioner Appeals / Tribunal Sales tax
Delhi Value Added Tax Act, 2004	Sales tax	12.79	0.52	2006-2014	Tribunal of Sales tax / Deputy Commissioner Appeals
Gujarat Value Added Tax Act, 2003.	Sales tax	0.21	-	2013-2014	Assistant Commissioner of Sales Tax (Gujarat)
Jammu & Kashmir Value Added tax Act, 2005	Sales tax	2.71	0.04	2005-2006 2007-2008 2008-2009	Deputy Commissioner Appeals
Jharkhand Value Added Tax Act, 2005	Sales tax	0.01	0.05	2011-2012	Joint Commissioner Appeal
Karnataka Value Added Tax Act, 2003.	Sales tax	2.48	1.60	2006-2013	Deputy Commissioner Appeals / Assessing Officer / High Court
Kerala General Sales Tax Act, 1963.	Sales tax	1.25	1.13	2001-2017	Tribunal of Sales tax / Deputy Commissioner Appeals / Commercial Tax Officer
M.P. Value Added Tax Act, 2002	Sales tax	0.25	0.17	2011-2014	Joint Commissioner Appeal
Maharashtra Value Added Tax Act, 2002	Sales tax	3.67	1.10	2004-2013	Joint Commissioner Appeal
Orissa Value Added Tax Act, 2004	Sales tax	0.17	0.02	2012-2014	Deputy Commissioner Appeals / High Court
Punjab Value Added Tax Act, 2005	Sales tax	7.54	0.05	2006-2007 2007-2008 2010-2011 2012-2013	Deputy Commissioner Appeals / Tribunal of Sales tax
Rajasthan Value Added Tax Act-2003	Commercial tax	179.82	80.06	2001-2002 2006-2007 2007-2008 2008-2009 2009-2010 2010-2011 2011-2012 2012-2013 2013-2014 2014-2015 2015-2016	Commercial Tax Officer / High Court / Deputy Commissioner Appeals / Tribunal of Sales tax
Tamil Nadu General Sales tax Act, 1959	Sales tax	0.06	0.42	2004-2005 2007-2008	Commercial tax Officer / Deputy Commissioner Appeals

Nature of the statute	Nature of dues	Amount (₹ in crores)	Amount deposited (₹ in crores)	Period to which the amount relates	Forum where the dispute is pending
Tamil Nadu Value Added Tax Act, 2006.	Sales tax	0.90	6.26	2004-2005 2006-2007 2008-2009 2009-2010 2010-2011 2011-2012 2012-2013 2013-2014 2015-2016	Commercial tax Officer / Deputy of Sales tax / Deputy Commissioner Appeals
The Uttaranchal Value Added Tax Act, 2005	Sales tax	0.63	0.09	2005-2006 2011-2012 2012-2013 2013-2014	Deputy Commissioner Commercial Tax
U.P. Trade Tax Act, 1948	Sales tax	1.63	3.77	2002-2008	Assessing Officer / Tribunal Of Sales tax / High Court
U.P.Value Added Tax Act, 2008	Sales tax	18.20	5.54	2007-2016	Additional Commissioner (Appeals) / Joint Commissioner Appeals / Tribunal of Sales tax / Commercial Tax Officer
West Bengal Sales Tax Act, 1994.	Sales tax	7.74	2.76	2003-2016	Board of Sales tax / Additional Commissioner Appeals / Tribunal of Sales tax

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution further, no bank loans or borrowings were taken from Government and there were no debentures issued during the year or outstanding as at 31 March 2018.
- (ix) 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) According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid/ provided for managerial remuneration- Refer Note-47 to the financial statements. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. 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 B S R & Associates LLP
Chartered Accountants
Firm's Registration No. 116231W/W-100024

Manish Gupta
Partner
Membership No.: 095037

Place: Gurugram
Date: 29 May 2018



HCL INFOSYSTEMS

Balance Sheet as at March 31, 2018

	Notes	As at 31.03.2018 ₹/Crores		As at 31.03.2017 ₹/Crore	
I. ASSETS					
(1) Non-current assets					
Property, plant and equipment	3	79.84		76.49	
Intangible assets	4	2.11		0.19	
Financial Assets					
(i) Investments	5	56.09		535.51	
(ii) Others financial assets	7	1.41		0.53	
Deferred tax assets (net)	8	63.55		64.70	
Advance income tax (net)	9	26.01		8.78	
Other non-current assets	10	143.30	372.31	109.45	795.65
(2) Current assets					
Inventories	11	278.57		59.47	
Financial Assets					
(i) Investments	6	107.19		120.87	
(ii) Trade receivables	12	560.88		432.00	
(iii) Cash and cash equivalents	13	45.49		67.68	
(iv) Bank balances other than (iii) above	14	11.98		4.41	
(v) Loans	15	716.57		389.02	
(vi) Others financial assets	16	70.49		15.51	
Other current assets	17	87.34	1,878.51	36.73	1,125.69
Assets held for sale	50		5.99		-
Total Assets			2,256.81		1,921.34
II. EQUITY AND LIABILITIES					
(1) Equity					
Equity share capital	18	65.84		44.58	
Other equity	19	420.31	486.15	577.49	622.07
(2) Liabilities					
Non-current liabilities					
Financial liabilities					
(i) Borrowings	20	93.51		134.11	
Provisions	21	4.74	98.25	5.33	139.44
Current liabilities					
Financial liabilities					
(i) Borrowings	22	750.42		568.28	
(ii) Trade payables	23	723.10		402.17	
(iii) Other financial liabilities	24	169.32		144.62	
Other current liabilities	25	20.57		37.66	
Provisions	26	9.00	1,672.41	7.10	1,159.83
Total Equity and Liabilities			2,256.81		1,921.34
Significant Accounting Policies	2				

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

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

Manish Gupta

Partner

Membership Number - 095037

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

Rangarajan Raghavan

Managing Director

DIN - 07932761

Kapil Kapur

Chief Financial Officer

Noida, May 29, 2018

Kaushik Dutta

Director

DIN - 03328890

Sushil Kumar Jain

Company Secretary

Gurugram, May 29, 2018

Statement of Profit & Loss

for the year ended March 31, 2018

	Notes	Year ended 31.03.2018 ₹ /Crores	Year ended 31.03.2017 ₹ /Crores
Income :			
Revenue from operations	27	2,950.30	2,265.36
Other income	28	52.72	48.06
Total income		3,003.02	2,313.42
Expenses:			
Cost of materials consumed"		0.35	0.79
Purchase of Stock-in-Trade		3,037.98	2,078.51
Changes in inventories of finished goods, stock-in -trade	29	(219.73)	36.13
Other direct expense	30	27.55	26.63
Employee benefits expense	31	58.96	58.11
Finance costs	32	112.69	104.60
Depreciation and amortization expense	3,4	4.44	4.80
Other expenses	33	57.66	60.42
Total expenses		3,079.90	2,369.99
Loss before exceptional items and tax		(76.88)	(56.57)
Exceptional items	37	(553.62)	(320.19)
Loss before tax		(630.50)	(376.76)
Income tax expense:			
Current tax		-	6.31
Deferred tax	49	1.07	(20.68)
Loss for the year		(631.57)	(362.39)
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
(i) Gain/(loss) on remeasurement of defined benefit plan	46	0.25	0.08
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.08)	(0.02)
Total comprehensive loss for the year		(631.40)	(362.33)
Earnings per share	44		
(i) Basic		(24.66)	(16.26)
(ii) Diluted		(24.66)	(16.26)
Significant accounting policies	2		

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

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

Manish Gupta

Partner

Membership Number - 095037

For and on behalf of the Board of Directors of
HCL Infosystems Limited
Rangarajan Raghavan

Managing Director

DIN - 07932761

Kapil Kapur

Chief Financial Officer

Noida, May 29, 2018

Kaushik Dutta

Director

DIN - 03328890

Sushil Kumar Jain

Company Secretary

Gurugram, May 29, 2018

Cash Flow Statement

for the year ended March 31, 2018

	Year ended 31.03.2018 ₹/Crores		Year ended 31.03.2017 ₹/Crores	
1. Cash Flow from Operating Activities:				
Loss before tax		(630.50)		(376.76)
Adjustments for:				
Depreciation and amortisation expense	4.44		4.80	
Finance cost	112.69		104.60	
Interest income	(25.49)		(28.04)	
Dividend income	(2.65)		(4.82)	
Net profit on sale of property, plant and equipment	(1.68)		(0.22)	
Property, plant and equipment written-off	0.02		0.86	
Gain on sale of investment carried at FVTPL	(0.82)		(2.20)	
Diminution other than temporary in the value of long term investment	473.43		250.00	
Provision against inter Company deposits given to subsidiaries	80.19		70.19	
Exchange difference on translation of foreign currency cash and cash equivalent	(0.71)		0.48	
Provisions/liabilities no longer required written back	(11.13)	628.29	(0.57)	395.08
Operating profit before working capital changes		(2.21)		18.32
Changes in operating assets and liabilities				
- Increase in trade receivables	(136.30)		(129.77)	
- Increase in non-current assets	(24.59)		(19.08)	
- Increase in current assets	(106.91)		(11.99)	
- (Increase) / decrease in inventories	(219.10)		36.29	
- Decrease in non current liabilities	(0.59)		(4.75)	
- Increase / (decrease) in current liabilities	321.24	(166.25)	(69.08)	(198.38)
Cash used in operations		(168.46)		(180.06)
- Taxes (paid)/received		(17.23)		7.26
Net cash used in operating activities (A)		(185.69)		(172.80)
2. Cash flow from investing activities:				
Purchase of fixed assets (including intangible assets)	(10.60)		(0.75)	
Capital work-in-progress (including intangible assets under development)	-		0.25	
Proceeds from sale of fixed assets	2.43		0.26	
Proceeds from sale of current investments	384.50		492.54	
Purchase of current investments	(370.01)		(561.05)	
Interest received	26.60		25.32	
Redemption/maturity of bank deposits (with original maturity of more than three months)	(10.13)		(0.06)	
Movement in margin money account	1.67		-	
Movement in balances with banks on dividend account	0.66		0.53	
Dividend received on current investments	2.65		4.82	
Inter corporate deposits given	(1,863.45)		(1,337.10)	
Inter corporate deposits received back	1,454.60		1,479.45	
Purchase of investment in subsidiary	-	(381.08)	(8.00)	96.21
Net cash (used in)/from investing activities (B)		(381.08)		96.21

Cash Flow Statement

for the year ended March 31, 2016

	Year ended 31.03.2018 ₹/Crores		Year ended 31.03.2017 ₹/Crores	
3. Cash Flow from Financing Activities:				
Share capital issued	21.26		-	
Securities premium received (net)	474.22		-	
Proceeds from loans and borrowings	1,703.06		268.15	
Repayment of loans and borrowings	(1,540.42)		(112.69)	
Interest paid	(113.59)		(104.59)	
Dividend paid	(0.66)	543.87	(0.52)	50.35
Net cash from financing activities	(C)	543.87		50.35
Net (decrease) in cash and cash equivalents	(A+B+C)	(22.90)		(26.23)
Opening balance of cash and cash equivalents		67.68		94.39
Exchange difference on translation of foreign currency cash and cash equivalent		0.71		(0.48)
Closing balance of cash and cash equivalents		45.49		67.68
Cash and cash equivalents comprise of		45.49		67.68
Cash, cheques and drafts (on hand)		11.89		5.98
Balances with banks on current accounts		33.60		24.33
Balances with banks on deposits accounts		-		37.37

Notes:

Figures in brackets indicate cash outflow.

This is the cash flow statement referred to in our report of even date attached

For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

Manish Gupta

Partner

Membership Number - 095037

Gurugram, May 29, 2018

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

Managing Director

DIN - 07932761

Kapil Kapur

Chief Financial Officer

Noida, May 29, 2018

Kaushik Dutta

Director

DIN - 03328890

Sushil Kumar Jain

Company Secretary

Standalone Statement of Changes in Equity for the year ended March 31, 2018

a. Equity Share Capital

	(₹/Crores)	
	Number of Equity Shares	Equity Share Capital
Balance as at 01.04.2016	222,919,629	44.58
Balance as at 31.03.2017	222,919,629	44.58
Balance as at 01.04.2017	222,919,629	44.58
Add : Issue of Equity Share Capital	106,290,299	21.26
Balance as at 31.03.2018	329,209,928	65.84

b. Other Equity

Particulars	Reserves and Surplus			Total
	Securities Premium Reserve	General Reserve	Retained Earnings	
Balance as at 01.04.2016	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
Balance as at 31.03.2017	720.16	215.83	(358.50)	577.49
Balance as at 01.04.2017	720.16	215.83	(358.50)	577.49
Loss for the year	-	-	(631.57)	(631.57)
Other comprehensive income for the year	-	-	0.17	0.17
On issue of Shares	474.22	-	-	474.22
Balance as at 31.03.2018	1,194.38	215.83	(989.90)	420.31

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

Manish Gupta

Partner

Membership Number - 095037

Gurugram, May 29, 2018

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

Rangarajan Raghavan

Managing Director

DIN - 07932761

Kapil Kapur

Chief Financial Officer

Noida, May 29, 2018

Kaushik Dutta

Director

DIN - 03328890

Sushil Kumar Jain

Company Secretary

Notes to the Standalone Financial Statements

1. Corporate information

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

The Company is primarily engaged in 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 29, 2018.

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.

(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 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.

2.3 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.

Notes to the Standalone Financial Statements

f) Liquidated damages

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

g) Impairment of investments

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

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

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

2.4 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.

2.5 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 statement of profit and loss during the reporting period in which they are incurred.

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

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

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

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

2.6 Intangible assets

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

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

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

Notes to the Standalone Financial Statements

disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the statement of profit and loss.

Softwares

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

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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2.7 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 statement of profit and 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 statement of profit and 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.

2.8 Financial Instruments

A. Financial Instruments – Initial Recognition and Measurement

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

B. Financial Assets

1. Subsequent measurement

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

Debt instrument

a. Financial assets at fair value through profit or loss

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

Notes to the Standalone Financial Statements

b. Financial assets measured at amortised cost

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

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

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

Investment in Subsidiaries

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

Equity instruments

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

2. Derecognition

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

C. Financial Liabilities

1. Subsequent measurement

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

Financial liabilities measured at amortised cost

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

2. Derecognition

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

D. Offsetting Financial Instruments

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

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

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

Notes to the Standalone Financial Statements

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.

2.9 Income tax

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

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

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

2.10 Inventories

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

Cost of raw materials and stock-in-trade comprises cost of purchases. Cost of finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also 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.

Notes to the Standalone Financial Statements

2.11 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.

2.12 Cash and cash equivalents

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

2.13 Impairment of assets

a. Financial assets

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

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

b. Non-financial assets

Intangible assets and property, plant and equipment

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

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

c. Investment in Subsidiaries

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

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

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

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

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

2.14 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.

Notes to the Standalone Financial Statements

2.15 Borrowings

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

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

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

2.16 Provisions, contingent liabilities and contingent assets

a) Provisions

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

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

b) Contingencies

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

Contingent assets are possible assets that arises from past events and whose existence 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. Contingent assets are disclosed where an inflow of economic benefits is probable.

2.17 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

Notes to the Standalone Financial Statements

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

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

Interest income

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

2.19 Employee benefits

Defined benefit plans

Gratuity

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

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

Notes to the Standalone Financial Statements

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

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

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

Provident Fund

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

Defined contribution plans

Contributions to the employees' state insurance fund, 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
- 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 statement of profit or loss, with a corresponding adjustment to equity.

2.20 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.

Notes to the Standalone Financial Statements

2.21 Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

2.22 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.

2.23 Recent accounting pronouncements

As set out below, amendments to standards are effective for annual periods beginning on or after April 1, 2018, and have not been applied in preparing these financial statements.

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts when it becomes effective.

The amendment will come into force from April 1, 2018. The Company is evaluating the effect of this on the financial statements and does not expect the adoption of the new standard to be material.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company is evaluating the impact of this amendment on its financial statements.

Notes to the Standalone Financial Statements

3 Property, plant and equipment

The changes in carrying value of property, plant and equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 01.04.2017	Additions / Adjustment	Disposal/ Adjustment	As at 31.03.2018	As at 01.04.2017	Additions / Adjustment	Disposal/ Adjustment	As at 31.03.2018	As at 31.03.2018
Leasehold land	12.33	-	-	12.33	0.28	0.16	-	0.44	11.89
Leasehold improvement	0.00	1.47	-	1.47	-	-	-	-	1.47
Freehold land	7.65	-	-	7.65	-	-	-	-	7.65
Buildings	49.04	-	0.72	48.32	2.26	1.29	0.05	3.50	44.82
Plant and machinery	3.30	0.30	0.02	3.58	1.17	0.49	0.02	1.64	1.94
Furniture and fixtures	5.58	0.69	0.06	6.21	1.30	1.05	0.04	2.31	3.90
Office equipment	1.96	0.69	0.03	2.62	1.02	0.01	0.02	1.01	1.61
Vehicles	2.68	0.20	0.08	2.80	0.99	0.68	0.06	1.61	1.19
Computers	2.40	5.10	0.54	6.96	1.43	0.66	0.50	1.59	5.37
Total	84.94	8.46	1.45	91.94	8.45	4.34	0.69	12.10	79.84

Notes:

- Land and Building at Ambattur amounting to ₹ 3.20 Crores (2017 - ₹ 3.24 Crores) are pending for registration in the name of the Company.

