Letter of Offer
October 31, 2017
For Eligible Shareholders, only
Not for distribution in the United States or to U.S. Persons

HCL INFOSYSTEMS LIMITED

Our Company was incorporated as 'HCL Limited' under the Indian Companies Act, 1956 *vide* a certificate of registration dated April 17, 1986 issued by the Registrar of Companies, Delhi and Haryana and received its certificate of commencement of business on July 29, 1986. Thereafter, our Company was renamed on December 27, 1991 as 'HCL Hewlett-Packard Limited', and subsequently renamed 'HCL Infosystems Limited' on September 9, 1997.

Registered Office: 806, Siddharth, 96, Nehru Place, New Delhi 110 019; **Tel**: + 91 (11) 2621 2687; **Fax**: +91 (11) 2643 6336
Contact Person: Mr. Sushil Kumar Jain, Company Secretary and Compliance Officer; **Email**: cosec@hcl.com
Website: www.hclinfosystems.com; **Corporate Identity Number:** L72200DL1986PLC023955

FOR PRIVATE CIRCULATION TO THE ELIGIBLE SHAREHOLDERS OF HCL INFOSYSTEMS LIMITED (OUR "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF 10,61,90,299 EQUITY SHARES OF FACE VALUE ₹ 2 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 47 PER RIGHTS EQUITY SHARE ("ISSUE PRICE") INCLUDING A PREMIUM OF ₹ 45 PER RIGHTS EQUITY SHARE AGGREGATING TO ₹ 499.09 CRORE ON A RIGHTS BASIS TO THE ELIGIBLE SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 10 RIGHTS EQUITY SHARE FOR 21 FULLY PAID-UP EQUITY SHARES HELD BY SUCH ELIGIBLE SHAREHOLDER ON THE RECORD DATE, THAT IS, NOVEMBER 1, 2017 ("ISSUE"). THE ISSUE PRICE OF THE RIGHTS EQUITY SHARES IS 23.5 TIMES THE FACE VALUE OF THE EQUITY SHARES.

GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act of 1933 ("**Securities Act**") and are being offered and sold outside the United States to non – U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). Investors are advised to refer "***Risk Factors***" beginning on page 12 before investing in the Issue**.**

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares through their letters, both dated October 26, 2017. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
AXIS CAPITAL	Alankit Health & Wealth, We Manage Both
Axis Capital Limited 1st Floor, Axis House C 2, Wadia International Centre P B. Marg, Worli Mumbai 400 025 **Telephone**: +91 (22) 4325 2152 **Facsimile**: +91 (22) 4325 3000 **Email:** hclinfosystems.rights@axiscap.in **Investor Grievance Email**: complaints@axiscap.in **Website:** www.axiscapital.co.in **Contact Person**: Kanika Sarawgi, Akash Aggarwal **SEBI Registration Number**: INM000012029	**Alankit Assignments Limited** 205 – 208, Anarkali Complex Jhandewalan Extension New Delhi 110 055 **Telephone**: +91 (11) 4254 1627, 4254 1953 **Facsimile**: +91 (11) 4154 3474 **Email**: rta@alankit.com **Investor Grievance Email**: hclinfo_rights@alankit.com **Website**: www.alankit.com **Contact Person**: Ravi Garg, R S. Maurya **SEBI Registration No.**: INR000002532

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
November 14, 2017	November 21, 2017	November 28, 2017

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

This Letter of Offer uses certain definitions and abbreviations, which unless the context indicates or implies otherwise, have the meanings as provided below. Reference to any legislation, act, regulation, guideline or policy will be deemed to include all amendments, modifications and replacements notified thereto, as of the date of this Letter of Offer.

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to "our Company", "the Company" and "the Issuer" are references to HCL Infosystems Limited. References to "we", "us" and "our" are references to HCL Infosystems Limited along with its Subsidiaries on a consolidated basis. References to "you" are to the prospective investors in the Issue.

Company Related Terms

Term	Description
"2000 ESO Scheme"	HCL Infosystems Limited Employee Stock Option Scheme
"2005 ESBC Scheme"	HCL Infosystems Limited Employee Stock Based Compensation Plan, 2005
"Articles of Association"/ "Articles" / "AoA"	Articles of association of our Company, as amended
"Audited Financial Statements"	The audited financial statements of our Company, on a standalone and consolidated basis, as at and for the financial years ended March 31, 2017 and the related notes and schedules thereto prepared in accordance with the requirements of the Companies Act, 2013 and Ind AS
"Board of Directors" / "Board"	Board of directors of our Company or a duly constituted committee thereof, as the context may refer to
"DDMS"	Digilife Distribution and Marketing Services Limited
"Corporate Office"	Corporate office of our Company situated at: E 4, 5, 6, Sector XI, Noida, Uttar Pradesh 201 301.
"Corporate Promoter"	HCL Corporation Private Limited
"Director(s)"	Any or all the directors on our Board, as may be appointed from time to time
"Equity Shares"	Equity shares of our Company having a face value of ₹ 2 each
"Financial Statements"	The Audited Financial Statements and the Reviewed Financial Results
"Foreign Subsidiaries"	Includes the following entities: • HCL Touch Inc., USA; • HCL Infosystems MEA FZE, Dubai; • HCL Infosystems LLC, Dubai; • HCL Infosystems MEA LLC, Abu Dhabi; • HCL Infosystems Qatar WLL; • HCL Insys Pte Limited, Singapore; and • HCL Investments Pte Limited, Singapore.
"HCLC"	HCL Corporation Private Limited
"Indian Subsidiaries"	Includes the following entities: • Digilife Distribution and Marketing Services Limited; • HCL Computing Products Limited; • HCL Services Limited; • HCL Learning Limited; • HCL Infotech Limited; and • Pimpri Chinchwad eServices Limited.
"Individual Promoter"	Mr. Shiv Nadar
"Memorandum of Association"/ "Memorandum"/ "MoA"	Memorandum of association of our Company, as amended
"Preference Shares"	Preference shares of our Company having face value of ₹ 100 each
"Promoter Group"	The persons and entities constituting our promoter group pursuant to Regulation 2(1) (zb) of the SEBI ICDR Regulations.