Particulars	Gross Carrying Amount				Accumulated Depreciation				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
Leasehold land	12.33	-	-	12.33	0.12	0.16	-	0.28	12.05
Freehold land	7.65	-	-	7.65	-	-	-	-	7.65
Buildings	49.77	-	0.73	49.04	0.98	1.30	0.02	2.26	46.78
Plant and machinery	3.30	-	-	3.30	0.57	0.60	-	1.17	2.13
Furniture and fixtures	5.76	-	0.18	5.58	0.81	0.62	0.13	1.30	4.28
Office equipment	2.09	0.04	0.17	1.96	0.54	0.54	0.06	1.02	0.94
Vehicles	2.43	0.30	0.05	2.68	0.34	0.67	0.02	0.99	1.69
Computers	2.15	0.29	0.04	2.40	0.64	0.81	0.02	1.43	0.97
Total	85.48	0.63	1.17	84.94	4.00	4.70	0.25	8.45	76.49

Notes:

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

4 Intangible Assets

The changes in carrying value of intangible assets

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	As at 01.04.2017	Additions / Adjustment	Disposal/ Adjustment	As at 31.03.2018	As at 01.04.2017	Additions / Adjustment	Disposal/ Adjustment	As at 31.03.2018	As at 31.03.2018
Software	0.35	2.02	-	2.37	0.16	0.10	-	0.26	2.11
Total	0.35	2.02	-	2.37	0.16	0.10	-	0.26	2.11

Particulars	Gross Carrying Amount				Accumulated 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
Software	0.11	0.24	-	0.35	0.07	0.09	-	0.16	0.19
Total	0.11	0.24	-	0.35	0.07	0.09	-	0.16	0.19

Notes to the Standalone Financial Statements

	As at 31.03.2018		As at 31.03.2017	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores
5 Non-Current Investments				
Unquoted				
Investments in equity instruments of subsidiaries (At cost)				
Digilife Distribution and Marketing Services Limited	56,050,000	56.05	56,050,000	56.05
Pimpri Chinchwad eServices Limited	42,500	0.04	42,500	0.04
QDigi Services Limited (Formerly known as HCL Computing Products Limited)#	-	-	100,000	0.10
HCL Infotech Limited - (Refer Note 37)	220,300	668.46	220,300	668.46
HCL Learning Limited - (Refer Note 37)	75,274	166.46	75,274	166.46
HCL Services Limited (Refer note 37)#	-	-	77,036	684.86
		891.01		1,575.97
Less: Impairment in the value of investment *		834.92		1,040.46
Total investments in equity instruments of subsidiaries		56.09		535.51
* Impairment includes impairment for investment in HCL Infotech Limited ₹ 668.46 Crores (2017 - ₹ 668.46 Crores) and HCL Learning Limited ₹ 166.46 Crores (2017 - ₹ 122.00 Crores).				
# Classified as held for sale in current year (Refer Note 50)				
Aggregate book value of unquoted investments		56.09		535.51
Aggregate amount of impairment in the value of investments		834.92		1,040.46
6 Current investments				
Unquoted (Others)				
Investment in mutual funds at FVTPL				
(i) Growth options				
Aditya Birla Sunlife Cash Plus	767,158	21.34	-	-
ICICI Prudential Liquid Fund	390,694	10.02	-	-
UTI Liquid Cash Plan	71,292	20.23	-	-
Sub-total (A)		51.59		-
(ii) Dividend options				
Axis Treasury Advantage Fund #	452,220	45.61	601,311	60.56
Reliance Money Manager Fund #	-	-	498,809	50.31
UTI Treasury Advantage Plan #	99,438	9.99	99,438	10.00
Sub-total (B)		55.60		120.87
Total current investment (A+B)		107.19		120.87
Aggregate amount unquoted investments		107.19		120.87
# Under lien with bank				

Notes to the Standalone Financial Statements

	As at 31.03.2018 ₹/Crores	As at 31.03.2017 ₹/Crores
7 Other non-current financial assets		
Considered Good		
Security deposits	0.90	0.25
Bank deposits with original maturity of more than twelve months	0.51	0.28
TOTAL	1.41	0.53
8 Deferred tax assets (net)		
Deferred tax assets (refer note 49)	63.55	64.70
	63.55	64.70
9 Advance income tax asset (Net)		
Advance income tax	26.01	8.78
[Provision for income tax of ₹ 46.65 Crores (2017 - ₹ 46.65 Crores)]		
TOTAL	26.01	8.78
10 Other non-current assets		
Unsecured		
Capital advances	0.19	0.18
Deposits with tax authorities	143.11	109.21
Prepaid expenses	-	0.06
Considered doubtful		
Capital advances	0.50	0.50
Less: Allowance for doubtful loans and advances	0.50	0.50
	-	-
TOTAL	143.30	109.45
11 Inventories		
Raw materials and components	0.06	0.11
[Including in-transit ₹ 0.02 Crores (2017 - ₹ 0.06 Crores)]		
Finished goods	0.18	0.11
[Including in-transit ₹ 0.05 Crores (2017 - ₹ 0.12 Crores)]		
Stock-in-trade	278.13	58.47
[Including in-transit ₹ 33.21 Crores (2017 - ₹ 19.63 Crores)]		
Stores and spares	0.20	0.78
TOTAL	278.57	59.47
Write - downs of inventories to net realisable value recognised as an expense during amounts to ₹ 2.94 Crores (2017 - ₹ 0.67 Crores). These were included in ' changes in value of inventories of work-in-progress, stock-in-trade and finished goods' in standalone statement of profit and loss.		
12 Trade receivables (refer Note 47)		
Unsecured:		
Considered good	560.88	432.00
Considered doubtful	30.34	24.78
	591.22	456.78
Less : Allowance for doubtful debts	30.34	24.78
	560.88	432.00

Notes to the Standalone Financial Statements

	As at 31.03.2018 ₹/Crores	As at 31.03.2017 ₹/Crores
13 Cash and cash equivalents		
Balances with banks		
- Current account	33.60	24.33
Cheques on hand	11.89	5.98
Bank deposits with original maturity of three months or less	0.31	37.68
Less: Money held in trust	0.31	0.31
TOTAL	45.49	67.68
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.		
14 Other bank balances		
Bank deposits with original maturity of more than three months and upto twelve months*	9.90	-
Balances with banks		
- On dividend account	0.62	1.28
- On margin account	1.46	3.13
TOTAL	11.98	4.41
* includes ₹ 5.90 Crores (2017-Nil) lien marked with Banks		
15 Loans		
Unsecured		
Considered good		
Loans and advances to subsidiaries (refer note 47)	716.57	389.02
Considered doubtful		
Loans and advances to subsidiaries (refer note 47)	163.72	83.53
Less: Allowance for doubtful loans and advances to subsidiaries	163.72	83.53
TOTAL	716.57	389.02
16 Other current financial assets		
Considered good		
Security deposits	3.31	1.72
Claims recoverable from vendor	63.42	9.21
Others (includes employee advances, insurance claim recoverable and expenses recoverable)*	3.76	4.58
Considered doubtful		
Others (includes employee advances, insurance claim recoverable)	1.06	2.82
Less: Allowance for doubtful loans and advances	1.06	2.82
TOTAL	70.49	15.51
* includes ₹ 2.69 Crores (2017 - ₹ 3.36 Crores) recoverable from related parties		
17 Other current assets		
Unsecured		
Considered good		
Balances with customs, port trust, excise, sales tax and goods and service tax authorities	74.32	30.66
Advances to creditors	3.83	1.28
Prepaid expenses	8.40	4.63
Others (expenses recoverable)	0.79	0.16
Considered Doubtful		
Deposits and other advances	6.53	3.45
Less: Allowance for doubtful loans and advances	6.53	3.45
TOTAL	87.34	36.73

Notes to the Standalone Financial Statements

	As at 31.03.2018 ₹/Crores	As at 31.03.2017 ₹/Crores
18 Share capital		
Authorised		
55,25,00,000 Equity Shares (2017 - 55,25,00,000) of ₹ 2/- each	110.50	110.50
5,00,000 Preference Shares (2017 - 5,00,000) of ₹ 100/- each	5.00	5.00
TOTAL	115.50	115.50
Issued, Subscribed and Paid up		
32,92,09,928 Equity Shares (2017 - 22,29,19,629) of ₹ 2/- each (Fully paid up)	65.84	44.58
TOTAL	65.84	44.58

Notes:

(i) Paid up share capital includes :

- 1,16,29,885 (2011 - 1,16,29,885) equity shares of ₹ 2/- each issued pursuant to the exercise of options granted under Employee Stock Option Scheme 2000.
- 187,221 (2011 - 87,221) equity shares of ₹ 2/- each issued pursuant to the exercise of options granted under Employee Stock Based Compensation Plan 2005.

(i) Rights attached to equity shares:

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

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

(ii) Shares reserved for issue under options:

For detail of shares reserved for issue under Employee Stock Option Plan of the Company, refer Note 42.

(ii)	Shareholders holding more than 5% of the aggregate shares in the Company	Number of Shares	% of shares	Number of Shares	% of shares
(a)	HCL Corporation Private Limited	164,421,399	49.94	111,382,239	49.97
(b)	VAMA Sundari Investments (Delhi) Private Limited	42,603,194	12.94	1,038,848	0.47
(c)	AKM Systems Private Limited	11,997,007	3.64	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 42

19 Other Equity		
A. Reserve and surplus		
(a) Securities premium reserves (refer note 51)		
Opening balance	720.16	720.16
On issue of shares (net of issue related expenses amounting to ₹ 3.99 Crores)	474.22	-
Closing Balance	1,194.38	720.16
(b) General reserve		
Opening balance	215.83	215.83
Closing balance	215.83	215.83
(c) Retained earnings		
Opening balance	(358.50)	3.83
Net Loss for the year	(631.57)	(362.39)
Remeasurements of post employment benefit obligation, net of tax	0.17	0.06
Closing balance	(989.90)	(358.50)
TOTAL	420.31	577.49

Notes to the Standalone Financial Statements

20 Non-current borrowings		
Secured:		
Term loans		
- From banks	6.09	20.26
- From others	1.19	3.21
	7.28	23.47
Unsecured:		
Term Loans		
- From others	86.23	110.64
	86.23	110.64
TOTAL	93.51	134.11

Notes:

1. Secured term loan from bank and others amounting to ₹ 19.46 Crores (2017 - ₹ 38.04 Crores), out of which ₹ 12.18 Crores (2017 - ₹ 14.57 Crores) is shown under current maturity of long term debt, is secured by way of (a) First pari passu charge on identified immovable assets and all movable and intangible assets of the HCL Infosystems Limited and it's material subsidiaries (b) First pari-passu charge on all Current Assets of the HCL Infosystems Limited & it's Material Subsidiaries (except Lease Rental Receivables). (c) Negative lien on Two Identified Properties (d) Exclusive charge on Debt Service Reserve Account created by way of lien on mutual funds of ₹ 55.60 Crores. The loan is repayable in 13 quarterly installments starting from September 2016 and carries interest @ 10.05 % to 11.00% p.a.
2. Unsecured term loans from others amounting to ₹ 192.96 Crores (2017 - ₹ 191.87 Crores), out of which ₹106.73 Crores (2017 - ₹ 82.93 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 @ 11.02% to 12.50% p.a.
3. Unsecured terms loan from others amounting to ₹ 1.70 Crores (2017- ₹ 3.82 Crores), out of which ₹ 1.70 Crores (2017- ₹ 2.02 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.
4. Long term borrowings, Short term borrowings and Current maturities of long term debts is net of the loan amounting to ₹ 0.19 Crores (2017 - ₹ 2.16 Crores) and ₹ 1.76 Crores (2017 - ₹ 19.87 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 Limited, HCL Services Limited and HCL Learning Limited) 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 Limited to make payments to the lenders on or before their respective due dates.
Note: Material Subsidiaries include HCL Infotech Limited, HCL Services Limited and HCL Learning Limited.

21 Non-current provisions		
Provision for gratuity and other employee benefits	4.74	5.33
TOTAL	4.74	5.33
22 Current borrowings		
Secured:		
Loans from banks		
- Term loans	375.77	223.92
- Cash credits	58.08	-
	433.85	223.92
Unsecured:		
Loans repayable on demand		
- From other parties	149.16	149.36
- From related parties	20.00	-
Commercial paper	147.41	195.00
	316.57	344.36
TOTAL	750.42	568.28

Notes to the Standalone Financial Statements

Note:

1. Secured term loan from banks amounting to ₹ 99.80 Crores (2017 - ₹ 124.78 Crores) is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Limited and it's material subsidiaries (2) First pari-passu charge on all current assets of the HCL Infosystems Limited & it's material subsidiaries (except lease rental receivables). (3) Negative lien on two identified properties, along with non-fund based facilities from banks. It carries interest @ 9.95% to 11.50 % p.a.
2. Short term loan of ₹ 24.97 Crores (2017 - ₹ 99.14 Crores) is secured by way of subservient charge on stock and receivables of the Company and against support from HCL Corporation Private Limited. It also carries a lien on Mutual Funds of NiL (2017 - ₹ 50.31 Crores). Short Term Loan of ₹ 24.97 Crs is repayable in one year from the date of disbursement and carries interest @ 9.50 % p.a.
3. Secured Loan (Cash Credit,WCDL and Buyer's Credit) from Banks amounting to ₹139.08 (2017 - Nil) are secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Limited and it's Material Subsidiaries (2) First pari-passu charge on all current assets of the HCL Infosystems Limited & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on two identified properties.
4. Short Term Loan of ₹ 20 Crores (2017 - Nil) is secured by way of subservient charge on current and movable fixed assets of the Company. Short Term Loan of ₹ 20 Crores is repayable in 4 months from the date of disbursement and carries interest @ 8.95% p.a.
5. Secured Term Loan from Banks amounting to ₹ 50 Crores (2017 - Nil) is secured by way of (1) First pari passu charge on identified immovable assets and all movable and intangible assets of the HCL Infosystems Limited and it's Material Subsidiaries (2) First pari-passu charge on all current assets of the HCL Infosystems Limited and it's Material Subsidiaries (except lease rental receivables). (3) Negative lien on two identified properties, along with non-fund based facilities from Banks.It carries interest @ 9% p.a.
6. Short Term Loan of ₹100 Crores (2017 - Nil) is secured by way of subservient charge on current and movable fixed assets of the Company. Short Term Loan of ₹ 100 Crores is repayable in 3 months from the date of disbursement and carries interest @ 8.25% p.a.
7. Unsecured term loans from others amounting to ₹ 149.16 Crores (2017 - ₹ 149.36 Crores) and against Support from HCL Corporation Private Limited is repayable in 1 yearly instalments from the date of the disbursement which carries interest @ 8.80% p.a.
8. Unsecured commercial papers from others amounting to ₹ 147.41 Crores (2017 - ₹ 195.00 Crores) is repayable in next 12 months from the date of availment of each tranche, which carries interest @ 8% to 10.80% p.a.
9. Unsecured intercorporate loan from HCL Corporation Private Limited amounting to ₹ 20.00 Crores (2017 - Nil Crores) is repayable in next 2 months from the date of availment of each tranche, which carries interest @ 10% p.a.

Note:

Material Subsidiaries include HCL Infotech Limited., HCL Services Ltd. and HCL Learning Ltd.

	As at 31.03.2018 ₹/Crores	As at 31.03.2017 ₹/Crores
23 Trade payables (refer note 47)		
Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises (refer note 35) and	8.05	0.02
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises [includes acceptance ₹ 32.56 Crores (2017 - ₹ 56.95 Crores)]"	715.05	402.15
TOTAL	723.10	402.17
24 Other current financial liabilities		
Current maturities of long-term debts (refer note 20)	120.61	99.52
Interest accrued but not due on borrowings	3.73	4.64
Other payable to related parties (refer note 47)	14.11	18.60
Deposits	3.82	5.30
Unpaid dividends*	0.62	1.28
Employee benefits payable	12.26	14.73
Capital creditors	0.42	0.55
Others	13.75	-
TOTAL	169.32	144.62
* There are no amount due and outstanding to be credited to Investor Education and Protection Fund under Section 125 of the Companies Act, 2013. These shall be credited and paid to the fund as and when due.		

Notes to the Standalone Financial Statements

	As at 31.03.2018 ₹/Crores	As at 31.03.2017 ₹/Crores
25 Other Current Liabilities		
Deferred revenue	0.88	0.87
Advances received from customers	17.11	29.59
Statutory dues payable	2.58	7.20
TOTAL	20.57	37.66
26 Current Provisions		
Provision for gratuity and other employee benefits #	5.29	5.48
Provision for litigation {refer note 38 (c)}	3.71	1.62
TOTAL	9.00	7.10
	Year ended 31.03.2018 ₹/Crores	Year ended 31.03.2017 ₹/Crores
27 Revenue from operations		
Sale of products	2,929.72	2,237.95
Sale of services	20.58	27.41
TOTAL	2,950.30	2,265.36
28 Other income		
Interest Income from financial asset at amortised cost		
- On fixed deposits (Gross)	3.18	1.69
- On inter Company deposits	22.31	26.35
Dividend from investment in mutual funds	2.65	4.82
Gain on sale of investment carried at FVTPL	0.82	2.20
Net profit on sale of property, plant and equipment	1.68	0.22
Gain on foreign exchange fluctuation	1.91	1.64
Provisions/liabilities no longer required written back	11.13	0.57
Miscellaneous income	9.04	10.57
TOTAL	52.72	48.06
29 Changes in inventories of finished goods and stock-in-trade		
Closing balance	0.18	0.11
- Finished goods (including in transit)	278.13	58.47
- Stock-in-trade	278.31	58.58
Opening balance		
- Finished goods (including in transit)	0.11	0.58
- Stock-in-trade	58.47	94.13
	58.58	94.71
Changes in inventories of finished goods and stock-in-trade	(219.73)	36.13
30 Other direct expenses		
Purchase of services	8.70	24.67
Spares and stores consumed	18.81	1.63
Labour and processing charges	-	0.25
Excise duty	0.04	0.08
TOTAL	27.55	26.63

Notes to the Standalone Financial Statements

	Year ended 31.03.2018 ₹/Crores	Year ended 31.03.2017 ₹/Crores
31 Employee benefits expense		
Salaries, wages, bonus and gratuity	56.40	54.95
Contribution to provident and other funds	2.19	2.45
Staff welfare expenses	0.37	0.71
TOTAL	58.96	58.11
32 Finance costs		
Interest expense on financial liabilities at amortised cost	104.72	96.80
Other borrowing costs	7.97	7.80
TOTAL	112.69	104.60
33 Other expenses		
Rent (refer note 43)	6.94	7.57
Rates and taxes	3.46	4.43
Printing and stationery	0.45	0.63
Communication	1.34	1.64
Travelling and conveyance	4.36	5.44
Packing, freight and forwarding	4.59	5.76
Legal, professional and consultancy charges (refer note 41)	11.77	13.79
Retainership expenses	5.87	5.71
Training and conference	0.69	1.17
Office electricity and water	0.95	0.43
Insurance	3.59	3.14
Advertisement, publicity and entertainment	1.55	1.91
Hire charges	0.26	0.44
Commission on sales	1.47	4.10
Bank charges	5.83	3.96
Property, plant and equipment written-off	0.02	0.86
Diminution in the value of unquoted/quoted (others) current investments	0.01	-
Repairs		
- Plant and machinery	0.02	-
- Buildings	0.13	0.08
- Others	0.58	1.27
Miscellaneous	3.23	3.12
Operating cost allocated from HCL Services Limited, the subsidiary Company	10.78	10.91
	67.87	76.36
Less: Operating cost recovered from subsidiaries	10.21	15.94
TOTAL	57.66	60.42

Notes to the Standalone Financial Statements

34 Fair Value Measurements

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

(₹ Crores)

Particulars	Notes	As cost	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Assets							
Non-current assets							
(i) Investments	5	56.09	-	-		56.09	56.09
		(535.51)	(-)	(-)		(535.51)	(535.51)
(ii) Others	7	-	-	-	1.41	1.41	1.41
		(-)	(-)	(-)	(0.53)	(0.53)	(0.53)
		56.09	-	-	1.41	57.50	57.50
		(535.51)	(-)	(-)	(0.53)	(536.04)	(536.04)
Current assets							
(i) Investments	6		-	107.19	-	107.19	107.19
			(-)	(120.87)	(-)	(120.87)	(120.87)
(ii) Trade receivables	12		-	-	560.88	560.88	560.88
			(-)	(-)	(432.00)	(432.00)	(432.00)
(iii) Cash and cash equivalents	13		-	-	45.49	45.49	45.49
			(-)	(-)	(67.68)	(67.68)	(67.68)
(iv) Bank balances other than (iii) above	14		-	-	11.98	11.98	11.98
			(-)	(-)	(4.41)	(4.41)	(4.41)
(v) Loans	15		-	-	716.57	716.57	716.57
			(-)	(-)	(389.02)	(389.02)	(389.02)
(vi) Others	16		-	-	70.49	70.49	70.49
			(-)	(-)	(15.51)	(15.51)	(15.51)
			-	107.19	1,405.41	1,512.60	1,512.60
			(-)	(120.87)	(908.62)	(1029.49)	(1,029.49)
Financial Liabilities							
Non-current liabilities							
(i) Borrowings	20		-	-	93.51	93.51	93.51
			(-)	(-)	(134.11)	(134.11)	(134.11)
			-	-	93.51	93.51	93.51
			(-)	(-)	(134.11)	(134.11)	(134.11)
Current liabilities							
(i) Borrowings	22		-	-	750.42	750.42	750.42
			(-)	(-)	(568.28)	(568.28)	(568.28)
(ii) Trade payables	23		-	-	723.10	723.10	723.10
			(-)	(-)	(402.17)	(402.17)	(402.17)
(iii) Other financial liabilities	24		-	-	169.32	169.32	169.32
			(-)	(-)	(144.62)	(144.62)	(144.62)
			-	-	1,642.84	1,642.854	1,642.84
			(-)	(-)	(1,115.07)	(1,115.07)	(1,115.07)

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

Notes to the Standalone 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.

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 31.03.2018 and 31.03.2017:

(₹ Crores)

Particulars	Fair Value measurement using				
	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	31.03.2018		107.19		107.19
Investment in mutual funds	31.03.2017		120.87		120.87

*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 NAV's.

35 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.

Risk	Exposure Arising from	Measurement	Management
Credit Risk	Investments, trade receivables, cash and cash equivalents, bank balances, loans and other financial assets"	Ageing analysis, credit appraisal"	Diversification of bank deposits, investments, credit limits and letters of credit
Liquidity risk	Borrowings, trade payable and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines, 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.

Notes to the Standalone Financial Statements

Investment primarily includes investment in liquid debts mutual funds.

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

(₹ Crores)

	As at 31-03-2018	As at 31-03-2017
Not Due	414.84	183.51
0-90 days past due	120.02	213.87
91-180 days past due	14.02	8.96
181-365 days past due	5.93	13.07
1 - 2 years past due	9.11	8.50
More than 2 years past due	27.30	28.87
	591.22	456.78

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 statement profit and loss.

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

(₹ Crores)

	As at 31-03-2018	As at 31-03-2017
Balance at the beginning	24.78	26.73
Add: Provided during the year	6.94	-
Less: Amounts written off	1.38	1.95
Balance at the end	30.34	24.78

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.

Notes to the Standalone Financial Statements

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

(₹ Crores)

Particulars	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivatives						
Borrowings						
- From Banks	450.07 (258.41)	58.07 -	385.90 (237.86)	6.10 (12.96)	- (7.59)	- -
- From Others	367.06 (350.83)	- -	279.65 (236.98)	87.41 (78.54)	- (35.31)	- -
- Commercial Paper	147.41 (195.00)	- -	147.41 (195.00)	- -	- -	- -
Trade payables	723.10 (402.17)	- (402.17)	723.10 -	- -	- -	- -
Other financial liabilities						
- Deposits	3.82 (5.30)	- -	3.82 (5.30)	- -	- -	- -
- Interest accrued but not due on borrowings	3.73 (4.64)	- -	3.73 (4.64)	- -	- -	- -
- Other Payable to related parties	14.11 (18.60)	- -	14.11 (18.60)	- -	- -	- -
- Capital Creditors	0.42 (0.55)	- -	0.42 (0.55)	- -	- -	- -
- Unpaid dividends	0.62 (1.28)	0.62 (1.28)	- -	- -	- -	- -
- Employee Benefits Payable	12.26 (14.73)	- -	12.26 (14.73)	- -	- -	- -
- Others	13.75 -	- -	13.75 -	- -	- -	- -
Total non-derivative liabilities	1,736.35 (1,251.51)	58.69 (1.28)	1,584.15 (1,115.83)	93.51 (91.50)	- (42.90)	- -

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

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 31.3.2018, the Company has ₹ 77.52 Crores (2017- ₹ 38.74 Crores) of borrowings with variable interest rates. In order to optimize the Company's position with regards to interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing of fixed rate and floating rate financial instruments in its total portfolio.

(a) Interest rate risk exposure

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

(₹ Crores)

	As at 31.03.2018	As at 31.03.2017
Variable rate borrowings	77.52	38.74
Fixed rate borrowings	887.02	765.50
Total borrowings	964.54	804.24

Notes to the Standalone Financial Statements

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

	As at 31.03.2018			As at 31.03.2017		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans, Cash credits	11.27%	77.52	8.04%	11.04%	38.74	4.82%
Net exposure to cash flow interest rate risk		77.52			38.74	

(b) Sensitivity

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

(₹ Crores)

	Impact on profit after tax		Impact on other components of equity	
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2018	Year ended 31.03.2017
Interest rates - increase by 10 basis points	(0.05)	(0.03)	(0.05)	(0.03)
Interest rates - decrease by 10 basis points	0.05	0.03	0.05	0.03

Financial Risk Management

Market Risk

(ii) Foreign currency risk

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

(a) Foreign currency risk exposure

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

(₹ Crores)

	As at 31.03.2018						
	USD	EUR	GBP	JPY	SEK	AED	SGD
Financial Assets							
Trade receivables	4.79	-	-	-	-	0.42	1.29
	(9.30)	-	-	-	-	(1.13)	(0.11)
Cash and cash equivalents	6.02	-	-	-	-	-	0.04
	(6.12)	-	-	-	-	-	0.02
Net exposure to foreign currency risk (assets)	10.81	-	-	-	-	0.42	1.33
	(15.42)	-	-	-	-	(1.13)	(0.09)
Financial Liabilities							
Trade Payables	23.86	0.03	0.01	-	-	-	-
	(21.77)	(0.03)	(0.01)	-	-	-	-
Derivative liabilities							
Foreign exchange forward contracts	(16.97)	-	-	-	-	-	-
	(-19.12)	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	6.89	0.03	0.01	-	-	-	-
	(2.65)	(0.03)	(0.01)	-	-	-	-

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

Notes to the Standalone Financial Statements

36. Capital Management

Risk Management

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

The capital structure as of 31.03.2018 and 31.03.2017 are as follows:

(₹ Crores)

	As at 31-03-2018	As at 31-03-2017
Total Debt	964.54	804.24
Equity	486.15	622.07
Capital and net debt	1,450.69	1,426.31
Gearing ratio	66.49%	56.39%

The Company is not subject to any externally imposed capital requirements for the year ended 31.03.2018 and 31.03.2017.

37 Exceptional items include :

(₹ Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
a. Provision against loans given to HCL Infotech	(80.19)	(70.19)
b. Provision for impairment in the value of investment in HCL Services Limited	(428.97)	(250.00)
c. Provision for impairment in the value of investment in HCL Learning Limited	(44.46)	-
Total	(553.62)	(320.19)

- The Company has made provision of ₹ 80.19 Crores (FY 16-17 - ₹ 70.19 Crores) against loan given to HCL Infotech Limited. The Company, considering that HCL Infotech Limited has negative net worth as on 31.3.2018 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 Limited upto the value of its negative net worth.
- In respect to investment in HCL Services Limited, the Company considering the impending transactions for sale of Domestic Enterprises Services Business to Karvy Data Management Services Limited has recognised an impairment charge of ₹ 428.97 Crores, being excess of carrying value over the recoverable value.
- In respect of HCL Learning Limited, the Company in current year has recognised an impairment charge of ₹ 44.46 Crores being excess of carrying value of investment over the recoverable value.

38 a) Contingent Liabilities :

Claims against the Company not acknowledged as debts:

(₹ Crores)

	As at 31.03.2018	As at 31.03.2017
Sales Tax*	252.96	256.27
Excise*	345.01	98.77
Income Tax	25.12	6.19
Industrial Disputes, Civil Suits and Consumer Disputes	0.86	3.20

* Includes sum of ₹ 124.97 Crores (2017 - ₹ 102.24 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 accurately. It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

b) Corporate Guarantees :

Corporate Guarantee of ₹ 362.45 Crores (2017 - ₹ 484.40 Crores) was given to Banks and Financial Institutions for working capital facilities sanctioned to subsidiaries of which the total amount utilised as at 31.03.2018 is ₹ 70.05 Crores (2017 - ₹ 143.40 Crores).

Notes to the Standalone Financial Statements

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 engaged in any wrong doing.
- (ii) The Company has certain sales tax and other related litigation amounting to ₹ 3.71 Crores (2017 ₹ 1.62 Crores) against which provision have been made. Provision amounting to ₹ 2.09 Crores was created during the year.

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

(₹ Crores)

	As at 31.03.2018	As at 31.03.2017
a. (i) Principal amount remaining unpaid to any supplier as at the end of the year.	8.05	0.01
(ii) Interest due on the above amount.	0.16	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.	146.60	0.11
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.	3.42	0.01
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.	-	-

- 40** 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.

- 41** Remuneration to Auditor*:

(₹ Crores)

	As at 31.03.2018	As at 31.03.2017
a. Statutory audit	1.24	1.04
b. Other audit services/certifications	0.39	0.24
c. Out-of-pocket expenses	0.17	0.06
Total	1.80	1.34

* Excluding service tax / GST as applicable

42 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").

Notes to the Standalone Financial Statements

Details of Grants made under Employee Stock Option Scheme 2000 as on 31.03.2018

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
23-Jan-08	898.25	-	-	-	-	-	-	-
		(4,171)	(-)	(-)	(-)	(4,171)	(-)	(-)
9-Sep-13	132.00	-	-	-	-	-	-	-
		(4,000)	(-)	(4,000)	(-)	(-)	(-)	(-)
21-Nov-14	363.75	-	-	-	-	-	-	-
		(10,000)	(-)	(7,000)	(-)	(3,000)	(-)	(-)
Total		-	-	-	-	-	-	-
		(18,171)	(-)	(11,000)	(-)	(7,171)	(-)	(-)

Note: Previous year figures are given in brackets.

Details of Grants made under Employee Stock Based Compensation Plan 2005 as on 31.03.2018

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
17-Apr-06	868.75	-	-	-	-	-	-	-
		(160)	(-)	(-)	(-)	(160)	(-)	(-)
15-May-06	842.50	-	-	-	-	-	-	-
		(810)	(-)	(-)	(-)	(810)	(-)	(-)
15-Jun-06	620.50	-	-	-	-	-	-	-
		(540)	(-)	(-)	(-)	(540)	(-)	(-)
17-Jul-06	673.75	-	-	-	-	-	-	-
		(310)	(-)	(-)	(-)	(310)	(-)	(-)
15-Mar-07	648.75	-	-	-	-	-	-	-
		(35,180)	(-)	(-)	(-)	(35,180)	(-)	(-)
23-Jan-08	898.25	4,065	-	-	-	4,065	-	-
		(9,960)	(-)	(-)	(-)	(5,895)	(4,065)	(4,065)
17-Aug-11	375.00	-	-	-	-	-	-	-
		(7,000)	(-)	(-)	(-)	(7,000)	-	-
30-Jan-13	186.00	20,000	-	-	20,000	-	-	-
		(20,000)	(-)	(-)	(-)	-	(20,000)	(16,000)
Total		24,065	-	-	20,000	4,065	-	-
		(73,960)	(-)	(-)	(-)	(49,895)	(24,065)	(20,065)

Note: Previous year's 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 6.78%	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 to the Standalone Financial Statements

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.

43 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 ₹ 6.94 Crores (FY 16-17 - ₹ 7.57 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	31.03.2018	1.01	-	1.01	-
	31.03.2017	(1.87)	-	(1.87)	-
Building	31.03.2018	2.30	0.13	2.17	0.05
	31.03.2017	(16.98)	(3.93)	(13.05)	(0.26)
Plant and Machinery	31.03.2018	-	-	-	-
	31.03.2017	(2.06)	(0.54)	(1.52)	(0.36)
Furniture and Fixtures & Office Equipments	31.03.2018	-	-	-	-
	31.03.2017	(5.09)	(1.18)	(3.91)	(0.54)
Computers	31.03.2018	-	-	-	-
	31.03.2017	(0.20)	(0.12)	(0.08)	(0.06)
TOTAL	31.03.2018	3.31	0.13	3.18	0.05
	31.03.2017	(26.20)	(5.77)	(20.43)	(1.22)

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

44 Earnings per share (EPS)

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

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Loss after tax (₹/Crores)	(631.57)	(362.33)
Weighted average number of shares considered as outstanding in computation of Basic EPS	256,143,777	222,919,629
Weighted average number of shares outstanding in computation of Diluted EPS	256,143,777	222,919,629
Basic EPS (of ₹ 2/- each)	(24.66)	(16.26)
Diluted EPS (of ₹ 2/- each)	(24.66)	(16.26)

45 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.

Notes to the Standalone Financial Statements

46 Employee benefits

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

(a) Defined Contribution

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

	(₹ Crores)	
	Year ended 31.03.2018	Year ended 31.03.2017
(i) Employers Contribution to Superannuation Fund*	0.23	0.28
(ii) Employers Contribution to National Pension Scheme*	0.16	0.18
(iii) Employers contribution to Employee State Insurance*	0.04	0.02
(iv) Employers contribution to Employee's Pension Scheme 1995*	0.72	0.83

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 31).

(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. 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 its Indian wholly owned subsidiaries in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the Ind AS-19, was carried out at composite level. 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 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2018	Year ended 31.03.2017
Discount rate (per annum)	7.60%	6.57%	Not Applicable	Not Applicable
Rate of increase in compensation levels	5.00%	4.10%	Not Applicable	Not Applicable
Rate of return on plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Expected statutory interest rate	Not Applicable	Not Applicable	8.55%	8.65%
Expected short fall in interest earnings	Not Applicable	Not Applicable	0.05%	0.05%
Expected average remaining working lives of employees (years)	16.84	17.94	16.84	17.94

As of 31.03.2018, every 0.5 percentage point increase / decrease in discount rate will affect gratuity benefit obligation by approximately by ₹ 0.07 Crores.

As of 31.03.2018, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect gratuity benefit obligation by approximately ₹ 0.07 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.

Notes to the Standalone Financial Statements

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

(₹ Crores)

	As at 31.03.2018		As at 31.03.2017	
	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	3.55	192.45	3.84	182.22
Current service cost	0.39	4.19	0.33	6.28
Interest cost	0.23	12.64	0.28	14.58
Acquisition adjustment	0.50	-	-	-
Total amount recognised in profit or loss	1.12		0.61	
Actuarial (gain)/loss from change in demographic assumptions	(0.00)	-	0.01	-
Actuarial (gain)/loss from change in financial assumptions	(0.01)	(0.01)	(0.11)	0.01
Experience (gain)/loss	(0.24)	3.79	0.02	(1.96)
Total amount recognised in other comprehensive income	(0.25)		(0.08)	
Benefits paid	(0.94)	(69.26)	(0.81)	(32.32)
Settlements/transfer in	-	2.76	-	6.89
Contribution by plan participants	-	11.33	-	16.75
Present value of obligation at the end of the year	3.48	157.89	3.55	192.45

(₹ Crores)

	As at 31.03.2018	As at 31.03.2017
	Provident Fund	Provident Fund
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	209.79	195.62
Expected return on plan assets	17.06	16.57
Contribution by employer	4.19	6.28
Settlements/transfer In	2.76	6.89
Contribution by employee	11.33	16.75
Benefit paid	(69.26)	(32.32)
Actuarial gain/(loss) on plan assets	0.00	0.00
Fair value of plan assets at the end of the year	175.87	209.79

Notes to the Standalone Financial Statements

(₹ Crores)

	As at 31.03.2018		As at 31.03.2017	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Cost recognised for the year :				
Current service cost	0.39	-	0.33	-
Company contribution to provident fund®	-	4.19	-	6.28
Past service cost	-	-	-	-
Interest cost	0.23	-	0.28	-
Actuarial (gain)/loss	(0.25)	-	(0.08)	-
Interest guarantee liability	-	-	-	-
Shortfall in fund	-	-	-	-
Net cost recognised for the year*	0.37	4.19	0.53	6.28

* 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 31).

® The Company's contribution to provident fund for the year is ₹ 1.02 Crores (FY 1617 - ₹ 1.14 Crores) and the remaining relates to other related companies as mentioned above.

The major categories of plan assets are as follows:

(₹ Crores)

	As at 31.03.2018	As at 31.03.2017
	Unquoted in %	Unquoted in %
Central government securities	40.99	35.44
State government securities	15.89	19.90
Public sector bonds	33.84	34.36
Special deposit scheme	9.20	7.73
Equity	-	1.69
Bank balance	0.08	0.88
Total	100.00	100.00

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

(₹ Crores)

	Gratuity	
	As at 2018	As at 2017
Present value of the obligation as at the end of the year	3.48	3.55
Fair value of plan assets at the end of the year	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(3.48)	(3.55)
Experience adjustment in plan liabilities	(0.24)	0.02
Experience adjustment in plan assets	-	-
	Provident Fund	
	As at 2018	As at 2017
Present value of the obligation as at the end of the year	(157.90)	(192.45)
Fair value of plan assets at the end of the year	175.87	209.79
Assets/(Liabilities) recognised in the Balance Sheet	₹ **	₹ **

The Company expects to pay ₹ 4.73 Crores in contribution to its defined benefits plan in the next financial year.

** As there is surplus, the same has not been recognised in Balance Sheet.

Notes to the Standalone Financial Statements

47 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

QDigi Services Limited (formerly known as HCL Computing Products Limited)

Pimpri Chinchwad eServices Limited (85% Shareholding of HCL Infosystems Limited)

HCL Insys Pte. Limited, Singapore

HCL Investments Pte. Limited, Singapore

HCL Touch Inc., USA (dissolved with effect from 04.04.2018)

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)

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 Talent Care Private Limited

Koura & Co.

VAMA Sundari Investments (Delhi) Private Limited

Shiv Nadar Foundation

Naksha Enterprises Private Limited

d) Key Management Personnel:

Mr. Premkumar Sheshadri* (Executive Vice Chairman & Managing Director, till 31.03.2018)

Mr. Rangarajan Raghavan (Managing Director, with effect from 01.04.2018)

Mr. S G. Murali (Group CFO till 15.09.2017)

Mr. Kapil Kapur (Deputy CFO with effect from 15.09.2017)#

Mr. Sushil Jain (Company Secretary)

*Remuneration has been paid by HCL Corporation Private Limited

Appointed as CFO with effect from 1.04.2018

Note: Parties with whom transactions are more than 10% of the total value have been disclosed separately.

Notes to the Standalone Financial Statements

Summary of Related Party disclosures

(₹ Crores)

A.	Transactions	Company having substantial interest		Subsidiaries		Others		Key Management Personnel		Total	
		Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
	Sales and related income	0.00	0.02	130.17	46.57	158.19	18.12	-	-	288.37	64.71
	- HCL Infotech Limited #	-	-	17.30	2.92	-	-	-	-	-	-
	- HCL Services Limited	-	-	12.74	22.88	-	-	-	-	-	-
	- Digilife Distribution and Marketing Services Limited	-	-	100.14	20.74	-	-	-	-	-	-
	- HCL Technologies Limited	-	-	-	-	154.52	15.95	-	-	-	-
	- Shiv Nadar Foundation	-	-	-	-	0.55	1.03	-	-	-	-
	Sale of services	-	-	-	0.31	-	0.07	-	-	-	0.38
	- HCL Technologies Limited	-	-	-	-	-	0.07	-	-	-	-
	- HCL Services Limited	-	-	-	0.31	-	-	-	-	-	-
	Purchase of goods	-	-	4.23	2.43	-	0.30	-	-	4.23	2.73
	- Digilife Distribution and Marketing Services Limited	-	-	2.97	1.91	-	-	-	-	-	-
	- HCL Infotech Limited #	-	-	0.15	0.45	-	-	-	-	-	-
	- HCL Services Limited	-	-	1.00	0.01	-	-	-	-	-	-
	- HCL Learning Limited	-	-	-	0.06	-	-	-	-	-	-
	Purchase of fixed assets	-	-	0.11	0.01	-	0.30	-	-	0.11	0.31
	- Naksha Enterprises Private Limited	-	-	-	-	-	0.30	-	-	-	-
	- Digilife Distribution and Marketing Services Limited	-	-	0.11	-	-	-	-	-	-	-
	Sale of fixed assets	-	-	0.18	-	-	-	-	-	0.18	-
	- HCL Services Limited	-	-	0.18	-	-	-	-	-	-	-
	Purchase of services	-	-	22.65	22.44	0.22	-	-	-	22.87	22.44
	- HCL Services Limited	-	-	22.45	22.44	-	-	-	-	-	-
	- Koura & Co.	-	-	-	0.22	-	-	-	-	-	-
	Purchase of investment	-	-	-	8.00	-	-	-	-	-	8.00
	- Digilife Distribution and Marketing Services Limited	-	-	-	8.00	-	-	-	-	-	-
	Loans and advances refunded/adjusted (net)	-	-	146.86	179.74	-	-	-	-	146.86	179.74
	- HCL Infotech Limited	-	-	-	178.18	-	-	-	-	-	-
	- HCL Learning Limited	-	-	-	1.56	-	-	-	-	-	-
	- HCL Services Limited	-	-	145.23	-	-	-	-	-	-	-
	Current borrowings	20.00	-	-	-	-	-	-	-	20.00	-
	- HCL Corporation Private Limited	20.00	-	-	-	-	-	-	-	-	-
	Loans and advances given (net)	-	-	585.13	101.23	-	-	-	-	585.13	101.23
	- HCL Infotech Limited	-	-	264.82	-	-	-	-	-	-	-
	- HCL Learning Limited	-	-	273.52	-	-	-	-	-	-	-
	- HCL Services Limited	-	-	-	99.60	-	-	-	-	-	-
	- Digilife Distribution and Marketing Services Limited	-	-	-	1.64	-	-	-	-	-	-
	Interest charged on current borrowings	0.87	-	-	-	-	-	-	-	0.87	-
	- HCL Corporation Private Limited	0.87	-	-	-	-	-	-	-	-	-
	Interest charged on loans and advances given	-	-	22.31	26.35	-	-	-	-	22.31	26.35
	- HCL Learning Limited	-	-	0.80	0.30	-	-	-	-	-	-
	- HCL Services Limited	-	-	21.46	25.84	-	-	-	-	-	-
	Purchase of business undertaking	-	-	3.75	-	-	-	-	-	3.75	-
	- HCL Services Limited	-	-	3.75	-	-	-	-	-	-	-

Notes to the Standalone Financial Statements

(₹ Crores)

A.	Transactions	Company having substantial interest		Subsidiaries		Others		Key Management Personnel		Total	
		Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
	Rent Received	-	-	-	-	4.18	7.46	-	-	4.18	7.46
	- HCL Talent Care Private Limited	-	-	-	-	0.12	5.67	-	-	-	-
	- HCL Technologies Limited	-	-	-	-	1.88	1.79	-	-	-	-
	- HCL Comnet Limited	-	-	-	-	2.18	-	-	-	-	-
	Remuneration	-	-	-	-	-	-	2.13	2.93	2.13	2.93
	- Mr.S.G. Murali	-	-	-	-	-	-	1.19	2.47	-	-
	- Mr.Kapil Kapur	-	-	-	-	-	-	0.47	-	-	-
	- Mr.Sushil Jain	-	-	-	-	-	-	0.47	0.46	-	-
	Issue of share (including share premium)	444.64	-	-	-	-	-	-	-	444.64	-
	- HCL Corporation Private Limited	249.28	-	-	-	-	-	-	-	-	-
	- VAMA Sundari Investments (Delhi) Private Limited	195.35	-	-	-	-	-	-	-	-	-
	Reimbursements towards expenditure										
	a) Received	-	-	29.91	48.46	-	-	-	-	29.91	48.46
	- HCL Infotech Limited	-	-	11.05	19.90	-	-	-	-	-	-
	- HCL Services Limited	-	-	15.10	23.20	-	-	-	-	-	-
	- HCL Learning Limited	-	-	0.98	1.35	-	-	-	-	-	-
	- HCL Insys Pte Limited, Singapore	-	-	0.85	2.22	-	-	-	-	-	-
	b) Paid	1.74	0.68	9.11	10.09	-	-	-	-	10.85	10.77
	- HCL Services Limited	-	-	9.11	10.08	-	-	-	-	-	-
	- HCL Corporation Private Limited*	1.74	0.68	-	-	-	-	-	-	-	-
B.	Amount due to / from related parties										
	Investment in subsidiaries (gross, refer note 5)	-	-	891.01	1,575.97	-	-	-	-	891.01	1,575.97
	Investment in subsidiaries held for sale (gross, refer note 50)	-	-	684.96	-	-	-	-	-	684.96	-
	Trade receivables	0.01	-	38.31	170.04	48.29	8.54	-	-	86.61	178.57
	Current borrowings	20.00	-	-	-	-	-	-	-	20.00	-
	Loans and advances (net)	-	-	716.57	389.02	0.07	-	-	-	716.65	389.02
	Trade payables	0.72	-	33.34	192.84	-	0.35	-	-	34.06	193.19
	Other payables	1.74	-	17.86	18.60	-	4.81	-	-	19.60	23.41

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 ₹ 1,146 (2017- ₹ 325 Crores) taken from HCL Corporation Private Limited

Amount due to / from related parties are unsecured and are repayable/to be received in cash.