Term	Description
"2000 ESO Scheme"	HCL Infosystems Limited Employee Stock Option Scheme
"2005 ESBC Scheme"	HCL Infosystems Limited Employee Stock Based Compensation Plan, 2005
"Promoters"	The Corporate Promoter and the Individual Promoter
"Registered Office"	Registered office of our Company situated at 806, Siddharth, 96, Nehru Place, New Delhi 110 019.
"Reviewed Financial Results"	The unaudited limited reviewed standalone and consolidated financial results as at and for the six month period ended September 30, 2017
"Shareholders"	Equity shareholders of our Company, from time to time
"Statutory Auditors"	Statutory auditors of our Company, namely, BSR & Associates LLP, Chartered Accountants.
"Subsidiary(ies)"	Includes Indian Subsidiaries and Foreign Subsidiaries of our Company, namely: • Digilife Distribution and Marketing Services Limited; • HCL Computing Products Limited; • HCL Services Limited; • HCL Learning Limited; • HCL Infotech Limited; • Pimpri Chinchwad eServices Limited; • HCL Touch Inc., USA; • HCL Infosystems MEA FZE, Dubai; • HCL Infosystems LLC, Dubai; • HCL Infosystems MEA LLC, Abu Dhabi; • HCL Infosystems Qatar WLL; • HCL Insys Pte Limited, Singapore; and • HCL Investment Pte Limited, Singapore
"VSPL"	Vama Sundari Investments (Delhi) Private Limited

Issue Related Terms

Term	Description
"Abridged Letter of Offer" / "ALOF"	Abridged letter of offer to be sent to the Eligible Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
"Allot" / "Allotment" / "Allotted"	Allotment of Rights Equity Shares pursuant to the Issue
"Allotment Date"	Date on which the Allotment is made
"Allottee(s)"	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment
"Applicant"	Eligible Shareholder(s) and/or Renouncee who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer, including an ASBA Applicant
"Application Money"	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
"Application Supported by Blocked Amount" / "ASBA"	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB
"ASBA Account"	Account maintained with the SCSB and specified in the CAF or the plain paper application by the Applicant for blocking the amount mentioned in the CAF or the plain paper application
"ASBA Applicant" / "ASBA Investor"	Eligible Shareholders proposing to subscribe to the Issue through ASBA process and who: 1. are holding the Equity Shares of our Company in dematerialised form as on the Record Date and have applied for their Rights Entitlements and / or additional Rights Equity Shares in dematerialised form; 2. have not renounced their Rights Entitlements in full or in part; 3. are not Renouncees; and 4. are applying through blocking of funds in a bank account maintained with the SCSBs.

Term	Description
	All QIBs, Non-Institutional Investors and Investors whose Application Money exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. All Renouncees shall apply in the Issue only through non-ASBA process, irrespective of the application value. For further details, see "***Terms of the Issue***" on page 101.
"Banker to the Issue"	Axis Bank Limited, acting as the escrow collection bank and the refund bank to the Issue
"Composite Application Form" / "CAF"	The form used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue
"Consolidated Certificate"	In case of holding of Equity Shares in physical form, the certificate that would be issued for the Rights Equity Shares Allotted to each folio
"Controlling Branches" / "Controlling Branches of the SCSBs"	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
"Designated Branches"	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
"Designated Stock Exchange"	BSE
"Eligible Shareholders"	Holders of Equity Shares of our Company as on the Record Date, that is, November 1, 2017. Please note, however, that investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see "***Notice to overseas investors***" on page 7.
"Investor(s)"	Eligible Shareholder(s) of our Company on the Record Date, that is, November 1, 2017 and the Renouncee(s)
"Issue Closing Date"	November 28, 2017
"Issue Opening Date"	November 14, 2017
"Issue Price"	₹ 47 per Rights Equity Share
"Issue Proceeds"	Gross proceeds of the Issue
"Issue" / "the Issue" / "this Issue"	Issue of 10,61,90,299 Equity Shares of face value ₹ 2 each of our Company for cash at a price of ₹ 47 (including a premium of ₹ 45 per Rights Equity Share) aggregating to ₹ 499.09 crore on a rights basis to the Eligible Shareholders in the ratio of 10 Rights Equity Share for 21 fully paid-up Equity Shares held by such Eligible Shareholder on the Record Date.
"Lead Manager"	Axis Capital Limited
"Letter of Offer"	This letter of offer dated October 31, 2017 filed with the Stock Exchanges and SEBI
"Listing Agreement(s)"	The uniform listing agreement entered pursuant to the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 and the erstwhile equity listing agreements entered into between our Company and the Stock Exchanges, as the context may refer to.
"Net Proceeds"	Issue Proceeds less the Issue related expenses. For details, see "***Objects of the Issue – Requirement of Funds and Utilisation of Net Proceeds***" on page 55.
"Non-ASBA Investor"	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
"Non-Institutional Investors"	Investors including any company or body corporate, other than Retail Individual Investors and a QIBs
"Qualified Institutional Buyers" / "QIBs"	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
"Record Date"	Designated date for the purpose of determining the Shareholders eligible to apply for Rights Equity Shares in the Issue, that is, November 1, 2017
"Registrar to the Company"	Alankit Assignments Limited

Term	Description
“Registrar to the Issue” / “Registrar”	Alankit Assignments Limited
“Renouncee(s)”	Person(s) who has / have acquired Rights Entitlement from the Eligible Shareholders
“Retail Individual Investor”	Individual Investors who have applied for Rights Equity Shares and whose Application Money is not more than ₹ 2,00,000 (including HUFs applying through their karta)
“Rights Entitlement”	10 Rights Equity Shares that an Eligible Shareholder is entitled to apply for in the Issue for every 21 fully paid-up Equity Shares held by such Eligible Shareholder on the Record Date
“Rights Equity Shares”	Equity Shares of our Company to be Allotted pursuant to this Issue.
“SAF(s)”	Split application form(s) which is an application form used in case of renunciation in part by an Eligible Shareholder in favour of one or more Renouncee(s)
“SCSB(s)”	Self-certified syndicate bank registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
“Stock Exchanges”	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE
“Working Days”	All days other than 2nd and 4th Saturdays of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business.