	Year ended 31.03.2018	Year ended 31.03.2017
Compensation of key management personnel of the Company*		
Short-term employee benefits	2.13	2.93
Total compensation paid to key management personnel	2.13	2.93

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

* Post employment benefit comprising gratuity, and compensated absences are not disclosed as these are determined for the Company as a whole.

Notes to the Standalone Financial Statements

48 Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to SEBI Listing Regulations, 2015

Disclosure of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year ended.

₹/Crores

A.	Loans and Advances in the nature of Loans to Subsidiaries & Associates	As at 31.03.2018					As at 31.03.2017				
a.	Name	Pimpri Chinchwad eServices Limited	HCL Services Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited
b.	Balance outstanding at the year end	0.01	137.86	0.00	569.32	299.83	0.01	283.09	2.60	179.85	7.00
c.	Maximum amount outstanding	0.01	407.99	8.01	602.19	299.41	0.01	300.37	12.50	707.13	8.56

₹/Crores

B.	Loans and Advances in the nature of loans where no interest or interest below Section 186 of Companies Act, 2013 is charged	As at 31.03.2018					As at 31.03.2017			
a.	Name	HCL Services Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited		HCL Services Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited
b.	Balance outstanding at the year end	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil
c.	Maximum amount outstanding during the year ended March 31, 2018.	Nil	Nil	Nil	Nil		Nil	Nil	Nil	Nil

C.	Loans and Advances in the nature of loans to firms/companies in which directors are interested	2018	2017
		Nil	Nil

D.	Investment by the loanees in the shares of the Company	2018	2017
a.	Name of the Loanee	Nil	Nil
b.	Balance outstanding at the year end	Nil	Nil
c.	Maximum amount outstanding during the year ended March 31, 2018	Nil	Nil
d.	Investments made by the Loanee	Nil	Nil
e.	Maximum amount of Investment during the year ended March 31, 2018	Nil	Nil

49 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 31.03 2018 are:

(₹ Crores)

	As at 31.03.17	Movement during the year	As at 31.03.18
Assets			
Unrealised gain on Indexation of land	5.72	-	5.72
Provision for Doubtful Debts/Advances/Other Current Assets	10.41	(1.76)	8.65
Tax Losses	18.27	26.92	45.19
Impact of expenditure charged to statement of profit & loss but allowable for tax purpose in future years	2.00	(0.27)	1.73
MAT Credit	37.27	(25.57)	11.70
Total (A)	73.67	(0.68)	72.99
Liabilities			
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	(6.93)	(1.34)	(8.27)
Duties, Taxes & Cess allowed for tax purpose on payment basis.	(0.98)	(0.00)	(0.98)
Unrealised Gain on Fair valuation of Investment in Mutual Funds	(0.15)	(0.04)	(0.19)
Forward Contracts	(0.42)	0.42	0.00
Other timing differences	(0.49)	0.49	0.00
Total (B)	(8.97)	(0.47)	(9.44)
Net Deferred Tax Assets (A)-(B)	64.70	(1.15)	63.55

Notes to the Standalone 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.

(₹ Crores)

	Year ended 31.03.2018	Year ended 31.03.2017
Income tax expense - Current tax		
Adjustments for current tax of prior periods	-	3.28
Current tax on profits for the year	-	303
Total current tax expense	-	6.31
Deferred tax		
Decrease in MAT Credit	25.57	-
(Increase) in deferred tax assets	(24.50)	(16.97)
(Decrease) in deferred tax liabilities	-	(3.71)
Total deferred tax expense/(benefit)	1.07	(20.66)
Income tax expense	1.07	(14.37)
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	Year ended 31.03.2018	Year ended 31.03.2017
Loss before income tax expense	(630.25)	(376.68)
Tax at the Indian tax rate of 30.90% (FY 1617 – 30.90%)	(194.75)	(116.39)
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	171.07	98.93
Expenditure related to exempt dividend income	0.37	0.30
Dividend income	(0.82)	(1.49)
Other items	(0.37)	(0.04)
Decrease / (increase) in MAT credit	25.57	-
Tax on Singapore branch profit	-	2.60
Adjustments for current tax of prior periods	-	1.72
Income tax expense	1.07	(14.37)

50 The Board of Directors of HCL Infosystems Limited (the Company) in its meeting held on 31.01.2018 had approved the sale of CARE business, a division of HCL Services Limited (wholly owned subsidiary) on slump sale basis, to QDigi Services Limited (Formerly known as HCL Computing Products Limited (HCPL) and then transfer of entire shareholding of QDigi Services Limited to Qess Corp Limited for a total consideration of ₹ 30 Crore.

Pursuant to above, the CARE Business division has been transferred to QDigi Services Limited on 31.03.2018 and entire shareholding of QDigi Services Limited has been transferred to Qess Corp Limited on 11.04.2018.

The Board of Directors of HCL Infosystems Limited (the Company) in its meeting held on 09.02.2018 had approved, sale of HCL Services Limited (consisting of Domestic Enterprise Services Business), a wholly owned subsidiary to Karvy Data Management Services Limited for a consideration of ₹108 Crore approximately (including tax refunds of ₹ 87 Crore payable to the extent received). The consideration is subject to final adjustments at time of closing date.

This transaction excludes;

- Care Business (for divestment to Qess Corp Limited)
- IT & Facility unit (transferred to HCL Infosystems Limited)
- Investment in HCL Insys Pte Limited, Singapore including its subsidiaries (transferred to HCL Learning Limited).

Pursuant to the above development, the investment in HCL Services as at 31.03.2018 is classified and disclosed as assets held for sale.

Notes to the Standalone Financial Statements

Assets held for sale

(₹ Crores)

	Units	Amount
Investments in equity instruments of subsidiaries (at cost)		
QDIGI Services Limited (Formerly known as HCL Computing Products Limited)	100,000	0.10
HCL Services Limited	77,036	684.86
		684.96
Less: Impairment in the value of investment *		678.97
Total investments in equity instruments of subsidiaries		5.99

*Impairment includes impairment for investment in HCL Services Limited ₹ 678.97 Crores (2017 - ₹ 250 Crores).

- 51 During the year ended 31.03.2018, the Company has raised ₹ 499.09 Crores by allotment of 106,190,299 equity shares of ₹ 2/- each at a price of ₹ 47.00 per equity share including a premium of ₹ 45.00 per equity share through Right Issue on 08.12.2017.

(₹ Crores)

Particulars	Year Ended 31.03.2018
Gross proceeds from right issue	499.09
Less: Share issue expenses incurred adjusted with securities premium account during the year	3.99
Net Proceeds	495.10
Utilisation towards	
Prepayment or repayment of borrowings	400.00
General corporate purpose	95.10
Total utilisation	495.10
Unutilised	-

- 52 The disclosures regarding details of specified bank notes (SBNs) held and transacted during 8.11.2016 to 30.12.2016 has not been made since the requirement does not pertain to financial year ended 31.03.2018. Corresponding disclosure as appearing in the audited standalone financial statements for the year ended 31.03.2017 have been disclosed as follows-

(₹ Crores)

Particulars	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	0.01	-	0.01
Closing cash in hand as on 30.12.2016	-	-	-

- 53 Previous year's figures have also been regrouped/recasted, wherever necessary, to conform to the Current year's presentation.

For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

Manish Gupta

Partner

Membership Number - 095037

Gurugram, May 29, 2018

For and on behalf of the Board of Directors of

HCL Infosystems Limited

Rangarajan Raghavan

Managing Director

DIN - 07932761

Kapil Kapur

Chief Financial Officer

Noida, May 29, 2018

Kaushik Dutta

Director

DIN - 03328890

Sushil Kumar Jain

Company Secretary

Independent Auditors' Report

To the Members of HCL Infosystems Limited

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of HCL Infosystems Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

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 state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective 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 judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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, 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, 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, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

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 31 March 2018, and their consolidated loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 30 May 2017 on the consolidated Ind AS financial statements of the Group for the year ended 31 March 2017.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 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.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of 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 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, incorporated 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 of pending litigations on the consolidated financial position of the Group. Refer Note 34 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 31 March 2018. Refer Note 24 to the consolidated Ind AS financial statements in respect of such items as it related to the Group. The Group did not have any long-term derivative contracts as at 31 March 2018.
 - iii. There were no delays in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018.
 - iv. The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited consolidated Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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

Manish Gupta
Partner
Membership No.: 095037

Place: Gurugram
Date: 29 May 2018

Annexure A to Independent Auditors' Report

To the Members of HCL Infosystems Limited on the consolidated Ind AS financial statements for the year ended 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended 31 March 2018 we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies which are companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The 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 the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

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

Opinion

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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Manish Gupta
Partner
Membership No.: 095037

Place: Gurugram
Date: 29 May 2018



HCL INFOSYSTEMS

Consolidated Balance Sheet as at March 31, 2018

	Notes	As at 31.03.2018 ₹/Crores		As at 31.03.2017 ₹/Crores	
I. ASSETS					
(1) Non-current assets					
Property, plant and equipment	3(a)	103.57		115.70	
Capital work-in-progress	3(d)	2.25		1.42	
Goodwill	3(c)	54.97		504.24	
Other intangible assets	3(b)	6.85		18.38	
Intangible assets under development	3(e)	-		3.15	
Other financial assets	5	6.04		41.39	
Deferred tax assets (net)	6, 40	65.02		165.43	
Advance income tax asset (net)	7	127.20		160.54	
Other non-current assets	8	165.43	531.33	133.62	1,143.87
(2) Current assets					
Inventories	9	298.94		141.31	
Financial assets					
(i) Investments	4	122.22		120.87	
(ii) Trade receivables	10	1,287.79		1,292.73	
(iii) Cash and cash equivalents	11	109.68		138.09	
(iv) Bank balances other than (iii) above	12	23.26		55.33	
(v) Loans	13	-		0.60	
(vi) Other financial assets	14	157.68		196.77	
Other current assets	15	127.85	2,127.42	94.46	2,040.16
(3) Disposal group-assets held for sale	48		219.14		-
Total Assets			2,877.89		3,184.03
II. EQUITY AND LIABILITIES					
(1) Equity					
Equity attributable to the owners of HCL Infosystems Limited					
Equity share capital	16 (a)	65.84		44.58	
Other equity	16 (b)	169.50	235.34	504.84	549.42
Non controlling interests			(0.00)		(0.00)
(2) Liabilities					
Non-current liabilities					
Financial liabilities					
(i) Borrowings	17	169.17		413.16	
Provisions	18	9.93		18.71	
Deferred tax liabilities (net)	40	2.51		0.35	
Other non-current liabilities	19	-	181.61	0.69	432.91
Current liabilities					
Financial liabilities					
(i) Borrowings	20	756.06		576.84	
(ii) Trade payables	21	908.38		737.16	
(iii) Other financial liabilities	22	304.35		426.63	
Other current liabilities	23	246.99		330.81	
Provisions	24	150.61		125.66	
Current tax liabilities (net)	25	3.22	2,369.61	4.60	2,201.70
(3) Disposal group-liabilities directly associated with assets held for sale	48		91.33		-
Total Equity and Liabilities			2,877.89		3,184.03
Significant Accounting Policies	2				

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

For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

Manish Gupta

Partner

Membership Number - 095037

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

Rangarajan Raghavan

Managing Director

DIN - 07932761

Kapil Kapur

Chief Financial Officer

Kaushik Dutta

Director

DIN - 03328890

Sushil Kumar Jain

Company Secretary

Gurugram, May 29, 2018

Noida, May 29, 2018

Consolidated Statement of Profit & Loss for the year ended March 31, 2018

	Notes	Year ended 31.03.2018 ₹/Crores		Year ended 31.03.2017 ₹/Crores	
Continuing Operations					
Income :					
Revenue from operations	26		3,612.12		3,225.34
Other income	27		129.91		145.85
Total Income			3,742.03		3,371.19
Expenses :					
Cost of materials consumed			0.35		0.79
Purchases of stock-in-trade			3,128.13		2,328.48
Changes in inventories of finished goods and stock-in -trade	28		(217.80)		57.13
Other direct expense	29		335.56		428.10
Employee benefits expense	30		306.38		326.49
Finance costs	31		139.47		152.50
Depreciation and amortization expense	3(a), (c)		27.48		31.08
Other expenses	32		192.67		168.62
Total expenses			3,912.24		3,493.19
Loss before exceptional items and tax from continuing operations			(170.21)		(122.00)
Exceptional items	33		(31.42)		(11.00)
Loss from continuing operations before tax			(201.63)		(133.00)
Income tax expense:					
- Current tax	40	2.44		11.31	
- Deferred tax	40	3.13	5.57	(20.63)	(9.32)
Loss for the year from continuing operations			(207.20)		(123.68)
Discontinued operations					
Loss from discontinued operations	48		(507.22)		(159.67)
Tax expense of discontinued operations			99.35		(35.68)
Net loss from discontinued operations			(606.57)		(123.99)
Loss for the year			(813.77)		(247.67)
Other Comprehensive Income					
(i) Items that will not be reclassified to profit or loss					
- Gain/(loss) on remeasurement of defined benefit plan	43	(0.31)		0.91	
- Income tax relating to above item		(0.08)	(0.39)	(0.14)	0.77
(ii) Items that will be reclassified to profit or loss					
- Exchange differences on translation of foreign operation			4.60		(7.61)
Other comprehensive income /(loss) for the year, net of tax			4.21		(6.84)
Total comprehensive loss for the year			(809.56)		(254.51)
Loss is attributable to:					
- Shareholders of HCL Infosystems Limited			(813.77)		(247.67)
- Non-controlling interests			(0.00)		(0.00)
Other comprehensive income /(loss) is attributable to:					
- Shareholders of HCL Infosystems Limited			4.21		(6.84)
- Non-controlling interests			-		-
Total comprehensive income/ (loss) is attributable to:					
- Shareholders of HCL Infosystems Limited			(809.56)		(254.51)
- Non-controlling interests			(0.00)		(0.00)
Earnings per equity share continuing operations (₹ Per share)	42				
(1) Basic			(8.09)		(5.55)
(2) Diluted			(8.09)		(5.55)
Earnings per equity share discontinued operations (₹ Per share)	42				
(1) Basic			(23.68)		(5.56)
(2) Diluted			(23.68)		(5.56)
Earnings per equity share continuing and discontinued operations (₹ Per share)	42				
(1) Basic			(31.77)		(11.11)
(2) Diluted			(31.77)		(11.11)
Significant accounting policies	2				

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

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

Manish Gupta
Partner
Membership Number - 095037

Gurugram, May 29, 2018

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

Rangarajan Raghavan
Managing Director
DIN - 07932761

Kapil Kapur
Chief Financial Officer

Noida, May 29, 2018

Kaushik Dutta
Director
DIN - 03328890

Sushil Kumar Jain
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2018

	Year ended 31.03.2018 ₹/Crores		Year ended 31.03.2017 ₹/Crores	
1. Cash Flow from Operating Activities:				
Loss before tax		(708.84)		(292.67)
Adjustments for:				
Depreciation and amortisation expense	35.05		39.19	
Finance cost	169.23		190.29	
Interest income	(79.21)		(108.62)	
Dividend income	(3.23)		(4.82)	
Net profit on sale of property, plant and equipment	(1.72)		(0.28)	
Property, plant and equipment written-off	10.91		1.23	
Gain on sale of investment carried at FVTPL	(1.61)		(2.57)	
Provision for doubtful debts	49.38		22.94	
Provision for doubtful loans and advances and other current assets	5.72		4.26	
Provisions/liabilities no longer required written back	(30.60)		(0.69)	
Gain on sale of joint venture	-		(0.45)	
Impairment of goodwill	443.30	597.22	61.00	201.48
Operating profit before changes in operating assets and liabilities		(111.62)		(91.20)
Changes in operating assets and liabilities:				
- (Increase)/Decrease in trade receivables	(112.66)		222.85	
- (Increase)/ Decrease in non current assets	(0.56)		46.97	
- (Increase)/Decrease in current assets	(33.14)		59.17	
- (Increase)/Decrease in inventories	(172.30)		72.89	
- (Decrease) in non current liabilities	(5.75)		(17.38)	
- Increase/(Decrease) in current liabilities	197.54	(126.87)	(159.53)	224.97
Cash used in operations		(238.49)		133.77
- Taxes paid		(44.64)		(56.44)
Net cash (used in) from operating activities (A)		(283.13)		77.33
2. Cash flow from investing activities:				
Payment for property, plant and equipment (including intangible assets)	(32.70)		(13.60)	
Proceeds from sale of property, plant and equipment	10.46		1.55	
Proceeds from sale of current investments	472.38		492.54	
Purchase of current investments	(472.12)		(560.68)	
Investments in bank deposits (with original maturity of more than three months)	28.84		(35.97)	
Movement in margin money account	2.16		(0.53)	
Movement in balances with banks on dividend account	0.66		0.53	
Dividend received on current investments	3.23		4.82	
Interest received	79.21	92.12	108.62	(2.72)
Net cash (used in) from investing activities (B)		92.12		(2.72)

	Year ended 31.03.2018 ₹/Crores		Year ended 31.03.2017 ₹/Crores	
3. Cash flow from financing activities:				
Share capital issued	21.26		-	
Securities premium received	474.21		-	
Proceeds from loans and borrowings	1,646.36		2,748.75	
Repayment of loans and borrowings	(1,800.93)		(2,692.18)	
Interest paid	(173.26)		(191.45)	
Dividend paid/amount transferred to investor education and protection fund	(0.66)	166.98	(0.53)	(135.41)
Net cash flow financing activities (C)		166.98		(135.41)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)		(24.03)		(60.80)
Opening balance of cash and cash equivalents		138.09		198.91
Effect of foreign exchange on cash and cash equivalents		1.76		(0.02)
Closing balance of cash and cash equivalents		115.82		138.09
Cash and cash equivalents comprise of				
Cash, cheques and drafts (on hand)		12.15		7.57
Balances with banks on current accounts		92.66		82.11
Balances with banks on deposits accounts		11.01		48.41

Notes:

1 Figures in brackets indicate cash outflow.

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

Manish Gupta

Partner

Membership Number - 095037

Gurugram, May 29, 2018

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

Rangarajan Raghavan

Managing Director

DIN - 07932761

Kapil Kapur

Chief Financial Officer

Noida, May 29, 2018

Kaushik Dutta

Director

DIN - 03328890

Sushil Kumar Jain

Company Secretary

Consolidated statement of changes in equity for the year ended March 31, 2018

a. Equity Share Capital

(₹/Crores)

	Number of Equity Shares	Equity Share Capital
Balance as at 01.04.2016	222,919,629	44.58
Balance as at 31.03.2017	222,919,629	44.58
Balance as at 01.04.2017	222,919,629	44.58
Add : Issue of equity share capital	106,290,299	21.26
Balance as at 31.03.2018	329,209,928	65.84

b. Other Equity

(₹/Crores)

Particulars	Attributable to Shareholders of HCL Infosystems Limited						Non Controlling interests	Total (in crores)
	Reserve and surplus							
	Securities Premium Reserve	General Reserve	Capital Reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation	Total Equity		
Balance as at 01.04.2016	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)
Balance as at 31.03.2017	720.16	215.76	0.04	(442.22)	11.10	504.84	(0.00)	504.84
Balance as at 01.04.2017	720.16	215.76	0.04	(442.22)	11.10	504.84	(0.00)	504.84
Total (Loss) for the year	-	-	-	(813.76)	-	(813.77)	(0.00)	(813.77)
Other comprehensive income for the year	-	-	-	(0.39)	4.60	4.21	-	4.21
On issue of shares	474.21	-	-	-	-	474.22	-	474.22
Balance as at 31.03.2018	1,194.37	215.76	0.04	(1,256.37)	15.70	169.50	(0.00)	169.50

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

Manish Gupta

Partner

Membership Number - 095037

Gurugram, May 29,2018

For and on behalf of the Board of Directors of

HCL Infosystems Limited

Rangarajan Raghavan

Managing Director

DIN - 07932761

Kapil Kapur

Chief Financial Officer

Noida, May 29, 2018

Kaushik Dutta

Director

DIN - 03328890

Sushil Kumar Jain

Company Secretary

Notes to the Consolidated Financial Statements

1. Corporate information

These consolidated financial statements comprise financial statements of HCL Infosystems Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the year ended March 31, 2018. 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 29, 2018.

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.

(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 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.

2.3 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

Notes to the Consolidated Financial Statements

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.

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 a CGU is the greater of its fair value less costs to sell and value in use. The calculation of value in use involves use of significant estimates and assumptions which includes turnover and gross profit, growth rates and EBIT margin to calculate projected future cash flows, discount rate and long term growth rate.

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.

In case of multiple element arrangement, 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, price of the component is determined based on historical information. Fair values of the remaining components are determined based on the residual approach.

2.4 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

Notes to the Consolidated Financial Statements

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.

2.5 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 consolidated balance sheet respectively.

ii. Associates

Associates are all entities over which the Group has significant influence but not control or joint control.

This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

iii. Joint arrangements

Under Ind AS in joint arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

iv. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in statement of profit and loss and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described below.

Notes to the Consolidated Financial Statements

v. Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of profit and loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit and loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

These consolidated financial statements comprise the financial statement of HCL Infosystems Limited (the Company") and its subsidiaries, as given in the following table:

Name of the Subsidiary/ JV	Country of Incorporation	Extent of Holding (%)	
		31.03.18	31.03.17
Subsidiary			
Digilife Distribution and Marketing Services Limited	India	100	100
Pimpri Chinchwad eServices Limited	India	85	85
Qdigi Services Limited (earlier known as HCL Computing and Products Limited)	India	100	100
HCL Infotech Limited	India	100	100
HCL Learning Limited	India	100	100
HCL Services Limited	India	100	100
Step-down Subsidiary of HCL Learning Limited			
HCL InsysPte. Limited.	Singapore	100	100
Step-down Subsidiary of HCL Services Limited			
HCL Touch Inc.*	USA	100	100
Step-down Subsidiary of HCL Infotech Limited			
HCL Investment Pte. Limited.	Singapore	100	100
Step-down Subsidiary of HCL Insys Pte. Limited			
HCL Infosystems MEA FZE	Dubai	100	100
Step-down Subsidiary of HCL Infosystems MEA FZCO			
HCL Infosystems LLC, Dubai#	Dubai	49	49
HCL Infosystems MEA LLC, Abu Dhabi #	Abu Dhabi	49	49
HCL Infosystems Qatar, WLL #	Qatar	49	49

Due to control over composition of the Board of Directors.

* The Company was dissolved with effect from 04.04.2018.

Notes to the Consolidated Financial Statements

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 Group and cost of the item can be measured reliably. All other repair and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

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

- (i) Hand Held Terminal 5 years
- (ii) Depreciation on fixed assets of the foreign subsidiaries:
 - Building 20 Years
 - Computers 3-4 Years
 - Furniture and Fixtures 4-6 Years
 - Office Equipment 6 Years

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

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

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

2.7 Intangible assets

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

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

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

Goodwill

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the statement of profit or loss on disposal.

Softwares

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

Notes to the Consolidated Financial Statements

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.

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

2.8 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 statement of profit and 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 statement of profit and 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.

2.9 Financial Instruments

A. Financial Instruments – Initial Recognition and Measurement

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

Notes to the Consolidated 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 consolidated balance sheet at fair value with changes in fair value recognised in other income in the statement of profit and loss.

b. *Financial assets measured at amortised cost*

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

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

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

Equity instruments

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

2. Derecognition

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

C. Financial Liabilities

1. Subsequent measurement

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

Financial liabilities measured at amortised cost

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

2. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially

Notes to the Consolidated Financial Statements

different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit and loss.

D. Offsetting Financial Instruments

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

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

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

F. Impairment of financial assets

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

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

G. Fair Value Measurement

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

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 and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- Temporary difference related to investment in subsidiaries and associates and joint arrangement to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Notes to the Consolidated Financial Statements

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

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

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

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

2.11 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.

2.12 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.

2.14 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when annual impairment testing for an asset is required. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test for goodwill is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Consolidated Financial Statements

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

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

2.15 Non-current Assets (or disposal groups) held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet.

If the criteria stated by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the 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.

2.17 Borrowings

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

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

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

2.18 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

Notes to the Consolidated Financial Statements

value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

b) Contingencies

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

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

2.19 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 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 Managing Director has been identified as being the chief operating decision maker. Refer note 39 for segment information presented.

2.20 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group's operations are primarily in India, except operations in subsidiaries incorporated outside India. The consolidated financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

(ii) Transactions and balances

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

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

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

(iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing 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.

Notes to the Consolidated Financial Statements

2.21 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.

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 statement of profit and 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.

Notes to the Consolidated Financial Statements

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 statement of profit and loss in the period in which the circumstances that give rise to the revision become known by management.

Interest income

Interest income from loans and receivables (debt instruments) is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the 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.

2.22 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.

Notes to the Consolidated Financial Statements

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

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

Provident Fund

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

Defined contribution plans

Contributions to the employees' state insurance fund, 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
- 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.

2.23 Discontinued operations

A discontinued operation is a component of Group's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Group and which represents a separate major line of business or geographical area of operations and

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or

Notes to the Consolidated Financial Statements

- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit loss is re-presented as if the operation had been discontinued from the start of the comparative period.

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 computed by dividing:

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

- (ii) Diluted earnings per share

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

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

2.26 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 Recent accounting pronouncements

As set out below, amendments to standards are effective for annual periods beginning on or after April 1, 2018, and have not been applied in preparing these financial statements.

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts when it becomes effective.

The amendment will come into force from April 1, 2018. The Group is evaluating the effect of this on the financial statements and does not expect the adoption of the new standard to be material.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Group is evaluating the impact of this amendment on its financial statements.

Notes to the Consolidated Financial Statements

3 (a) Property, Plant & Equipment

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount		
	As at 01.04.2017	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	Exchange differences on translation of foreign operations	As at 31.03.2018	As at 01.04.2017	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	Exchange differences on translation of foreign operations	As at 31.03.2018	As at 31.03.2018
Leasehold Land	12.30	-	-	-	-	12.30	0.28	0.16	-	-	-	0.44	11.86
Leasehold improvements	10.74	6.27	3.03	5.74	0.29	8.53	3.95	3.67	1.10	4.98	0.13	1.68	6.85
Freehold Land	7.64	-	-	-	-	7.64	-	-	-	-	-	-	7.64
Buildings	52.94	-	0.72	-	-	52.22	2.98	1.69	0.04	-	-	4.63	47.59
Plant and Machinery	23.25	0.32	1.04	8.05	-	14.48	12.25	4.80	0.52	7.14	-	9.38	5.10
Furniture and Fixtures	11.19	1.67	1.30	2.02	0.17	9.71	2.54	2.98	0.28	1.73	0.09	3.62	6.09
Office Equipments	7.10	0.86	1.00	2.09	-	4.87	3.16	0.01	0.52	0.85	-	1.80	3.07
Vehicles	4.35	0.20	1.11	0.56	-	2.88	1.39	1.09	0.73	0.52	-	1.23	1.65
Computers	30.07	17.11	16.32	9.84	0.70	21.73	17.33	9.80	11.31	8.14	0.33	8.01	13.72
Total	159.58	26.43	24.52	28.29	1.16	134.36	43.88	24.21	14.50	23.36	0.55	30.79	103.57

Notes:

- Land and Building at Ambattur amounting to ₹ 3.20 Crores (2017 - ₹ 3.24 Crores) are pending registration in the name of the Group.

Property, Plant & Equipment

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount ₹/Crores		
	As at 01.04.2016	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	Exchange differences on translation of foreign operations	As at 31.03.2017	As at 01.04.2016	Additions / Adjustment	Disposal/ Adjustment	Transferred to discontinued operations		Exchange differences on translation of foreign operations	As at 31.03.2017
Leasehold Land	12.30	-	-	-	-	12.30	0.12	0.16	-	-	-	0.28	12.02
Leasehold improvements	5.85	4.98	-	-	-	10.74	1.22	2.81	-	-	(0.08)	3.95	6.79
Freehold Land	7.64	-	-	-	-	7.64	-	-	-	-	-	-	7.64
Buildings	53.67	-	0.73	-	-	52.94	1.29	1.71	0.02	-	-	2.98	49.96
Plant and Machinery	22.39	0.89	0.03	-	(0.00)	23.25	5.81	6.45	0.01	-	(0.00)	12.25	11.00
Furniture and Fixtures	10.57	1.06	0.32	-	(0.12)	11.19	1.49	1.27	0.16	-	(0.06)	2.54	8.65
Office Equipments	6.57	0.85	0.32	-	-	7.10	1.68	1.63	0.15	-	-	3.16	3.94
Vehicles	5.19	0.30	1.14	-	-	4.35	0.51	1.24	0.36	-	-	1.39	2.96
Computers	26.44	6.59	2.66	-	(0.30)	30.07	7.30	12.27	2.01	-	(0.23)	17.33	12.74
Total	150.62	14.67	5.20	-	(0.51)	159.58	19.42	27.54	2.71	-	(0.37)	43.88	115.70

Notes:

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

Notes to the Consolidated Financial Statements

3 (b) Other Intangible Assets

Particulars	Gross carrying amount					As at 31.03.2018	Accumulated amortisation/impairment					Net carrying amount	
	As at 01.04.2017	Additions / Adjustment	Disposal/ Adjustment	Transferred to discontinued operations	Exchange differences on translation of foreign operations		As at 01.04.2017	Additions / Adjustment	Disposal/ Adjustment	Transferred to discontinued operations	Exchange differences on translation of foreign operations		As at 31.03.2018
Software	8.59	8.96	2.59	4.70	0.46	10.72	5.83	2.73	0.50	4.45	0.26	3.87	6.85
Intellectual Property Rights	28.97	-	28.83	-	0.09	0.23	13.65	7.67	21.18	-	0.09	0.24	-
Technical Knowhow	4.70	-	3.24	-	-	1.46	4.40	0.41	3.35	-	-	1.46	-
Total	42.26	8.96	34.66	4.70	0.55	12.41	23.88	10.81	25.03	4.45	0.35	5.57	6.85

Notes:

1. Software comprise cost of acquiring licences and SAP implementation charges.
2. Intellectual Property Rights comprise of designing and implementing education content.
3. Technical know how comprise of development cost of new technology/products.

Particulars	Gross carrying amount					Accumulated amortisation/impairment					Net carrying amount	
	As at 01.04.2016	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	Exchange differences on translation of foreign operations	As at 31.03.2017	As at 01.04.2016	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	Exchange differences on translation of foreign operations	As at 31.03.2017
Software	7.51	1.31	-	-	(0.23)	8.59	3.75	2.25	-	-	(0.17)	2.76
Intellectual Property Rights	29.06	-	-	-	(0.09)	28.97	6.06	7.68	-	-	(0.09)	15.32
Technical Knowhow	4.70	-	-	-	-	4.70	2.68	1.72	-	-	0	0.30
Total	41.27	1.31	-	-	(0.32)	42.26	12.49	11.65	-	-	(0.26)	18.38

Notes:

1. Software comprise cost of acquiring licences and SAP implementation charges.
2. Intellectual Property Rights comprise of designing and implementing education content.
3. Technical know how comprise of development cost of new technology/products.

Notes to the Consolidated Financial Statements

3 (c) Goodwill

Particulars	Gross carrying amount				Accumulated impairment			Net carrying amount	
	As at 01.04.2017	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations	As at 31.03.2018	As at 01.04.2017	Additions / Adjustment	Disposal / Adjustment	Transferred to discontinued operations
Goodwill	56.89	-	-	-	56.89	-	56.89	-	-
Goodwill on consolidation	578.35	-	-	5.97	572.38	131.00	386.41	-	-
Total	635.24	-	-	5.97	629.27	131.00	443.30	-	-

Notes:

- Addition in amortisation and impairment during the year includes impairment of Goodwill in respect of Learning Business ₹ 31.42 Crores and in respect of Services business ₹ 411.88 Crores (refer note-49).

Particulars	Gross carrying amount				Accumulated impairment				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	
Goodwill	56.89	-	-	56.89	-	-	-	-	56.89
Goodwill on Consolidation	580.82	(2.47)	-	578.35	70.00	61.00	-	131.00	447.35
Total	637.71	(2.47)	-	635.24	70.00	61.00	-	131.00	504.24

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 (after note 49).

Notes to the Consolidated Financial Statements

3 (d) Capital work-in-progress

₹/Crores

Particulars	As at 01.04.2017	Addition	Capitalisation /Adjustment	As at 31.03.2018
Capital work-in-progress	1.42	0.83	-	2.25

₹/Crores

Particulars	As at 01.04.2016	Addition	Capitalisation /Adjustment	As at 31.03.2017
Capital work-in-progress	2.01	2.01	2.60	1.42

3 (e) Intangible assets under development

₹/Crores

Particulars	As at 01.04.2017	Addition	Capitalisation /Adjustment	As at 31.03.2018
Intangible assets under development	3.15	-	3.15	-

₹/Crores

Particulars	As at 01.04.2016	Addition	Capitalisation /Adjustment	As at 31.03.2017
Intangible assets under development	2.16	0.99	-	3.15

4 Current investments

	As at 31.03.2018		As at 31.03.2017	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores
Unquoted (Others)				
Investment in mutual funds at FVTPL				
(i) Growth options				
Aditya Birla Sunlife Cash Plus	767,158	21.34	-	-
ICICI Prudential Liquid Fund	390,694	10.02	-	-
UTI Liquid Cash Plan	71,292	20.22	-	-
Sub-total (A)		51.59		-
(ii) Dividend options				
Axis Treasury Advantage Fund #	601,311	60.65	601,311	60.56
Reliance Money Manager Fund #	-	-	498,809	50.31
UTI Treasury Advantage Plan #	99,438	9.99	99,438	10.00
Sub-total (B)		70.64		120.87
Total Current Investments (A+B)		122.22		120.87
# Under lien with bank				
Aggregate amount of unquoted investment		122.22		120.87

Notes to the Consolidated Financial Statements

	As at 31.03.2018 ₹ / Crore		As at 31.03.2017 ₹ / Crore	
5 Other non-current financial assets				
Bank deposits with original maturity of more than twelve months		0.51		0.28
Security deposits		3.91		7.02
Lease rental recoverable	1.77		35.14	
Less: Allowance for doubtful lease rental recoverable	0.15	1.62	1.05	34.09
TOTAL		6.04		41.39
6 Deferred tax asset (net) (refer note 40)				
Deferred tax asset		65.02		165.43
		65.02		165.43
7 Advance income tax asset (net)				
Advance income tax [Provision for income tax of ₹ 52.70 Crores (2017- ₹ 52.70 Crores,)]		127.20		160.54
TOTAL		127.20		160.54
8 Other non-current assets				
Unsecured, considered good				
Capital advances		0.20		0.19
Others				
Balances with government authorities		152.64		119.97
Prepaid expenses		12.02		12.89
Others		0.57		0.57
Considered Doubtful				
Capital advances	0.50		0.01	
Less: Allowance for doubtful loans and advances	(0.50)	-	(0.01)	-
TOTAL		165.43		133.62
9 Inventories				
Raw materials and components [Including in-transit ₹ 0.02 Crores (2017 - ₹ 0.06 Crores)]		0.06		0.11
Finished goods [Including in-transit ₹ 0.05 Crores (2017 - ₹ 0.12 Crores)]		0.18		0.11
Stock-in-trade [Including in-transit ₹ 35.79 Crores (2017- ₹ 20.88 Crores)]		298.50		80.77
Stores and spares		0.20		60.32
TOTAL		298.94		141.31

Write-downs of inventories to net realisable value recognised as an expense during the year amounts to ₹ 37.52 Crores (2017- ₹ 16.38 Crores). These were included in changes in value of inventories of work-in-progress, stock in trade and finished goods in statement of profit and loss.