Conventional, General and Industry Terms or Abbreviations

Term /Abbreviation	Description / Full Form
“₹” / “Rs.” / “Rupees” / “INR”	Indian Rupee
“AGM”	Annual general meeting
“AIF(s)”	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
“AS”	Accounting standards as notified under the Companies (Accounts) Rules, 2014
“ASSOCHAM”	The Associated Chambers of Commerce and Industry of India
“BSE”	BSE Limited
“BTI Regulations”	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
“CCI”	Competition Commission of India
“CDSL”	Central Depository Services (India) Limited
“Central Government”	Central Government of India
“CIN”	Corporate identity number
“Companies Act, 1956”	Companies Act, 1956, and the rules, regulations, circulars, modifications and clarifications made thereunder, as the context requires and to the extent not repealed
“Companies Act, 2013”	Companies Act, 2013 and the rules, regulations, circulars, modifications and clarifications thereunder, to the extent notified
“Companies Act”	Companies Act, 1956 to the extent in force, and/ or the Companies Act, 2013 to the extent notified
“Consolidated FDI Policy”	The consolidated FDI Policy, effective from August 28, 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.
“Depositories Act”	Depositories Act, 1996
“Depository”	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
“DIN”	Director identification number
“DIPP”	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI.
“DP ID”	Depository participant identity
“DP”/ “Depository Participant”	Depository participant as defined under the Depositories Act
“EPS”	Earnings per share

Term /Abbreviation	Description / Full Form
"Factories Act"	The Factories Act, 1948
"FDI"	Foreign direct investment
"FEMA Regulations"	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
"FEMA"	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
"FII"	Foreign institutional investor as defined under Regulation 2(1)(g) of the SEBI FPI Regulations
"Financial Year" / "FY" / "Fiscal"	For the year 1987, the period between April 17, 1986 and May 31, 1987; for the year 1988, the 13 month period ended June 30, 1988; for periods between the year 1989 and the year 2015, the 12 month period ended June 30 of that year; for the year 2016, the nine month period ended on March 31, 2016; and for periods after the year 2016, the 12 month period ended March 31 of the year.
"FPI"	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.
"GAAP"	Generally Accepted Accounting Principles
"Government"	Central Government and / or the State Government, as applicable
"GST"	Goods and service tax
"HUF"	Hindu undivided family
"ICAI"	Institute of Chartered Accountants of India
"ICDS"	Income Computation Disclosure Standards, as notified by the Ministry of Finance *vide* Notification No. 33/2015 (F. No. 134/48/2010-TPL) dated March 31, 2015
"Ind AS"	Indian Accounting Standards converged with IFRS, as notified by the Ministry of Corporate Affairs *vide* Companies (Indian Accounting Standards) Rules, 2015 in its general statutory rules dated February 16, 2015, as amended
"Ind AS Rules"	Companies (Indian Accounting Standards) Rules, 2015
"Indian GAAP"	Generally accepted accounting principles followed in India including the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as applicable.
"ISIN"	International securities identification number allotted by the Depository
"IT Act"	Income Tax Act, 1961
"MCA"	Ministry of Corporate Affairs, Government of India
"Mutual Fund"	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
"NACH"	National Automated Clearing House
"NEFT"	National electronic fund transfer
"NR"	Non-resident or person(s) resident outside India, as defined under the FEMA
"NRE Account"	Non-resident external account
"NRI"	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.
"NRO Account"	Non-resident ordinary account
"NSDL"	National Securities Depository Limited
"NSE"	National Stock Exchange of India Limited
"Net worth"	Share capital plus reserves and surplus excluding revaluation reserves
"OCB" / "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
"OEM"	Original equipment manufacturer
"PAN"	Permanent account number
"PAT"	Profit after tax
"PBT"	Profit before tax
"RBI"	Reserve Bank of India

Term /Abbreviation	Description / Full Form
"RoC"	Registrar of Companies, NCT of Delhi and Haryana, located at 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi 110 019
"RTGS"	Real time gross settlement
"SCRA"	Securities Contracts (Regulation) Act, 1956
"SCRR"	Securities Contracts (Regulation) Rules, 1957
"SEBI Act"	The Securities and Exchange Board of India Act, 1992
"SEBI FPI Regulations"	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
"SEBI ICDR Regulations"	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
"SEBI Listing Regulations"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
"SEBI"	The Securities and Exchange Board of India
"Securities Act"	United States Securities Act of 1933, as amended
"State Government"	Government of a State of India
"Takeover Regulations"	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
"Year"/"Calendar Year"	Unless context otherwise requires, shall refer to the twelve-month period ending December 31.

The words and expressions used but not defined herein shall have the same meaning as assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the SEBI Act, SCRA and the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "***Statement of Special Tax Benefits***" and "***Financial Statements***" on pages 62 and 72, respectively, shall have the meaning given to such terms in such sections.

NOTICE TO OVERSEAS INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer or CAF and issue of Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Shareholders and will dispatch this Letter of Offer / Abridged Letter of Offer and CAF only to Eligible Shareholders who have a registered address in India or who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer and the Abridged Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer or the Abridged Letter of Offer should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer or the Abridged Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer or the Abridged Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer and the Abridged Letter of Offer. Envelopes containing a CAF should not be dispatched from the jurisdiction where it would be illegal to make an offer and all the person subscribing for the Equity shares in the Issue must provide an Indian address.

Any person who makes an application to acquire rights and the Equity shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that he is authorized to acquire the rights and the Equity shares in compliance with all applicable laws and regulations prevailing in his jurisdiction.

Neither the delivery of this Letter of Offer, the Abridged Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer and the Abridged Letter of Offer or the date of such information. The contents of the Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("**United States**" or "**U.S.**"), or to, or for the account or benefit of "U.S. persons" (as defined in Regulation S of the Securities Act). The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Letter of Offer / Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is, either a U.S. Person or otherwise in the United States when the buy order is made.

Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Shareholders and the Letter of Offer / Abridged Letter of Offer and CAF will be dispatched only to Eligible Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made, and (iii) it is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) appears to us or our agents to have been executed by a U.S. Person; (iv) where a registered Indian address is not provided; or (v) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

Rights Entitlements may not be transferred or sold to any person in the United States.