Notes to the Consolidated Financial Statements

	As at 31.03.2018 ₹ / Crore		As at 31.03.2017 ₹ / Crore	
10 Trade receivables (refer note 35)				
Unsecured:				
Considered good	1,287.79		1,292.73	
Considered doubtful	180.01		205.85	
	1,467.80		1,498.58	
Less: Allowance for doubtful debts	180.01	1,287.79	205.85	1,292.73
TOTAL		1,287.79		1,292.73
11 Cash and cash equivalents				
Balances with banks				
- current account	86.74		82.12	
Less: Money held in Trust	-	86.74	0.01	82.11
Cash on hand		-		0.22
Cheques on hand		11.93		7.35
Bank deposits with original maturity of three months or less	11.32		48.72	
Less: Money held in Trust	0.31	11.01	0.31	48.41
TOTAL		109.68		138.09
12 Other bank balances				
Bank deposits with original maturity of more than three months and upto twelve months*		19.58		48.83
Balance with banks				
- On margin account		3.06		5.22
- On dividend account		0.62		1.28
TOTAL		23.26		55.33
* includes ₹ 5.90 Crores (2017-nil) lien marked with banks				
13 Loans				
Unsecured, considered good				
Loan to employees		-		0.60
TOTAL		-		0.60

Notes to the Consolidated Financial Statements

	As at 31.03.2018 ₹ / Crore		As at 31.03.2017 ₹ / Crore	
14 Other financial assets				
Lease rental recoverable	21.01		60.81	
Less: Allowance for doubtful lease rental recoverable	11.69	9.32	22.78	38.03
Security deposits		6.65		6.56
Unbilled revenue		73.81		146.51
Claims recoverable from vendor		63.42		
Others (includes employee advances, insurance claim recoverable)		4.48		5.67
Considered doubtful				
Others (includes employee advances, insurance claim recoverable)	11.07		7.65	
Less: Allowance for doubtful loans and advances	11.07	-	7.65	-
TOTAL		157.68		196.77
15 Other current assets				
Unsecured, considered good				
Balances with customs, port trust, excise, sales tax and goods and service tax authorities		83.72		43.63
Advances to creditors		24.24		15.51
Prepaid expenses		17.49		33.30
Others (expenses recoverable)		2.40		2.02
Considered doubtful				
Other current assets	7.30		8.05	
Less: Allowance for doubtful other current assets	7.30	-	8.05	-
TOTAL		127.85		94.46
16 Equity share capital and other equity				
(a) Authorised				
55,25,00,000 equity shares (2017 - 55,25,00,000) of ₹ 2/- each		110.50		110.50
5,00,000 preference shares (2017 - 5,00,000) of ₹ 100/- each		5.00		5.00
TOTAL		115.50		115.50
Equity share Capital (Refer Note 46)				
Issued, subscribed and paid up				
32,92,09,928 equity shares (2017 - 22,29,19,629) of ₹ 2/- each		65.84		44.58
(Fully paid up) (Number of share issued: 2018-106,290,299, 2017-Nil)				
TOTAL		65.84		44.58

Notes to the Consolidated Financial Statements

Notes:

(i) Rights attached to equity shares:

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

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

(ii) Shareholders holding more than 5% of the aggregate shares in the Company

	Number of Shares	% of shares	Number of Shares	% of shares
(a) HCL Corporation Private Limited	164,421,399	49.94	111,382,239	49.97
(b) VAMA Sundari Investments (Delhi) Private Limited	42,603,194	12.94	1,038,848	0.47
(c) AKM Systems Private Limited	11,997,007	3.64	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

(b) Other equity		
Reserve and surplus		
Securities premium reserve		
Opening balance	720.16	720.16
On issue of shares (net of issue related expenses amounting to ₹ 3.99 Crores, refer note 46)	474.21	-
Closing balance	1,194.37	720.16
General reserve		
Opening balance	215.76	215.76
Closing balance	215.76	215.76
Capital reserve		
Opening balance	0.04	0.04
Closing balance	0.04	0.04
Retained earning		
Opening balance	(442.22)	(195.32)
Remeasurement of post-employment benefit obligation, net of tax	(0.39)	0.77
Net loss for the year	(813.76)	(247.67)
Closing balance	(1,256.37)	(442.22)
Foreign currency translation of foreign operations		
Opening balance #	11.10	18.71
Exchange difference on translation of foreign operations	4.60	(7.61)
Closing balance	15.70	11.10
Total Other Equity attributable to the shareholders of HCL Infosystems Limited	169.50	504.84

Notes to the Consolidated Financial Statements

	As at 31.03.2018 ₹ / Crore	As at 31.03.2017 ₹ / Crore
Financial Liabilities		
17 Non-current borrowings		
Secured:		
Term loans		
- From banks	58.75	247.15
- From others	10.24	27.79
	68.99	274.94
Unsecured:		
Term loans		
- From others	99.83	136.02
Finance lease obligation (refer note 41)	0.35	2.20
	100.18	138.22
TOTAL	169.17	413.16

Notes:

- (i) Secured term loan from Bank and others amounting to ₹ 185.11 Crores (2017 - ₹ 404.43 Crores), out of which ₹ 116.12 Crores (2017 - ₹ 154.49 Crores) is shown under current maturity of long term debt, is secured by way of (1) First pari passu charge on identified immovable assets and all movable and intangible assets of the HCL Infosystems Limited and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Limited and 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 Crs. The loan is repayable in 13 quarterly installments starting from September 2016 and carries interest @ 10.05 % to 11.10% p.a.
- (ii) Secured term loan from bank amounting to Nil (2017 - ₹ 75.00 Crores), out of which Nil (2017 - ₹ 50.00 Crores) is shown under current maturity of long term debt, is secured by way of exclusive charge on Lease Rent Receivables (LRR) of HCL Infotech Limited and HCL Learning Limited and against Support from HCL Corporation Private Limited. The loan was repaid entriely during the current year.
- (iii) Unsecured term loans from others amounting to ₹ 4.84 Crores (2017 - ₹ 11.38 Crores) and ₹ 3.39 Crores (2017 - ₹ 5.99 Crores), out of which ₹ 6.69 Crores (2017 - ₹ 10.36 Crores) is shown under current maturity of long term borrowings, are repayable in 10 equal half yearly and 4 yearly (Interest Free) installments from the date of the loans and in 9 half yearly installments (carries interest @ 2.97%) from the date of the loan disbursement.
- (iv) Unsecured loan under receivable buyout facility amounting to Nil (2017 - ₹ 13.40 Crores Crores), out of which Nil (2017 - ₹ 13.18 Crores) is shown under current maturity of long term debt, are repaid in 20 equal quarterly instalments from the date of the disbursement which carries interest @ 12.80% p.a.
- (v) Unsecured term loans from others amounting to ₹ 229.47 Crores (2017 - ₹ 191.87 Crores), out of which ₹ 131.18 Crores (2017 - ₹ 82.93 Crores) is shown under current maturity of long term borrowings, is repayable in 12 to 20 equal quarterly instalments from the date of the disbursement which carries interest @ 11.02% to 12.50% p.a."
- (vi) Unsecured term loans from others amounting to ₹ 1.70 Crores (2017 - ₹ 3.72 Crores), out of which ₹ 1.70 Crores (2017 - ₹ 2.02 Crores) is shown under current maturity of long term borrowing, 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.

Note:

Material Subsidiaries include HCL Infotech Limited, HCL Services Limited and HCL Learning Limited.

Notes to the Consolidated Financial Statements

	As at 31.03.2018 ₹ / Crore	As at 31.03.2017 ₹ / Crore
18 Non-current provisions (refer note 43)		
Provision for gratuity and other employee benefits	9.93	18.71
TOTAL	9.93	18.71
19 Other non-current liabilities		
Deferred revenue	-	0.69
TOTAL	-	0.69
20 Current borrowings		
Secured:		
- Term loans	375.77	223.92
- Cash credits	63.72	8.56
	439.49	232.48
Unsecured:		
Loans repayable on demand		
from others	149.17	149.36
from related parties	20.00	-
Commercial paper	147.41	195.00
	316.58	344.36
TOTAL	756.06	576.84

Note:

- Secured term loan from banks amounting to ₹ 99.80 Crores (2017 - ₹ 124.78 Crores) is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Limited and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Limited & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on two Identified Properties, along with non-fund based facilities from banks. It carries interest @ 9.95% to 11.50 % p.a.
- Short term loan of ₹ 24.97 Crores (2017 - ₹ 99.14 Crores) is secured by way of subservient charge on stock and receivables of the Company and against support from HCL Corporation Private Limited. It also carries a lien on Mutual Funds of ₹ NIL Crores (2017 - 50.31 Crores). Short term loan of ₹ 24.97 Crores is repayable in one year from the date of disbursement and carries interest @ 9.50 % p.a.
- Secured loan (cash credit and WCDL) from banks amounting to ₹ 139.08 (2017 - Nil) are secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Limited and it's material subsidiaries (2) First pari-passu charge on all current assets of the HCL Infosystems Limited and it's material subsidiaries (except lease rental receivables). (3) Negative lien on two identified properties.
- Short term loan of ₹ 20 Crores (2017 - Nil) is secured by way of subservient charge on current and movable fixed assets of the Company. Short term loan of ₹ 20 Crores is repayable in 4 months from the date of disbursement and carries interest @ 8.95% p.a.
- Secured term loan from banks amounting to ₹ 50 Crores (2017 - Nil) is secured by way of (1) First pari passu charge on identified immovable assets and all movable and intangible assets of the HCL Infosystems Limited and it's material subsidiaries (2) First pari-passu charge on all current assets of the HCL Infosystems Limited and it's material subsidiaries (except lease rental receivables). (3) Negative lien on two identified properties, along with non-fund based facilities from banks. It carries interest @ 9% p.a.

Notes to the Consolidated Financial Statements

- vi. Short term loan of ₹ 100 Crores (2017 - Nil) is secured by way of subservient charge on current and movable fixed assets of the Company. Short term loan of ₹ 100 Crores is repayable in 3 months from the date of disbursement and carries interest @ 8.25% p.a.
- vii. Secured Loan from banks amounting to ₹ 5.65 Crores (2017 - ₹ 8.56 Crores) are secured by way of general charge over the receivables of (HCL Insys Pte Ltd and HCL Infosystems MEA FZE) and continuing guarantee from HCL Infosystems Limited.
- viii. Unsecured commercial papers from others amounting to ₹ 147.41 Crores (2017 - ₹ 195.00 Crores) is repayable in next 12 months from the date of availment of each tranche, which carries interest @ 8% to 10.80% p.a.
- ix. Unsecured intercorporate loan from others amounting to ₹ 20.00 Crores (2017 - Nil Crores) is repayable in next 2 months from the date of availment of each tranche, which carries interest @ 10% p.a.

Note:

Material Subsidiaries include HCL Infotech Limited, HCL Services Limited and HCL Learning Limited.

	As at 31.03.2018 ₹ / Crore	As at 31.03.2017 ₹ / Crore
21 Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises and	9.25	0.14
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises [Including acceptance ₹ 34.82 Crores (2017 - ₹ 69.64 Crores)]	899.13	737.02
TOTAL	908.38	737.16
22 Other financial liabilities		
Current maturities of long-term debts (refer note 17)	255.69	343.41
Current maturities of finance lease obligations (refer note 17)	1.82	3.90
Interest accrued but not due on borrowings	4.92	8.95
Unpaid dividends*	0.62	1.28
Employee benefits payable	23.27	52.19
Capital creditors	0.44	0.98
Deposits	7.59	15.92
Other	10.00	-
TOTAL	304.35	426.63
* There are no amount due and outstanding to be credited to Investor Education and Protection Fund under Section 125 of the Companies Act, 1956. These shall be credited and paid to the fund as and when due.		
23 Other current liabilities		
Deferred revenue	173.97	199.59
Advances received from customers	55.67	104.49
Statutory dues payable	17.35	26.73
TOTAL	246.99	330.81

Notes to the Consolidated Financial Statements

	As at 31.03.2018 ₹ / Crore	As at 31.03.2017 ₹ / Crore
24 Current provisions		
Provision for gratuity and other employee benefits (refer note 43)	8.37	16.02
Provision for contract losses	123.47	92.96
Provision for litigations {refer note 34 (b) (ii)}	18.77	16.68
TOTAL	150.61	125.66
25 Current tax liabilities (net)		
Current income tax liabilities [Advance income tax of ₹ 7.57 Crores (2017- Nil)]	3.22	4.60
TOTAL	3.22	4.60

	Year ended 31.03.2018 ₹ / Crore	Year ended 31.03.2017 ₹ / Crore
26 Revenue from operations		
Sale of products	3,017.21	2,458.16
Sale of services	464.85	528.37
Revenue from long term composite contracts	129.99	238.79
Other operating revenue		
- Scrap sale	0.07	0.02
TOTAL	3,612.12	3,225.34
27 Other income		
Interest income from financial asset at amortised cost.		
- On lease rental	4.08	13.42
- On fixed deposits	3.58	5.01
- On others	0.55	1.29
- On trade receivables	75.08	102.27
Dividend from unquoted (others) current investments	3.23	4.82
Gain/loss on sale of investment carried at FVTPL	1.61	2.57
Net profit on sale of property, plant and equipment	1.72	0.22
Gain/(Loss) on foreign exchange fluctuation	1.92	3.12
Provisions/liabilities no longer required written back	27.52	0.69
Fair value gain on financial instruments at fair value through profit or loss	0.00	-
Miscellaneous income	10.62	11.99
Gain on sale of joint venture	0.00	0.45
TOTAL	129.91	145.85

Notes to the Consolidated Financial Statements

	Year ended 31.03.2018 ₹ / Crore	Year ended 31.03.2017 ₹ / Crore
28 Changes in inventories of finished goods and stock-in-trade		
Closing balance		
- Finished goods (including in transit)	0.18	0.11
- Stock-in-trade	298.50	80.77
	298.68	80.88
Opening balance		
- Finished goods (including in transit)	0.11	0.56
- Stock-in-trade	80.77	137.45
	80.88	138.01
Changes in inventories of finished goods and stock-in-trade	(217.80)	57.13
29 Other direct expenses		
Purchase of services	315.16	423.21
Spares and stores consumed	20.36	4.56
Excise duty	0.04	0.08
Labour and processing charges	0.00	0.25
TOTAL	335.56	428.10
30 Employee benefits expense		
Salaries, wages, bonus and gratuity	290.33	310.05
Contribution to provident and other funds (refer note 43)	12.29	12.72
Staff welfare expenses	3.76	3.72
TOTAL	306.38	326.49
31 Finance costs		
Interest expense on financial Liabilities at amortised cost	131.01	143.75
Other borrowing costs	8.46	8.75
TOTAL	139.47	152.50

Notes to the Consolidated Financial Statements

	Year ended 31.03.2018 ₹ / Crore	Year ended 31.03.2017 ₹ / Crore
32 Other expenses		
Rent (refer note 41)	18.07	22.03
Rates and taxes	7.65	6.26
Printing and stationery	1.61	1.83
Communication	4.27	6.17
Travelling and conveyance	9.17	13.03
Packing, freight and forwarding	5.59	8.47
Legal, professional and consultancy charges (refer note 47)	29.98	27.81
Retainership expenses	14.98	16.39
Training and conference	0.80	1.55
Office electricity and water	5.48	4.90
Insurance	4.85	6.19
Advertisement, publicity and entertainment	1.35	2.26
Hire charges	2.57	4.17
Commission on sales	2.90	4.66
Bank charges	10.15	10.88
Allowance for doubtful debts	41.91	13.03
Allowance for doubtful loans and advances and other current assets	5.41	3.18
Property, plant and equipment written-off	10.65	1.21
Diminution in the Value of Unquoted/Quoted (Others) Current Investments	0.01	-
Repairs		
- Plant and Machinery	0.29	0.44
- Buildings	0.78	0.83
- Others	4.00	4.03
Net Loss/(Gain) on Foreign Exchange Fluctuation (other than considered as Finance Cost)	2.14	0.04
Miscellaneous	8.06	9.26
TOTAL	192.67	168.62

33 Exceptional items include :

	Year ended 31.03.2018 ₹ / Crore	Year ended 31.03.2017 ₹ / Crore
a. Impairment of goodwill (refer note 49 and 3 (c))	(31.42)	(11.00)
TOTAL	(31.42)	(11.00)

Notes to the Consolidated Financial Statements

34 Contingent Liabilities :

(a) Claims against the Company not acknowledged as debts:

(₹ / Crore)

Particulars	As at 31.03.2018	As at 31.03.2017
Sales tax*	276.55	269.70
Excise*	345.02	98.79
Income tax	25.12	6.21
Industrial disputes, civil suits and consumer disputes	4.60	4.66

* Includes sum of ₹ 130.18 crores (2017 - ₹ 108.50 Crores) deposited by the Group.

The amounts shown above represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the 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 Group 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 engaged in any wrong doing.
- The Company has certain sales tax and other litigation of ₹ 18.77 Crores (as at 31.03.2017- ₹ 16.68 Crores), against which provisions have been made. Provision of ₹ 2.09 crore (FY 1617- ₹ 1.07 Crores) has been made during the year.

35 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 Training & Staffing Services Private Limited

HCL Talent Care Private Limited

Shiv Nadar Foundation

VAMA Sundari Investments (Delhi) Private Limited

Naksha Enterprises Private Limited

c) Key Management Personnel:

Mr. Premkumar Seshadri* (Executive Vice Chairman and Managing Director, till 31.03.2018)

Mr. Rangarajan Raghavan (Managing Director,with effect from 01.04.2018)

Mr. S G Murali (Group CFO, till 15.09.2017)

Mr. Kapil Kapur (Deputy CFO with effect from 15.09.2017)#

Mr. Sushil Jain (Company Secretary)

*Remuneration has been paid by HCL Corporation Private Limited

Appointed as CFO with effect from 01.04.2018

Note: Parties with whom transactions are more than 10% of the total value have been disclosed separately.

Notes to the Consolidated Financial Statements

d) Summary of consolidated related party disclosures:

Note: All transactions with related parties have been entered into in the normal course of business.

A.	Transactions	Company having substantial interest		Others		Key Management Personnel		Total	
		Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2018	Year Ended 31.03.2017
	Sales and related income	0.05	0.02	162.13	20.21	-	-	162.17	20.23
	- HCL Corporation Limited	0.03	-	-	-	-	-	-	-
	- HCL Technologies Limited	-	-	157.73	18.04	-	-	-	-
	- Shiv Nadar Foundation	-	-	-	1.03	-	-	-	-
	Services	-	0.01	0.03	10.24	-	-	0.03	10.25
	- HCL Technologies Limited	-	-	-	9.35	-	-	-	-
	- HCL Talent Care Private Limited	-	-	-	0.46	-	-	-	-
	- Shiv Nadar Foundation	-	-	0.03	-	-	-	-	-
	- HCL Comnet Limited	-	-	-	0.16	-	-	-	-
	- HCL Training & Staffing Services Private Limited	-	-	-	0.17	-	-	-	-
	Purchase of services	-	-	5.20	4.87	-	-	5.20	4.87
	- HCL Technologies Limited	-	-	4.34	4.87	-	-	-	-
	Loans and advances taken (net)	20.00	-	-	-	-	-	20.00	-
	- HCL Corporation Limited	20.00	-	-	-	-	-	-	-
	Interest on loans and advance taken (net)	0.87	-	-	-	-	-	0.87	-
	- HCL Corporation Limited	0.87	-	-	-	-	-	-	-
	Purchase of goods	-	-	-	0.34	-	-	-	0.34
	- HCL Technologies Limited - BPO Services	-	-	-	0.34	-	-	-	-
	Purchase of fixed assets	-	-	-	0.30	-	-	-	0.30
	- Naksha Enterprises Private Limited	-	-	-	0.30	-	-	-	-
	Rent received	-	-	4.18	7.46	-	-	4.18	7.46
	- HCL Technologies Limited	-	-	1.88	1.79	-	-	-	-
	- HCL Comnet Limited	-	-	2.18	-	-	-	-	-
	- HCL Talent Care Private Limited	-	-	0.12	5.67	-	-	-	-
	Remuneration	-	-	-	-	2.13	2.94	2.13	2.94
	- Mr. S.G. Murali	-	-	-	-	1.19	2.47	-	-
	- Mr. Kapil Kapur#	-	-	-	-	0.47	-	-	-
	- Mr. Sushil Jain	-	-	-	-	0.47	0.46	-	-
	Issue of share (including share premium)	444.64	-	-	-	-	-	444.64	-
	- HCL Corporation Private Limited	249.28	-	-	-	-	-	-	-
	- VAMA Sundari Investments (Delhi) Private Limited	195.35	-	-	-	-	-	-	-
	Reimbursements towards expenditure made *	1.74	0.68	-	-	-	-	1.74	0.68
B.	Amount due to/from related parties at year end								
	Trade receivables	0.04	-	51.13	15.88	-	-	51.17	15.88
	Loans and advances	-	-	0.07	-	-	-	0.07	-
	Trade payables	0.76	-	2.29	2.54	-	-	3.04	2.54
	Other payables	1.74	-	-	4.81	-	-	1.74	4.81

* Related to Corporate Guarantee of ₹ 1,146 (2017-₹ 325 crores) taken from HCL Corporation Private Limited.

Remuneration disclosed is from the period appointed as Deputy CFO.

Amount due to / from related parties are unsecured and are receivable / payable in cash

Notes to the Consolidated Financial Statements

e) Compensation of key management personnel of the Company *

(₹/Crores)

	Year ended 31.03.2018	Year ended 31.03.2017
Short-term employee benefits	2.13	2.94
Total compensation paid to key management personnel	2.13	2.94

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.