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable. Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Financial Data

The GoI has adopted the Ind AS which are converged with the International Financial Reporting Standards of the International Accounting Standards Board ("**IFRS**") under the Companies (Indian Accounting Standards) Rules, 2015 (the "**IAS Rules**"). We have adopted the Ind AS, and in accordance with the Ind AS Rules, we have prepared our financial statements in accordance with Ind AS with effect from April 1, 2016.

India has adopted accounting standards converged or synchronized with IFRS, and not IFRS. Ind AS, therefore, differs in certain significant respects from IFRS and other accounting principles and standards with which investors may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures based on the Ind AS financials presented in this Letter of Offer should accordingly be limited. We have not made any attempt to quantify the impact of IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of IFRS. If we were to prepare our financial statements in accordance with such other accounting principles, our results of operations, financial condition and cash flows may be substantially different.

Prospective investors should review the Ind AS accounting policies applied in the preparation of our financial statements summarized in the section "***Financial Statements***" on page 72 and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

From the date of our incorporation and until June 30, 2015, our fiscal year had commenced on July 1 of each calendar year, and had ended on June 30 of the following calendar year. Subsequently, the following fiscal year began from July 1, 2015, and ended on March 31, 2016. Since April 1, 2016, our fiscal year commences on April 1 of each calendar year and ends on March 31 of the following calendar year. Accordingly, all references to a particular "Fiscal" are to be construed as follows:

- For the year 1987, the period between April 17, 1986 and May 31, 1987.
- For the year 1988, the 13-month period ended June 30, 1988;
- For periods between the year 1989 and the year 2015, the 12-month period ended June 30 of that year;
- For the year 2016, the nine-month period ended on March 31, 2016; and
- For periods after the year 2016, the 12-month period ended March 31 of the year.

The audited financial statements of our Company, on a standalone and consolidated basis, as at and for the financial year ended March 31, 2017 ("**Audited Financial Statements**") and the unaudited limited reviewed standalone and consolidated financial results as at and for the six month period ended September 30, 2017 ("**Reviewed Financial Results**") which form a part of this Letter of Offer have been prepared by our Company in accordance with the Companies Act and Ind AS, guidance notes and applicable accounting standards prescribed by the Institute of Chartered Accountants of India and other applicable statutory and/or regulatory requirements. The Audited Financial Statements and the Reviewed Financial Results are included in the "***Financial Statements***". For further details, see "***Financial Statements***" on page 72. Unless the context otherwise requires, financial data in this Letter of Offer, with respect to our Company, is derived from our Financial Statements.

Certain figures contained in this Letter of Offer, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Currency of Presentation

Unless the context otherwise requires, all references to 'INR', '₹', 'Indian Rupees', 'Rs.' and 'Rupees' are to the legal currency of India; and any reference to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America.

In this Letter of Offer, our Company has presented certain numerical information in "lacs" and "crore" units.

Exchange Rate

The following tables provide information with respect to the exchange rate for the Indian rupee per US$1.00. The exchange rates are based on the reference rates released by the Reserve Bank of India, which is available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(in ₹)

Financial Year / Quarter ended	High	Low	Average	Period end
June 30, 2017	64.74	64.26	64.44	64.74
March 31, 2017	68.78	62.15	65.46	66.33
March 31, 2016	68.72	64.84	67.09	64.84

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'anticipate', 'believe', 'continue', 'can', 'could', 'intend', 'may', 'shall' 'should', 'will', 'would', 'future', 'forecast', 'guideline' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, discuss future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information.

Forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- The loss of, or a material change in, our business relationship with an OEM that we have arrangements with for our distribution business;
- Any writing-off of goodwill or other intangible assets;
- Any derecognition of deferred tax assets;
- An inability to retain our management team and skilled personnel, or curb our high attrition rate;
- The loss of significant customers in our enterprise services or system integration business;
- Any change in the market performance of OEMs that we have arrangements with for our distribution business.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "***Risk Factors***" beginning on page 12. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II: RISK FACTORS

*An investment in equity shares involves a high degree of risk. Prior to making an investment decision with respect to the Rights Equity Shares offered hereby, all prospective investors and purchasers should carefully consider all of the information contained in this Letter of Offer, including the risk factors set out below and the financial statements and related notes set out in "**Financial Statements**" on page 72. The risks disclosed below are not the only risks relevant to our Company's business, operations or the Rights Equity Shares. Additional risks not presently known to our Company or that we currently deem immaterial may also impair our Company's business, operations, cash flows and financial condition. The occurrence of any of the following events could have a material adverse effect on our Company's business, results of operations, cash flows, financial condition and future prospects and cause the market price of the Rights Equity Shares to fall significantly. The following factors have been considered for determining the materiality:*

1. *Some events may not be material individually but may be found material collectively;*
2. *Some events may have material impact qualitatively instead of quantitatively; and*
3. *Some events may not be material at present but may have material impact in future.*

The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. Any potential investor in, and purchaser of, the Rights Equity Shares should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory environment which, in some respects, may be different from that which prevails in other countries.

Potential investors investing in the Issue should take into account the fact that our fiscal year for the year 2016 extended for nine months, while our fiscal year for the year 2017 extended for 12 months. Accordingly, our Audited Financial Statements for the relevant financial reporting periods are not comparable to each other. Unless otherwise stated, the financial information of our Company used in this section is derived from our audited consolidated financial statements.

Unless specified or quantified in the relevant risk factors detailed below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

Internal Risk Factors

1. ***Our distribution business is dependent on arrangements with a limited number of OEMs and the loss of, or a material change in, our business relationship with an OEM could adversely affect our business, results of operation and financial condition.***

   Our distribution business is dependent on a limited number of products, and we enter into arrangements with a limited number of OEMs for the supply of such products. Revenue generated on account of our top three OEMs accounted for 60.29% and 57.04% of our total revenue from the distribution business for the Fiscals 2017 and 2016, respectively. The loss or deterioration of our relationships with such OEMs, the authorization by our OEMs of additional distributors, the sale of products by our OEMs directly to our reseller customers and end-users, or our failure to establish relationship with new OEMs or to expand the distribution services that we provide OEMs, could adversely affect our business, results of operation and financial condition.

   For instance, our agreement with the OEM from whom we generate the most revenue amongst OEMs we contract with for our distribution business, places several restrictions upon us. We are not permitted thereunder to resell products to end users or third party sales agents, or any persons that resell to third parties. We are also subject to additional requirements *inter alia* regarding marketing, packaging, pricing etc. In case we are unable to fulfil such obligations, the OEM may terminate its agreement with us.

   Our OEMs typically retain us on a non-exclusive basis, and we cannot limit them from authorising our competitors to distribute their products. The contracts that we enter into with our OEMs are typically for a fixed period, ranging from one year to five years, and there is no assurance that the same shall be renewed. Our OEMs may terminate the contracts with us for numerous reasons, including if we fail to uphold our commitments thereunder, and some of our OEMs may also terminate such contracts without cause. Further, our OEMs may typically, in their sole discretion, discontinue certain product lines that are distributed by our Company, leading to an inability to procure such products by our Company. The termination of a key supply or services agreement or a significant change in supplier terms of conditions for sale may negatively affect our operating margins, business, results of operations and financial condition.

2. ***We have in the past recognised goodwill impairment and may do so in the future. Our financial condition and results of operations may suffer if we have to write off goodwill or other intangible assets in the future.***

Our Company has goodwill attributable to our services and learning lines of business in our Audited Financial Statements, on a consolidated basis. Our goodwill reduced to ₹ 504.24 crore as at March 31, 2017 from ₹ 567.71 crore as at March 31, 2016, as a result of addition in amortisation and impairment during the year, including the impairment of goodwill in respect of our learning business of ₹ 11 crore, and in respect of our services business of ₹ 50 crore. Our goodwill has further reduced to ₹ 115.24 crore as at September 30, 2017 due to an impairment of goodwill in relation to our services business amounting to ₹ 390 crore between March 31, 2017 and September 30, 2017.

We evaluate, on a regular basis, whether any events and circumstances have occurred that indicate that all or a portion of the carrying amount of goodwill or other intangible assets may no longer be recoverable, and is therefore impaired. The recoverable value of goodwill from a line of business is dependent on our strategy in respect to such a business, its future potential and the future outlook of the business to which the goodwill relates. As part of our strategy, we continue to review and streamline our businesses, bringing the same to the right size, and may disengage or wind down components of our business offerings, segments and geographies. Any change in our management strategy, including the manner of carrying out such business, may also impact the recoverable vale of goodwill. Under the current accounting rules, any determination that impairment has occurred would require us to write off the impaired portion of our goodwill or the unamortised portion of our intangible assets, due to a charge to our earnings. We have written off goodwill in the past, and any future write-off could have a material adverse effect on our financial condition, results of operations and net worth.

In addition, other than goodwill, any change in our management strategy in relation to the size, disengagement or winding down of the components of our business offerings, segments or geographies may also impact other financial parameters, including our results of operations.

3. ***We may derecognize our deferred tax assets, which may adversely impact our financial condition and net worth.***

Our Company is currently carrying deferred tax assets amounting to ₹ 177.76 crore as on September 30, 2017, a large portion of which is on account of unutilised tax losses. At the end of each reporting period, we reassess the recoverability of deferred tax assets, which is dependent on the availability of future taxable income against which the deferred tax assets can be utilized. It is possible that deferred tax assets may not be fully recoverable in the future, whether wholly or in part, due to the non-availability of future taxable profits. In case no taxable profits are available in the future, we may have to derecognize deferred tax assets, which could adversely impact our financial condition and net worth.

4. ***Our Audited Financial Statements for the relevant financial reporting periods are not comparable to each other.***

From the year 1988 to the year 2015, our Company's fiscal year ended on June 30 of each year. However, in Fiscal 2016, our Company transitioned to having our fiscal year end on March 31 of each year. To accommodate this change, our fiscal year for Fiscal 2016 was shortened to the nine-month period between July 1, 2015 and March 31, 2016. Accordingly, our Audited Financial Statements for Fiscal 2016, which extended for nine months, and Fiscal 2017, which extended for 12 months, are not comparable to each other. For details, see "***Presentation of Financial Information***" on page 9.

Investors should carefully take into account the discussion above, our Audited Financial Statements and the discussions in "***Presentation of Financial Information***" on page 9, in evaluating our business and financial performance and in making any investment decision.

5. ***Our success depends, in large part, upon our management team and skilled personnel and our ability to attract and retain such persons. Our high attrition rate may impact our ability to deliver services, which expose us to litigation and liability and damage our brand and reputation.***

Our performance and success depends largely on our ability to nurture and retain the continued service of our management team and skilled personnel. Certain lines of business pursued by our Company, including our enterprise services business, are manpower intensive, and heightened attrition may considerably impact our ability to deliver on our commitments under service-level agreements entered into by our Company. Similarly, heightened attrition may affect our ability to complete projects in our system integration business in a timely manner and within budget. Delays in completion of projects or provision of services by our Company may expose us to litigation and potential liability and damage to our brand and reputation.

Historically, our Company has seen high levels of attrition in our enterprise distribution business and our system integration business. Although we provide career development opportunities to meet the challenge of employee attrition, we may not be able to hire and retain enough skilled and experienced employees to replace those who leave.

We believe the experience of our senior management has been critical to our success and business growth. Our senior management is not obligated to work for us for any specified period and we cannot stop them from working for our competitors if they stop working for us. There is no assurance that we will be able to continue our successful hiring of talented and key personnel in the future. The loss of key personnel or our inability to replace such personnel effectively may materially and adversely affect our ability to grow and operate our business in an efficient manner.

Additionally, we may not be able to redeploy and retrain our employees to keep pace with continuing changes, evolving standards and changing customer preferences. If we fail to retain, motivate and/or attract such personnel, our business may be unable to grow and our revenues could decline impacting our profitability and financial condition.