36 Financial Instruments

The carrying value of financial instruments by categories are as under as at 31.03.2018:

₹ Crores

Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Financial assets						
Non-current assets						
(i) Others Financial Assets	5	-	-	6.04	6.04	6.04
		-	-	(41.39)	(41.39)	(41.39)
		-	-	6.04	6.04	6.04
		-	-	(41.39)	(41.39)	(41.39)
Current assets						
(i) Investments	4	-	122.22	-	122.22	122.22
			(120.87)	-	(120.87)	(120.87)
(ii) Trade receivables	10	-	-	1,287.79	1,287.79	1,287.79
		-	-	(1,292.73)	(1,292.73)	(1,292.73)
(iii) Cash and cash equivalents	11	-	-	109.68	109.68	109.68
				(138.09)	(138.09)	(138.09)
(iv) Bank balances other than (iii) above	12	-	-	23.26	23.26	23.26
				(55.33)	(55.33)	(55.33)
(v) Loans	13	-	-	-	-	-
				(0.60)	(0.60)	(0.60)
(vi) Others	14	-	-	157.68	157.68	157.68
				(196.77)	(196.77)	(196.77)
		-	122.22	1,578.41	1,700.63	1,700.63
		-	(120.87)	(1,683.52)	(1,804.39)	(1,804.39)
Financial Liabilities						
Non-current liabilities						
(i) Borrowings	17	-	-	169.17	169.17	169.17
		-	-	(413.16)	(413.16)	(413.16)
		-	-	169.17	169.17	169.17
		-	-	(413.16)	(413.16)	(413.16)

Notes to the Consolidated Financial Statements

₹ Crores						
Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Current liabilities						
(i) Borrowings	20	-	-	756.06	756.06	756.06
		-	-	(576.84)	(576.84)	(576.84)
(ii) Trade payables	21	-	-	908.38	908.38	908.38
		-	-	(737.16)	(737.16)	(737.16)
(iii) Other financial liabilities	22	-	-	304.35	304.35	304.35
		-	-	(426.63)	(426.63)	(426.63)
		-	-	1,968.79	1,968.79	1,968.79
		-	-	(1,740.63)	(1,740.63)	(1,740.63)

Note: Previous year figures are given in brackets.

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.

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities:

	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	31.03.2018	-	122.22	-	122.22
Investment in Mutual Funds	31.03.2017	-	120.87	-	120.87

*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.

37 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.

Notes to the Consolidated 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	Ageing Analysis and Credit appraisal	Diversification of bank deposits, investments, credit limits and letters of credit
Liquidity risk	Borrowings, trade payable and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines, 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.

Agewise breakup of trade receivables are given below:

	(₹/Crores)	
	As at 31.03.2018	As at 31.03.2017
Debtors billed but not due	1,183.33	949.95
0-90 days past due	109.20	184.97
91-180 days past due	24.25	82.94
180-365 days past due	29.78	73.20
1-2 years past due	46.65	66.68
More than 2 years past due	74.59	140.84
	1,467.80	1,498.58

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

Notes to the Consolidated Financial Statements

contractual payments greater than 3 years past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.

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 31.03.2018	As at 31.03.2017
Balance at the beginning	205.85	227.36
Provided during the year	41.91	13.03
Reversal during the year	(0.11)	(0.60)
Amounts written off	(75.11)	(43.85)
Discontinued operations	(7.47)	9.91
Balance at the end	180.01	205.85

Liquidity risk:

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at 31.03.2018.

	(₹/Crores)				
	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years
Non-derivatives					
Borrowings					
-From Banks	533.08 (669.19)		474.32 (417.84)	58.76 (167.94)	- (83.41)
-From Others	436.36 (472.02)	- (-)	326.30 (306.47)	110.06 (116.93)	- (48.62)
-Finance Lease Obligation	2.17 (6.10)	- (-)	1.82 (3.90)	0.35 (1.81)	(-) (0.39)
-Cash Credit	63.72 (8.56)	63.72 (8.56)	- (-)	- (-)	- (-)
-Commercial Paper	147.41 (195.00)	- (-)	147.41 (195.00)	- (-)	- (-)
Trade payables	908.38 (737.16)	- (-)	908.38 (737.16)	- (-)	- (-)
Other financial liabilities					
-Deposits	7.59 (15.92)	- (-)	7.59 (15.92)	- (-)	- (-)

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(₹/Crores)

	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years
-Interest accrued but not due	4.92 (8.95)	- (-)	4.92 (8.95)	- (-)	- (-)
-Capital Creditors	0.44 (0.98)	- (-)	0.44 (0.98)	- (-)	- (-)
-Employee Benefit Payable	23.27 (52.19)	- (-)	23.27 (52.19)	- (-)	- (-)
-Unpaid dividends	0.62 (1.28)	0.62 (1.28)	- (-)	- (-)	- (-)
-Others	10.00 (-)	10.00 (-)	- (-)	- (-)	- (-)
Total non-derivative liabilities	2,137.96 (2,167.35)	74.34 (9.84)	1,894.45 (1,738.41)	169.17 (286.68)	- (132.42)

Note: Previous year figures are given in brackets.

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 31.03.2018 the Group has ₹ 248.81 Crores (31.03.2017- ₹ 487.98) 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

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

(₹/Crores)

	As at 31.03.2018	As at 31.03.2017
Variable rate borrowings	248.81	487.98
Fixed rate borrowings	933.93	849.33
Total borrowings	1,182.74	1,337.31

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

	As at 31.03.2018			As at 31.03.2017		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans, Cash credits	10.41%	248.81	21.04%	11.17%	487.98	36.49%
Net exposure to cash flow interest rate risk		248.81			487.98	

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(b) Sensitivity

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

(₹/Crores)

	Impact on loss after tax		Impact on other components of equity	
	Year ended 31.03.2018	Year ended 31.03.2017	As at 31.03.2018	As at 31.03.2017
Interest rates-increase by 10 basis points	0.22	0.45	0.22	0.45
Interest rates-increase by 10 basis points	(0.22)	(0.45)	(0.22)	(0.45)

(ii) Foreign currency risk

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

Foreign currency risk exposure

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

(₹/Crores)

	USD	EUR	GBP	SEK	AED	SGD	AUD	QAR
Financial Assets								
Trade receivables	38.86	-	-	-	1.08	1.29	-	-
	(54.11)	-	-	-	(1.27)	(0.11)	-	-
Cash and cash equivalents	6.02	-	-	-	4.16	41.44	-	0.30
	(6.12)	-	-	-	(2.04)	(53.41)	-	(3.91)
Derivative assets	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Net exposure to foreign currency risk (assets)	44.88	-	-	-	5.24	42.73	-	0.30
	(60.23)	-	-	-	(3.31)	(53.52)	-	(3.91)
Financial Liabilities								
Trade Payables	54.61	0.05	0.01	0.02	0.06	0.53	-	0.78
	(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)	54.61	0.05	0.01	0.02	0.06	0.53	-	0.78
	(48.09)	(0.57)	(0.01)	(0.01)	(0.38)	(-0.03)	(0.00)	(-0.79)

Note: Previous year figures are given in brackets.

(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.

Notes to the Consolidated Financial Statements

38 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 31.03.2018 and 31.03.2017 were as follows:

	(₹/Crores)	
	As at 31.03.2018	As at 31.03.2017
Total Debt	1,182.74	1,337.31
Equity	235.34	549.42
Capital and net debt	1,418.09	1,886.73
Gearing ratio	83.40%	70.88%

The Group is not subject to any externally imposed capital requirements for the year ended 31.03.2018 and 31.03.2017.

39 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.
- 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.
- 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.
- 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 31.03. 2018

(b) Primary segments

	(₹/Crores)					
	Hardware products & solutions	Services	Distribution	Learning	Inter- segment elimination	Total
(i) Revenue						
External revenue	174.89	861.33	3003.34	3.13		4042.69
	(360.53)	(917.56)	(2446.21)	(13.23)		3737.53
Inter-segment revenue	7.33	13.74	12.96		-34.03	
	(1.08)	(28.27)	(23.83)	(0.06)	(-53.24)	
Total gross revenue	182.22	875.07	3016.30	3.13	-34.03	4042.69
	361.61	945.83	2470.04	13.29	(-53.24)	3737.53
(ii) Results						
	-48.58	-52.18	11.84	-14.29		-103.21
	(-5.69)	(-52.08)	(7.10)	(-7.85)		(-58.52)
Other un-allocable expenditure net off un-allocable (income)						-6.90
						(-17.14)

Notes to the Consolidated Financial Statements

	(₹/Crores)					
	Hardware products & solutions	Services	Distribution	Learning	Inter- segment elimination	Total
Operating profit						-96.31
						(-41.38)
Less: Finance charges						169.23
						(190.29)
Profit/(loss) before exceptional and extraordinary items and tax						-265.54
						(-231.67)
Exceptional items		-411.88		-31.42		-443.30
		(50.00)		(11.00)		(61.00)
Profit/(loss) before tax						-708.84
						(-292.67)
Less: Tax expense						-104.92
						(-45.00)
Profit after tax						-813.77
						(-247.67)
(iii) Segment assets as at						
-March 31, 2018	913.06	347.38	1050.68	11.33		2322.45
-March 31, 2017	(1238.50)	(740.53)	(442.04)	(74.35)		(2495.42)
Unallocated corporate assets						
-March 31, 2018						555.44
-March 31, 2017						(688.61)
Total assets as at						
-March 31, 2018						2877.89
-March 31, 2017						(3184.03)
(iv) Segment liabilities as at						
-March 31, 2018	505.55	193.95	717.22	10.03		1426.75
-March 31, 2017	(585.37)	(222.15)	(427.39)	(16.39)		(1251.30)
Unallocated corporate liabilities as at						
-March 31, 2018						1215.80
-March 31, 2017						(1383.31)
Total liabilities as at						
-March 31, 2018						2642.55
-March 31, 2017						(2634.61)
(v) Capital expenditure (allocable)	0.00	20.87	1.08			21.95
	(2.02)	(9.22)	(0.19)	(0.03)		(11.46)
Capital expenditure (unallocable)						13.44
						(4.53)
(vi) Depreciation	8.01	15.40	0.76	7.82		31.99
	(13.30)	(13.93)	(0.82)	(7.86)		(35.91)
Depreciation (unallocable)						3.05
						(3.28)
(vii) Other non cash expenses (allocable)	56.14	420.35	1.77	35.78		514.04
	(18.95)	(61.00)	(0.86)	(8.73)		(89.54)

Note: Previous year figures are given in brackets.

Notes to the Consolidated Financial Statements

Segment disclosure presented above pertains to continuing and discontinued operations. Refer note 48 for discontinued operations.

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 (Continuing operations)	Year ended 31.03.2018	Year ended 31.03.2017
India	3,136.93	2,942.09
Other countries	475.19	283.25
Total	3,612.12	3,225.34

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)	
	As at 31.03.2018	As at 31.03.2017
India	333.46	889.07
Other countries	64.63	52.87
Total non - current assets	398.09	941.94

40 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.

- (b) Deferred Tax:

Major components of Deferred tax arising on account of timing difference along with their movement as at 31.03.2018 are as follows:

	(₹/Crores)		
	As at 31.03.2017	Movement during the year*	As at 31.03.2018
Deferred Tax Assets			
Unrealised gain on Indexation of land	5.72	-	5.72
Provision for Doubtful Debts/Advances/Other Current Assets	22.09	(13.43)	8.66
Tax Losses	102.79	(57.60)	45.19
Impact of expenditure charged to statement of profit and loss but allowable for tax purpose in future years	12.14	(10.41)	1.73
Minimum Alternate Tax (MAT)	38.64	(25.48)	13.16
Total (A)	181.38	(106.92)	74.46
Deferred Tax Liabilities			
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	14.28	(3.50)	10.78
Duties, Taxes & Cess allowed for tax purpose on payment basis.	0.98	(0.00)	0.98
Unrealised Gain on Fair valuation of Investment in Mutual Funds	0.15	0.04	0.19

Notes to the Consolidated Financial Statements

(₹/Crores)

	As at 31.03.2017	Movement during the year*	As at 31.03.2018
Forward Contracts	0.42	(0.42)	-
Other timing differences	0.47	(0.47)	-
Total (B)	16.30	(4.35)	11.95
Net Deferred Tax Assets (A-B)	165.08	(102.57)	62.51

It include net deferred tax assets of discontinued operations amounting to ₹ 97.56 crores recognised is FY' 16-17 reversed during the current year on account of uncertainly of future taxable profits.

(c) Income tax expense (continuing operations)

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

(₹/Crores)

	Year ended 31.03.2018	Year ended 31.03.2017
Income tax expense		
Current tax on profits for the year	2.44	8.28
Adjustments for current tax of prior periods	-	3.03
Total current tax expense	2.44	11.31
Deferred tax		
Decrease (increase) in MAT Credit	25.57	
Decrease/(increase) in deferred tax assets	(22.44)	(53.88)
(Decrease)/increase in deferred tax liabilities		(2.43)
Total deferred tax expense/(benefit)	3.13	(56.31)
Income tax expense	5.57	(45.00)

(ii) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(₹/Crores)

	Year ended 31.03.2018	Year ended 31.03.2017
Profit before income tax expense after other comprehensive income	(755.46)	(291.76)
Tax at the Indian tax rate of 30.90% (FY'16-17 – 30.90%)	(233.44)	(90.15)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill Impairment	171.07	18.83
Expenditure related to exempt income	0.37	0.30
Dividend Income	(0.82)	(1.49)
Other items	(0.29)	(0.72)
Tax rate difference	(4.62)	1.57
Adjustments for current tax of prior periods	0.70	0.27
Tax losses for which deferred tax assets was not recognised	47.03	26.39
Decrease (increase) in MAT Credit	25.57	-
Income tax expense	5.57	(45.00)
Unused tax losses for which no deferred tax assets has been recognised	673.57	673.32
Potential tax benefit @ 30.90%	208.13	208.05

Notes to the Consolidated Financial Statements

The unused tax losses is not likely to generate taxable income in foreseeable future. The losses can be carried forward as per details below:

31.03.2018	1.51	1.51
31.03.2019	9.81	9.81
31.03.2020	0.00	0.00
31.03.2021	5.94	5.94
31.03.2022	119.07	119.07
31.03.2023	126.38	126.38
31.03.2024	129.47	129.47
31.03.2025	105.62	195.61
31.03.2026	80.74	0.00
No limit	95.03	85.53
Total	673.57	673.32

41 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.
- The gross investment in the assets given on finance leases as at 31.03.2018 and its present value as at that date are as follows:

	(₹/Crores)		
	Total minimum lease receivable	Interest included in minimum lease receivable	Present value of minimum lease receivable
Not later than one year			
31.03.2018	23.03	2.89	20.14
31.03.2017	(64.33)	(6.50)	(57.83)
Later than one year and not later than five years			
31.03.2018	1.84	0.07	1.77
31.03.2017	(35.64)	(1.01)	(34.63)
Total			
31.03.2018	24.87	2.96	21.91
31.03.2017	(99.97)	(7.51)	(92.46)

Note: Previous year figures are given in brackets.

b) Sale and Leaseback and further sub-lease on finance lease basis

- 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.

Notes to the Consolidated Financial Statements

- (ii) Details of minimum lease payments and minimum sub-lease receivables as at 31.03. 2018 and its present value as at that date are as follows:

(₹/Crores)

	Payable on sale and leaseback			Receivable on sub-lease		
	Total minimum lease payable	Interest included in minimum lease payable	Present value of minimum lease payable	Total minimum lease receivable	Interest included in minimum lease receivable	Present value of minimum lease receivable
Not later than one year						
31.03.2018	1.62	0.15	1.47	0.96	0.09	0.87
31.03.2017	(2.13)	(0.37)	(1.76)	(3.32)	(0.34)	(2.98)
Later than one year and not later than five years						
31.03.2018	0.36	0.01	0.35	0	0	0
31.03.2017	(2.02)	(0.17)	(1.85)	(0.53)	(0.02)	(0.51)
Total						
31.03.2018	1.98	0.16	1.82	0.96	0.09	0.87
31.03.2017	(4.15)	(0.54)	(3.61)	(3.85)	(0.36)	(3.49)

Note: Previous year figures are given in brackets.

c) Sale and Leaseback

As Lessee:

(₹/Crores)

	Total minimum lease payable	Interest included in minimum lease payable	Present value of minimum lease payable
Not later than one year			
31.03.2018	0.36	0.01	0.35
31.03.2017	(2.33)	(0.19)	(2.14)
Later than one year and not later than five years			
31.03.2018	-	-	-
31.03.2017	(0.36)	(0.01)	(0.35)
Total			
31.03.2018	0.36	0.01	0.35
31.03.2017	(2.69)	(0.20)	(2.49)

Note: Previous year figures are given in brackets.

d) Cancelable Operating Leases

As Lessee:

- (i) 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.
- (ii) The rental expense in respect of operating leases is ₹ 38.27 crores (FY1617 - ₹ 48.88 Crores) which is disclosed as Rent expense under 'Other expenses'.

The rental expense in respect of operating leases disclosed above includes ₹ 20.20 crores (FY' 16-17 ₹ 26.85 crores) pertains to discontinued operations.

Notes to the Consolidated Financial Statements

As Lessor:

(₹/Crores)					
Particulars	As at	Gross Block	Accumulated Depreciation	Net Block	Depreciation Expense
Freehold land	31.03.2018	1.01	-	1.01	-
	31.03.2017	(1.87)	(-)	(1.87)	(-)
Building	31.03.2018	2.30	0.13	2.17	0.05
	31.03.2017	(16.98)	(3.93)	(13.05)	(0.26)
Plant and machinery	31.03.2018	17.24	13.49	3.75	3.75
	31.03.2017	(20.39)	(12.75)	(7.64)	(3.21)
Furniture and fixtures and office equipments	31.03.2018	-	-	-	-
	31.03.2017	(5.42)	(1.48)	(3.94)	(0.57)
Computers	31.03.2018	-	-	-	-
	31.03.2017	(0.23)	(0.15)	(0.08)	(0.06)
TOTAL	31.03.2018	20.55	13.62	6.93	3.80
	31.03.2017	(44.89)	(18.31)	(26.58)	(4.10)

Note: Previous year figures are given in brackets.

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:

(₹/Crores)		
	As at 31.03.2018	As at 31.03.2017
Not later than one year	3.05	0.93
Later than one year and not later than five years	7.10	0.15
Total	10.15	1.08

42 Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The loss considered in ascertaining the 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.

(₹/Crores)		
Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Loss after tax from continuing operations attributable to equity shareholders of the Company	(207.20)	(123.68)
Loss after tax from discontinued operations	(606.56)	(123.99)
Loss after tax from continuing and discontinued operations	(813.76)	(247.67)

Notes to the Consolidated Financial Statements

(₹/Crores)		
Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Weighted average number of shares considered as outstanding in computation of Basic EPS	256,143,777	222,919,629
Weighted average number of shares outstanding in computation of Diluted EPS	256,143,777	222,919,629
Basic EPS (of ₹ 2/- each) (₹ Per share)		
From continuing operations	(8.09)	(5.55)
From discontinued operations	(23.68)	(5.56)
From continuing and discontinued operations	(31.77)	(11.11)
Diluted EPS per share (of ₹ 2/- each) (₹ Per share)		
From continuing operations	(8.09)	(5.55)
From discontinued operations	(23.68)	(5.56)
From continuing and discontinued operations	(31.77)	(11.11)

43 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:

(₹/Crores)		
	Year ended 31.03.2018	Year ended 31.03.2017
Employers contribution to superannuation fund*	0.52	0.73
Employers contribution to national pension scheme*	0.20	0.22
Employers contribution to employee state insurance*	2.47	2.93
Employers contribution to employee's pension scheme 1995*	5.21	8.13

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 30).

(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. 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 Indian wholly owned subsidiaries in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the Ind AS-19, was carried out at composite level. 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.

Notes to the Consolidated Financial Statements

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

	Gratuity		Provident Fund	
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2018	Year ended 31.03.2017
Discount rate (per annum)	7.60%	6.57%	Not Applicable	Not Applicable
Rate of increase in compensation levels	5.00%	4.10%	Not Applicable	Not Applicable
Rate of return on plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Expected statutory interest rate	Not Applicable	Not Applicable	8.55%	8.65%
Expected short fall in interest earnings	Not Applicable	Not Applicable	0.05%	0.05%
Expected average remaining working lives of employees (years)	16.84	17.94	16.84	17.94

As of 31.03.2018, every 0.5 percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹ 0.21 Crores.