6. ***Our top customers in certain business lines have accounted for a substantial portion of our revenue from our such business. The loss of significant customers could have a negative impact on our business, results of operations, financial condition or liquidity.***

We are highly dependent on top 10 domestic enterprise services customers for our revenue from our domestic enterprise services business. For Fiscal 2017 and 2016, these customers have accounted approximately 20.61% and 14.02% of our revenue from the domestic enterprise services segment. During the same period, revenue from the domestic enterprise services segment constituted 9.89% and 9.30% of our total revenue from operations. Similarly, we currently derive, and believe that we will continue to derive a significant portion of our revenue in our system integration business from a limited number of projects and clients. For Fiscal 2017 and 2016, our top five customers have accounted approximately 64.55% and 58.40% of our revenue from the system integration business. During the same period, revenue from the system integration business of our Company constituted 7.45% and 9.81% of our total consolidated revenue from operations.

As a result of significant reliance on these customers, we may face certain risks including pricing pressures. These risks may include, but are not limited to reduction, delay or cancellation of orders from our significant customers; failure to renew sales contracts with one or more of our significant customers; failure to renegotiate favourable terms with our key customers; the loss of these customers; all of which would have a material adverse effect on the business, financial condition, results of operations and prospects of our Company. In order to retain some of our existing customers we may also be required to offer terms to such customers which we may place restraints on our resources.

We cannot be certain that we shall not be subject to the termination of a major project, the loss of a major client or a significant reduction in the scope of a major project or services performed for a major client. There are a number of factors other than our performance that could cause the loss of a client, which may not be predictable. If a major project were to be terminated or if we were to lose one of our major clients, our revenue and profitability could be reduced, which would correspondingly have an adverse effect on our business, financial condition and cash flows, and we may have difficulty securing comparable levels of business from other customers to offset any loss of revenue from the loss of any of our key customers or projects.

7. ***Any change in the market performance of OEMs may impact our business, results of operation and financial condition.***

Our distribution business depends significantly on the demand for products supplied by our OEMs in the market. The market share of our OEMs depends upon the pricing, strategic and business decisions taken by them, which are outside the scope of our control. In addition, such OEMs face stiff competition, and their market share may be affected by a variety of factors including an inability to adapt to technological innovations, an inability to make effective transitions to new product offerings, an inability to adequately address defects in the engineering or design of their products and an inability to adequately protect their intellectual property rights.

The volume of the distribution services provided by us to an OEM is dependent upon purchase orders placed upon us by retailers for the specific products manufactured by such OEM. Any material impact on the market share of an OEM shall impact the demand amongst retailers for their products, which shall have a corresponding impact on the volume of distribution services provided by our Company, affecting our business, result of operations and financial condition.

8. ***Any impairment, dilution or damage to our brand in any manner may adversely affect our business reputation, growth, financial condition and cash flows.***

Our association with the 'HCL' brand (which we share with other entities in the HCL group, including HCL Technologies Limited, HCL Healthcare Private Limited and other companies in the group) and reputation are among our valued assets and we believe that the 'HCL' brand serves in attracting customers to avail our services in preference over those of our competitors. The services that we provide to our customers form a critical function of their businesses, and accordingly, trust and reliability are of utmost importance in choosing a service provider for their business. We believe that continuing to develop awareness of the 'HCL' brand, through innovation, quality enhancement, focused branding and marketing initiatives among customers is important for our ability to increase our sales volumes and revenues, grow our existing market share and expand into new markets. As we do not have complete control over the 'HCL' brand, our reputation may be affected by factors outside our control. Any negative publicity or loss of reputation that other entities in the HCL group face may have an adverse impact on the reputation of the 'HCL' brand, which may impact our prospects.

Any adverse publicity involving us, any of our Subsidiaries or the 'HCL' brand may impair our reputation, dilute the impact of our marketing initiatives and adversely affect our business and our prospects. The 'HCL' brand could be damaged by negative publicity on various media platforms or by claims or perceptions about the quality of the services offered by us or any of the companies associated with the brand, regardless of whether such claims or perceptions are true. Any untoward incidents such as litigation or negative publicity, whether isolated or recurring and whether originating from us or otherwise, which affects our business, distributors, dealers or suppliers may adversely impact our prospects. There can be no assurance that we or our Subsidiaries will not be mentioned in any negative publicity in the future, or that we will not suffer any reputational damage as a result of being mentioned in any such publicity.

Our reputation for delivering quality services that our customers can rely on is a key factor to the success of our business and our long-term relationships with many of our customers. If our Company or our Subsidiaries are associated with actual or perceived breach of conduct, such as fraudulent or unethical behaviour, and such behaviour is made public, our reputation may be adversely affected. If a perception of unreliability or untrustworthiness is associated with our Company or Subsidiaries, we may lose business from our current customers or opportunities for business from new customers, which could have a material adverse effect on our business growth, financial condition and cash flows.

9. ***Our Company and our Subsidiaries are involved in certain legal proceedings that, if determined against us, could adversely affect our business, financial condition and results of operations.***

Our Company and our Subsidiaries are involved in certain legal proceedings pending against us at different levels of adjudication before various courts and tribunals. In accordance with the SEBI ICDR

Regulations, some of these proceedings have classified as 'material legal proceedings' and the amounts claimed in such proceedings have been disclosed to the extent ascertainable and quantifiable and include amounts claimed jointly and severally from our Company, our Subsidiaries and other parties.

Material litigation against our Company and our Subsidiaries

Sl. No.	Brief Description	No. of Cases	Amount involved (₹ in Crore)
1.	Criminal proceedings	4	-
2.	Direct tax matters	2	14.90
3.	Indirect tax matters	14	830.15
4.	Civil cases*	4	397.85

** Including counter-claims filed against our Company in three proceedings initiated by it.*

The criminal proceedings against our Company and our Subsidiaries *inter alia* include an application by Shiv Shakti Trading Company, through its proprietor, for the registration of a first information report against five former employees of our Company and DDMS for criminal breach of trust, cheating and forgery; proceedings initiated by the Central Bureau of Investigation against our Company for cheating, criminal breach of trust and bribery; and a criminal complaint by M/s Micromate Computers against our Company, HCL Infotech Limited and several officials of our Company for criminal breach of trust, cheating and forgery. We cannot assure you that the provisions we have made for litigation will be sufficient or that new litigations will not be brought against us in the future. If we fail to successfully defend these or other claims, or if our current provisions prove to be inadequate, our business, financial condition and results of operations could be adversely affected.