As of 31.03.2018, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect our gratuity benefit obligation by approximately ₹ 0.21 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.
- Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(₹/Crores)

	2018		2017	
	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	15.76	192.45	20.10	182.22
Current service cost	1.17	4.19	2.00	6.28
Interest cost	0.86	12.64	1.24	14.58
Total amount recognised in profit or loss	2.03	16.83	3.24	20.86

Notes to the Consolidated Financial Statements

(₹/Crores)

	2018		2017	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Actuarial (gain)/loss from change in demographic assumptions	(0.08)	-	0.02	
Actuarial (gain)/loss from change in financial assumptions	(0.04)	(0.01)	(0.44)	0.01
Experience (Gain)/loss	0.42	3.79	(0.50)	(1.96)
Total amount recognised in other comprehensive income	0.31	3.78	(0.91)	(1.95)
Benefits (paid)	(5.34)	(69.26)	(6.67)	(32.32)
Settlements/transfer In	-	2.76	-	6.89
Contribution by plan participants	-	11.33	-	16.75
Present value of obligation at the end of the year	12.76	157.89	15.76	192.45

	2018	2017
	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	209.79	195.62
Expected Return on Plan Assets	17.06	16.57
Employer Contribution	4.19	6.28
Settlements/Transfer In	2.76	6.89
Employee Contribution	11.33	16.75
Benefit Paid	(69.26)	(32.32)
Actuarial gain/(loss) on Plan Assets	-	0
Fair value of plan assets at the end of the year	175.87	209.79

(₹/Crores)

Cost recognised for the year:	2018		2017	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Current service cost	1.17	-	2.00	-
Company contribution to Provident Fund	-	4.19	-	6.28
Past service cost	-	-	-	-
Interest cost	0.86	-	1.24	-
Actuarial (gain)/loss	0.31	-	(0.91)	-
Interest guarantee liability	-	-	-	-
Shortfall in fund	-	-	-	-
Net cost recognised for the year*	2.34	4.19	2.33	6.28

* 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 30).

The Group contribution to the provident fund for the year is ₹ 3.86 Crores (FY'16-17 ₹11.90 crores) and the remaining relates to other related companies as mentioned above

Notes to the Consolidated Financial Statements

The major categories of plan assets are as follows:

	(₹/Crores)	
	As at 31.03.2018	As at 31.03.2017
	Unquoted in %	Unquoted in %
Central Government Securities	40.99	35.44
State Government Securities	15.89	19.90
Public Sector Bonds	33.84	34.36
Special Deposit Scheme	9.20	7.73
Equity	-	1.69
Bank Balance	0.08	0.88
Total	100.00	100.00

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

	Gratuity	
	2017	2016
Present value of the obligation as at the end of the year	12.76	15.76
Fair value of plan assets at the end of the year	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(12.76)	(15.76)
Experience adjustment in plan liabilities		050
Experience adjustment in plan assets	-	-

	Provident fund	
	2017	2016
Present value of the obligation as at the end of the year	(157.89)	(192.45)
Fair value of plan assets at the end of the year	175.87	209.79
Assets/(Liabilities) recognised in the Balance Sheet	_*	_*
Expected Contribution to the Provident fund in the next year	4.53	6.78

** As there is surplus, same has not been recognised in Balance Sheet.

Notes to the Consolidated Financial Statements

(₹/Crores)

	As at 31.03.2018	As at 31.03.2017
44 Contracts-in-progress		
Revenue from Composite Contracts recognised for the year	129.99	238.79
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the year ended	4983.64	4,853.65
The amount of advances received	31.64	30.20
Gross amount due from customers for contracts-in-progress	68.20	63.67
Gross amount due to customers for contracts-in-progress	167.60	188.35

(₹/Crores)

	Year Ended 31.03.2018	Year Ended 31.03.2017
45 Remuneration to Auditor*:		
Statutory audit	1.70	2.08
Other audit services/certifications	0.61	0.58
Out-of-pocket expenses	0.24	0.13
TOTAL	2.55	2.79

*excluding service Tax/GST as applicable.

- 46** During the year ended 31.03.2018, the Company has raised ₹ 499.09 Crores by allotment of 106,190,299 equity shares of ₹ 2/- each at a price of ₹ 47.00 per equity share including a premium of ₹ 45.00 per equity share through right issue on 08.12.2017. The funds raised through above issues have been utilised as under:

(₹/Crores)

Particulars	Year Ended 31.03.2018
Gross proceeds from right issue	499.09
Less: Share issue expenses incurred adjusted with securities premium account during the year	3.99
Net Proceeds	495.10
Utilisation towards	
Prepayment or repayment of borrowings	400.00
General corporate purpose	95.10
Total Utilisation	495.10
Unutilised	-

* 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 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.

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").

Notes to the Consolidated Financial Statements

Details of Grants made under Employee Stock Option Scheme 2000 as on 31.03.2018

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
23-Jan-08	898.25	-	-	-	-	-	-	-
		(4,171)	(-)	(-)	(-)	(4,171)	(-)	(-)
09-Sep-13	132.00	-	-	-	-	-	-	-
		(4,000)	(-)	(4,000)	(-)	(-)	(-)	(-)
21-Nov-14	363.75	-	-	-	-	-	-	-
		(10,000)	(-)	(7,000)	(-)	(3,000)	(-)	(-)
Total		-	-	-	-	-	-	-
		(18,171)	(-)	(11,000)	(-)	(7,171)	(-)	(-)

Note: Previous year figures are given in brackets.

Details of Grants made under Employee Stock Based Compensation Plan 2005 as on 31.03.2018

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
17-Apr-06	868.75	-	-	-	-	-	-	-
		(160)	(-)	(-)	(-)	(160)	(-)	(-)
15-May-06	842.50	-	-	-	-	-	-	-
		(810)	(-)	(-)	(-)	(810)	(-)	(-)
15-Jun-06	620.50	-	-	-	-	-	-	-
		(540)	(-)	(-)	(-)	(540)	(-)	(-)
17-Jul-06	673.75	-	-	-	-	-	-	-
		(310)	(-)	(-)	(-)	(310)	(-)	(-)
15-Mar-07	648.75	-	-	-	-	-	-	-
		(35,180)	(-)	(-)	(-)	(35,180)	(-)	(-)
23-Jan-08	898.25	4,065	-	-	-	4,065	-	-
		(9,960)	(-)	(-)	(-)	(5,895)	(4,065)	(4,065)
17-Aug-11	375.00	-	-	-	-	-	-	-
		(7,000)	(-)	(-)	(-)	(7,000)	-	-
30-Jan-13	186.00	20,000	-	-	20,000	-	-	-
		(20,000)	(-)	(-)	(-)	-	(20,000)	(16,000)
Total		24,065	-	-	20,000	4,065	-	-
		(73,960)	(-)	(-)	(-)	(49,895)	(24,065)	(20,065)

Note: Previous year figures are given in brackets.

Notes to the Consolidated 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 Discontinued Operations

The Board of Directors of HCL Infosystems Limited (the Company) in its meeting held on 31.01.2018 had approved the sale of CARE business, a division of HCL Services Limited (wholly owned subsidiary) on slump sale basis, to QDigi Services Limited (earlier known as HCL Computing Products Limited (HCPL) and then transfer the entire shareholding of QDigi Services Limited to Qess Corp Limited.

Pursuant to above, the CARE Business division has been transferred to QDigi Services Limited on 31.03.2018 and entire shareholding has been transferred to Qess Corp Limited on 11.04.2018.

The Board of Directors of HCL Infosystems Limited (the Company) in its meeting held on 09.02.2018 had approved, sale of HCL Services Limited (consisting of Domestic Enterprise Services Business), a wholly owned subsidiary to Karvy Data Management Services Limited for an approx consideration of ₹108 Crores (including tax refunds of ₹87 Crores payable to the extent received). The consideration is subject to final adjustments at time of closing date.

This transaction excludes;

- i) Care Business (for divestment to M/s Qess Corp Limited)
- ii) IT & Facility unit (transferred to HCL Infosystems Limited)
- iii) Investment in HCL Insys Pte Limited, Singapore including its subsidiaries (transferred to HCL Learning Limited)

Pursuant to this development during the year, the results for the year ended 31.03.2018 and 31.03.2017 and assets and liabilities as at 31.03.2018 attributable to Domestic Enterprise Services & CARE Business division, are presented as discontinued operations.

Notes to the Consolidated Financial Statements

The financial performance of the discontinued operations for the year is presented below:

	(₹/Crores)	
	Year ended 31.03.2018	Year ended 31.03.2017
Revenue from Operations	430.57	512.19
Other Income	3.26	0.47
Total Income	433.83	512.66
Other direct expense	268.24	217.17
Employee benefit expense	132.17	214.85
Finance costs	29.76	37.79
Depreciation and amortisation expense	7.57	8.11
Other expenses	91.42	144.41
Total expenses	529.16	622.33
Loss before exceptional items and tax	(95.33)	(109.67)
Exceptional items	(411.88)	(50.00)
Profit/(Loss) before tax	(507.21)	(159.67)
Income tax expense		
Current tax	-	-
Deferred tax	99.35	(35.68)
	99.35	(35.68)
Loss for the year	(606.56)	(123.99)

The following assets and liabilities have been reclassified as held for sale in relation to the discontinued operations as at 31.03.2018:

	(₹/Crores)	
	As at 31.03.2018	
ASSETS		
(1) Non-current assets		
Property, Plant and Equipment	4.93	
Capital work-in-progress	0.18	
Goodwill	5.97	
Other Intangible assets	0.25	
Other Financial assets	1.52	
Deferred tax assets (net)	1.79	
Advance Income Tax Asset (net)	72.77	
Other non-current assets	2.87	90.28
(2) Current assets		
Inventories	14.67	
Financial Assets		
(i) Trade receivables	73.41	
(ii) Cash and cash equivalents	6.14	
(v) Loans	0.41	
(vi) Other Financial assets	27.23	
Other Current Assets	7.00	128.86
Total Assets		219.14

Notes to the Consolidated Financial Statements

	(₹/Crores)	
	As at 31.03.2018	
LIABILITIES		
Non-current liabilities		
Provisions	3.40	
Other non-current liabilities	0.24	3.64
Current liabilities		
Financial Liabilities		
(i) Trade payables	68.19	
(ii) Other financial liabilities	7.93	
Other current liabilities	9.15	
Provisions	2.42	87.69
Total liabilities		91.33

Net cash flow attributable to the operating, investing and financing activities of discontinued operations is presented below::

	(₹/Crores)	
	Year Ended 31.03.2018	Year Ended 31.03.2017
Operating activities	(31.63)	(18.17)
Investing activities	273.61	(30.94)
Financing activities	(244.97)	41.65

49 Note on Goodwill Impairment

The Group has goodwill attributable to Services and Learning segments in the consolidated financial statements. The carrying amount of goodwill (net of impairment) has been allocated given below:

	₹/Crores		
	Services*	Learning	Total
Balance as at 01.04.2016	525.29	42.42	567.71
Translation adjustment	(2.47)	-	(2.47)
Impairment	50.00	11.00	61.00
Balance as at 31.03.2017	472.82	31.42	504.24
Balance as at 01.04.2017	472.82	31.42	504.24
Impairment	411.88	31.42	443.30
Transferred to discontinued operations	5.97	-	5.97
Balance as at 31.03.2018	54.97	-	54.97

* includes India, Singapore and Middle East

In respect of HCL Services Limited recoverable value for impairment assessment is based on fair value less cost to sell is used in view of the impending following transactions. (a) Sale of HCL Services Limited (Consisting of Domestic Enterprise Services Business) Karvy Data Management Services Limited and (b) Sale of CARE business, a division of HCL Services Limited, on slump sale basis to QDigi Services Limited (formerly known as HCL Computing Products Limited).

Notes to the Consolidated Financial Statements

Goodwill of the service business has been allocated based on the fair value of Domestic Enterprise Services Business, Care Business and Overseas Business. The measurement of fair value in respect Domestic Enterprise Services Business and Care Business has been determined based on sale consideration as mentioned in the respective business transfer agreement (BTA) and overseas business has been determined based on valuation of its business.

HCL Learning Limited had entered into a business transfer arrangement on 27.04.2017 with M/s. Everest Edusys and Solutions Private Limited (the "Entity") for transfer of Digischool Business undertaking. The closure of slump sale transaction was subject to certain conditions listed out in the Business Transfer Agreement (BTA). On account of material breach of the terms of the BTA by the entity, HCL Infosystems Limited and HCL Learning Limited has terminated the BTA. The Group has no future plan to for Digischool business.

Pursuant to the above development during the year, the Group has identified an impairment charge of ₹ 411.88 Crores (2017 - ₹ 50 Crores) and ₹ 31.42 Crores (2017 ₹ 11 Crores) of HCL Services Limited and HCL Learning Limited respectively.

- 50** The Board of Directors of HCL Infosystems Limited (the Company) and HCL Insys Pte Limited (wholly owned step down subsidiary of the Company) in its meeting held on 28.02.2018 had approved to sell its entire investments in its subsidiary namely HCL Infosystems MEA FZE (HCL MEA) along with step down subsidiary of HCL MEA on payment of a consideration of AED 4.12 million.

The closure of transaction was subject to certain conditions precedent as specified in the Share Purchase Agreement (SPA). The Company has terminated the SPA on 16.04.2018 as the buyer has failed to pay the consideration, which is a material breach of terms of SPA.

- 51** The disclosures regarding details of specified bank notes (SBNs) held and transacted during 8.11.2016 to 30.12.2016 has not been made since the requirement does not pertain to financial year ended 31.03.2018. Corresponding disclosure as appearing in the audited consolidated financial statements for the year ended 31.03.2017 have been disclosed as follows-

₹/Crores

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.44	-	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

- 52** Additional information to consolidated accounts as at 31.03.2018 (Pursuant to Schedule III of the Companies Act 2013):

(₹/Crores)

Name of the Entity	Net Assets i.e, total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net (profit)/ loss	Amount	As a % of consolidated net (profit)/ loss	Amount	As a % of consolidated net (profit)/ loss	Amount
Parent company								
HCL Infosystems Limited	206.57	486.15	77.61	(631.57)	4.08	0.17	77.99	(631.40)
Subsidiaries: Indian								
Digilife Distribution and Marketing Services limited	0.70	1.64	0.22	(1.79)	0.00	0.00	0.22	(1.79)
QDIGI Services Limited (formerly known as HCL Computing Products Limited)	6.17	(14.52)	0.01	(0.10)	0.00	0.00	0.01	(0.10)

Notes to the Consolidated Financial Statements

(₹/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
HCL Services Limited	1.20	2.82	6.22	(50.65)	(11.40)	(0.48)	6.32	(51.13)
HCL Learning Limited	(18.76)	(44.15)	3.31	(26.92)	0.24	0.01	3.32	(26.91)
HCL Infotech Limited	(122.09)	(287.34)	13.59	(110.62)	(2.14)	(0.09)	13.68	(110.71)
Pimpri Chinchwad eServices Limited	(0.01)	(0.02)	0.00	(0.01)	0.00	0.00	0.00	(0.01)
Subsidiaries: Foreign								
HCL Touch Inc., USA	(0.03)	(0.08)	(0.17)	1.37	0.24	0.01	(0.17)	1.38
HCL Infosystems MEA FZE, Dubai	(7.01)	(16.51)	1.48	(12.03)	(1.90)	(0.08)	1.50	(12.11)
HCL Infosystems LLC, Dubai	(5.62)	(13.23)	0.22	(1.81)	(1.43)	(0.06)	0.23	(1.87)
HCL Infosystems MEA LLC, Abu Dhabi	(0.56)	(1.31)	0.12	(0.94)	(0.24)	(0.01)	0.12	(0.95)
HCL Infosystems Qatar WLL	8.38	19.73	(0.56)	4.53	2.14	0.09	(0.57)	4.62
HCL Insys Pte Limited, Singapore	52.91	124.52	(2.49)	20.29	118.53	4.99	(3.12)	25.28
HCL Investment Pte Limited, Singapore	4.64	10.92	0.22	(1.82)	0.95	0.04	0.22	(1.78)
Intra-Group Eliminations	(14.15)	(33.28)	(0.22)	(1.69)	(9.03)	(0.38)	0.25	(2.07)
Total	100.00	235.34	100.00	(813.76)	100.00	4.21	100.00	(809.55)

Additional information to consolidated accounts as at 31.03.2017 (Pursuant to Schedule III of the Companies Act 2013):

(₹/Crores)

Name of the Entity	Net Assets i.e, total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net (profit)/ loss	Amount	As a % of consolidated net (profit)/ loss	Amount	As a % of consolidated net (profit)/ loss	Amount
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	0.00	(0.00)	(0.53)	1.35
QDIGI Services Limited (formerly known as 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)	(3.95)	0.27	29.29	(74.55)
HCL Learning Limited	(3.14)	(17.25)	6.86	(17.00)	(1.17)	0.08	6.65	(16.92)
HCL Infotech Limited	(32.15)	(176.62)	52.00	(128.78)	(5.41)	0.37	50.45	(128.40)



HCL INFOSYSTEMS

Notes to the Consolidated Financial Statements

(₹/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
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)	(2.05)	0.14	0.70	(1.79)
HCL Infosystems MEA FZE, Dubai	(0.61)	(3.35)	4.90	(12.14)	(264.04)	18.06	(2.33)	5.92
HCL Infosystems LLC, Dubai	(2.16)	(11.88)	1.38	(3.43)	(937.28)	64.11	(23.84)	60.68
HCL Infosystems MEA LLC, Abu Dhabi	(0.11)	(0.63)	(1.01)	2.51	(49.71)	3.40	(2.32)	5.91
HCL Infosystems Qatar WLL	2.70	14.84	(2.49)	6.16	1,171.20	(80.11)	29.06	(73.95)
HCL Insys Pte Limited, Singapore	18.03	99.05	(9.01)	22.33	189.47	(12.96)	(3.68)	9.37
HCL Investment Pte Limited, Singapore	2.31	12.70	0.00	(0.01)	3.97	(0.26)	0.11	(0.27)
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	(8.26)	(45.43)	(0.30)	0.78	0.00	0.00	(0.31)	0.78
Total	100.00	549.42	100.00	(247.67)	100.00	(6.84)	100.00	(254.51)

53 Previous year's figures have also been regrouped / recasted, wherever necessary, to conform to the current year presentation.

For B S R & Associates LLP

Chartered Accountants

ICAI Registration Number-116231W/W-100024

Manish Gupta

Partner

Membership Number - 095037

Gurugram, May 29, 2018

For and on behalf of the Board of Directors of

HCL Infosystems Limited

Rangarajan Raghavan

Managing Director

DIN - 07932761

Kapil Kapur

Chief Financial Officer

Noida, May 29, 2018

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	(54.41)	29.14	27.50	-	128.29	(1.79)	-	(1.79)	-	100	India
2	HCL Computing Products Limited	INR	1.00	0.10	(14.62)	41.37	55.89	-	-	(0.09)	0.00	(0.10)	-	100	India
3	HCL Services Limited	INR	1.00	0.08	2.75	210.25	207.42	-	465.13	48.71	-	48.71	-	100	India
4	HCL Learning Limited	INR	1.00	0.08	(44.23)	291.06	335.21	-	3.13	(26.92)	-	(26.92)	-	100	India
5	HCL Infotech Limited	INR	1.00	0.22	(287.56)	969.57	1,256.90	-	178.73	(110.62)	-	(110.62)	-	100	India
6	Pimpri Chinchwad eServices Limited	INR	1.00	0.05	(0.07)	0.00	0.03	-	-	(0.01)	-	(0.01)	-	85	India
7	HCL Touch Inc., USA	USD	64.12	0.00	(0.08)	-	0.08	-	-	1.37	-	1.37	-	100	USA
8	HCL Infosystems MEA FZE, Dubai	AED	17.01	88.92	(104.25)	29.61	44.94	1.11	2.82	(11.96)	-	(11.96)	-	100	Dubai
9	HCL Infosystems LLC, Dubai	AED	17.01	0.51	(15.09)	9.63	24.21	-	22.86	(3.16)	-	(3.16)	-	49	Dubai
10	HCL Infosystems MEA LLC, Abu Dhabi	AED	17.01	0.26	(0.24)	8.22	8.21	-	2.64	0.38	-	0.38	-	49	Abu Dhabi
11	HCL Infosystems Qatar WLL	AED	17.01	0.34	19.35	24.90	5.21	-	21.98	4.98	0.49	4.49	-	49	Qatar
12	HCL Insys Pte Limited, Singapore	SGD	46.89	91.33	112.11	293.29	89.85	116.29	425.83	24.29	4.00	20.29	-	100	Singapore
13	HCL Investment Pte Limited, Singapore	USD	64.12	8.41	4.29	12.95	0.25	-	-	(0.00)	0.00	(0.01)	-	100	Singapore

Notes

[illegible]

Notes



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