Material litigation by our Company and our Subsidiaries

Sl. No.	Brief Description	No. of Cases	Amount involved (₹ in Crore)
1.	Criminal proceedings	1	-
2.	Civil cases	7	125.65

Such litigation diverts management time and attention and consumes financial resources in their defence or prosecution. No assurance can be given as to whether these matters will be settled in favour of our Company or our Subsidiaries. Any unfavourable decision in any of these matters may have an adverse effect on our business, financial condition and results of operations. For further details in relation to the material legal proceedings, see "***Outstanding Litigation and Defaults***" on page 79.

10. ***Dependence on third-party service providers for our distribution business could have an adverse effect on our business financial condition and results of operations.***

In our distribution business, we rely heavily on third party service providers for a significant portion of our operations, including for warehousing, transportation and an adequate work force of independent contractors, and our ability to service our customers depends on the availability and costs of the same. We are required to adhere to strict timelines in our distribution business, and in our consumer distribution business in particular, and we are accordingly required to maintain efficiency and consistency in our operations. There is no assurance that the third-party service providers we contract with shall perform their contractual obligations in an optimum manner or at all, which may have an adverse effect on our reputation, financial operations and business prospects. We cannot assure you that we will be able to obtain access to preferred third-party vendors for our logistical requirements at all, or at attractive rates, or that these vendors will have adequate available capacity to meet our needs or be able to meet our requirements in a timely manner. Further, if we are unable to procure the services of third-party vendors capable of sufficiently scaling up operations in response to increased demand from our customers, we may be compelled to make capital expenditures or seek out costlier or lower quality third-party vendors to meet our needs, which may have an adverse effect on our business, financial condition and results of operations.

11. ***An inability to accurately anticipate the cost and complexity of performing work on a project undertaken by us could adversely affect our results of operations.***

Our system integration projects require significant investment in the early stages that is expected to be recovered through billings over the life of the project. These projects often involve the construction of new computer systems and communications networks and the development and deployment of advanced technologies. Substantial performance risk exists in projects with these characteristics, and some or all elements of service delivery under these agreements are dependent upon successful completion of the development and deployment phases.

We negotiate pricing terms for a composite project, such as in our system integration business, utilizing a range of pricing structures and conditions, including time-and-materials pricing, fixed-price pricing, and contracts with features of both such pricing models. Our pricing is highly dependent on our internal forecasts and predictions about our projects and our industry, which may be based on limited data and could prove to be inaccurate. We may not be able to anticipate changes in technology, changing requirements of our clients or non-acceptance of our services and end products by our clients, which may cause delays and lead to our costs being higher than those budgeted for. If we do not accurately estimate the costs and timing for completing projects, our contracts could prove unprofitable for us or yield lower profit margins than anticipated. For example, we have run into a delay of over seven years for a system integration contract in relation to the program which is financed and monitored by a ministry of the Government of India, resulting in a significant cost overrun. We cannot assure you that we shall not face similar time and cost overruns in the future.

The technological infrastructure that we provide our customers as part of our system integration projects is prone to obsolescence. We typically provide warranties bought by us, to our customers as part of our system integration projects, commencing from the acceptance of the infrastructure provided by us. In case of any delays by us in setting up required infrastructure, such warranties may not cover the entire period for which we have provided warranties to our customers. Further, in case the equipment we provide to our customers becomes obsolete during the pendency of a warranty given by us, the OEMs that we procure such equipment from may decline to service the same or provide adequate replacements. An inability on our part to fulfil warranties given by us may hurt our reputation and expose us to potential litigation or claims for damages.

In addition, our pricing, cost and profit margin estimates on certain long-term projects, frequently include anticipated long-term cost savings that we expect to achieve and sustain over the life of such project. There is a risk that we may under-price our contracts, fail to accurately estimate the costs of performing the work or fail to accurately assess the risks associated with potential contracts. Our systems integration business is also heavily dependent on the documentation and agreements executed between us and our customers for determination of the scope of projects and deliverables. If we are unable to clearly define our scope of work, we may be subject to ‘scope creep’, and the scope of our work may increase in a continuous and uncontrollable manner. Should this become the case, we may face difficulties in being able to complete projects in a timely fashion, which may result in considerable delays in billing and obtaining receivables from our clients. Any increased or unexpected costs, delays or failures to achieve anticipated cost savings, or unexpected risks we encounter in connection with our performance, including those caused by factors outside our control, may make these contracts less profitable or unprofitable, which may have an adverse effect on our profit margin.

12. ***We have significant working capital requirements and if we are unable to secure adequate working capital on commercially reasonable terms, our business, financial condition and results of operation may be adversely affected. Further, delays in realising payments may affect our cash flow.***

Our ability to finance our working capital requirements is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including borrowing or lending restrictions under applicable laws and the terms of our financial and other arrangements, our own profitability and liquidity and general economic and market conditions.

Our system integration business requires substantial working capital outlay before a potential return can be generated. We are required to procure components and products from third party vendors and to fund outsourcing arrangements that we may enter into with third party service companies for the completion of projects, for which we incur significant expenditure. To meet our commitments under the agreement entered into by us, we may need to seek funding through additional borrowings or securities offerings. We cannot assure you that such funding will be obtained in a timely manner, on satisfactory terms, or at all. Moreover, if we raise additional debt, our interest expense will increase and our debt covenants under our existing loans may be impacted. If we raise additional funds through the issuance of equity, your ownership interest in our Company will be diluted.

Further, in our system integration business, we only receive payments from our customers on the achievement of specific milestones, or upon completion of projects. While third party vendors from whom we procure supplies and third party service companies with whom we enter into outsourcing arrangements have standard credit periods, credit periods from our customers are variable, as payments are dependent on the acceptance of our output by the customer. Such mismatches in credit periods may potentially result in certain cash flow mis-matches.

Our system integration projects may be subject to substantial delays due to many factors, including shortages of, or price increases with respect to, equipment, technical skills and labour, changes in the regulatory environment, third party performance risks and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevent the completion of a project. Further, if one or more of our customers become insolvent or otherwise unable to pay for the services provided by us, we may not be able to recoup the unpaid expenditure on procuring equipment and third party services. There is no assurance that we shall receive payments from our customers in a timely fashion or at all. If there are significant defaults or delays in the receipt of payments by our Company, our cash flows may be impacted, and our working capital requirements may be higher than we have anticipated or budgeted for.

An inability to obtain sufficient financing, or any significant unanticipated expenses or cost escalations, could result in the delay of our business and expansion plans. As a result, non-availability of adequate capital in a timely manner and on commercially viable terms could have an adverse effect on our cash flows, business, financial condition, results of operations and prospects.

13. ***The competitive pressures we face have in the past adversely affected and could in the future adversely affect our results of operations, financial condition and business prospects.***

We operate in a highly competitive industry. In our system integration and enterprise services businesses, we face competition from information technology and information and communications technology companies, software companies and other system integration firms, other technology companies and client in-house information services departments. In our distribution business, we compete on the strength and depth of our logistics, distribution and service and support capabilities. If our services, support and cost structure do not enable us to compete successfully based on any of those criteria, our operations, results and prospects could be adversely affected.

We have a portfolio of businesses and are required to allocate resources across these businesses while competing with entities that specialize in one or more of these business, product or service lines. As a result, we may invest less in certain areas of our businesses than our competitors do, and these competitors may have greater financial, technical and marketing resources available to them than our businesses that compete against them. We cannot be reasonably certain that we will be able to compete successfully against such competitors or that we will not lose our key employees or customers to such competitors. Additionally, we believe that our ability to compete also depends in part on factors outside our control, such as the availability of skilled resources, the price at which our competitors offer comparable services, and the extent of our competitors’ responsiveness to their clients’ needs.

We may have to continue to lower the prices of many of our services to stay competitive. The markets in which we do business are highly competitive, and we encounter aggressive price competition for all of our services from various Indian and international companies. If our pricing and other factors are not sufficiently competitive, or if there is an adverse reaction to our product decisions or service capabilities, we may lose market share in certain areas, which could adversely affect our revenue and prospects. Even if we are able to maintain or increase market share for certain products or services, our revenue could decline because such products and services is in a maturing industry or due to increased competition from other types of services.

14. ***We face fixed cost pressures during the transformation of our business units, which may impact our financial condition and results of operation.***

We incur certain fixed costs in relation to our business inter alia for leasing or licensing real estate, salary and wage costs, office supply costs etc. We have recently transformed some of our business units on the basis of various factors, such as financial and market conditions, competition and other external factors, and may continue to do so in the future. We face several execution challenges in the initial phase of adapting to different strategies, which may impact the revenue we generate from such lines of business. In case our revenues decline significantly, we may be unable to offset our fixed costs, which may impact our financial condition and results of operation.

15. ***We may be subject to liability claims or claims for damages, including liquidated damages, or termination of contracts with our clients for failure to meet project milestones, which may adversely impact our profitability, cash flows, results of operations and reputation.***

In our system integration business, we may face delays in achieving project milestones for a variety of reasons outside our control, including the unavailability or shortage of labour, failure to obtain necessary permits, authorizations or permissions and delays or defaults on part of third party vendors and service companies. The contracts that we enter into in relation to our system integration business contain provisions that subject us to liquidated damages for delays in completion of project milestones, which are often specified as a fixed percentage of the contract value for every week for which such delays persist. Typically, provisions for liquidated damages do not specify any additional conditions that must be met for such damages to be placed, and damages may be placed on us for delays caused by factors outside our control. Further, we may also be required to provide performance guarantees for some of our projects as per the terms of the contracts. There can be no assurance that we would not be subjected to any such monetary penalties in the future. Any such penalties may adversely impact our profitability, financial position, cash flows, results of operations and future prospects.

In addition to monetary penalties, a failure to meet project schedules may subject us to an adverse reputational impact. Our customers may also be entitled to terminate the agreement in the event of delay in completion of the work if the delay is not on account of any of the agreed exceptions. With respect to some of our projects, in the event of termination for any of the aforesaid reasons, we may only receive partial payments under such agreements and such payments may be less than our estimated cash flows from such projects. In addition, delays in completion of a project may result in cost overruns, lower or no returns on capital and reduced revenue, thus impacting the project's performance, which in turn may adversely impact our reputation, cash flows, results of operations and profitability.

16. ***Our inability to deliver products in a timely manner may affect the reputation and prospects of our distribution business.***

Time is of essence in our distribution business. Our operations are dependent upon timely pick-up and delivery of products that are stored in our distribution centres or that are otherwise distributed by us. However, distribution of such products may be subject to delays. Our ability to perform our contractual duties in a timely fashion is dependent upon a variety of factors that are outside our control, such as the adherence by OEMs to the agreed delivery dates, and conduct of logistical operations by third parties in accordance with defined timelines. We cannot be certain that these factors shall not affect our ability to operate without disruption and in accordance with prescribed schedules. Any delay in the delivery of products may result in a breach of the contract with the relevant customer and may be grounds for penalties, fines, other damages or termination of such contract. An inability to retain our customers may harm our reputation and will have an adverse effect on our financial performance and business prospects.

17. ***We depend on third-party suppliers for the delivery of products, and our results of operations could be adversely affected if we are unable to manage our suppliers.***

The operation of our system integration and enterprise service businesses depend on our ability to anticipate our needs for components, products and services and our suppliers' ability to deliver sufficient quantities of such components, products and services at reasonable prices in time for us to meet our schedules. An inability to manage issues arising from it may materially and adversely affect our business prospects and results of operations.

We may experience a shortage of, or a delay in receiving, certain supplies or components owing to strong demand, capacity constraints, financial weaknesses of suppliers, disputes with suppliers, disruptions in the operations of component suppliers, other problems experienced by suppliers or during the transition to new suppliers. If such shortages or delays persist, we may not be able to secure enough supplies or components at reasonable prices or of acceptable quality to provide services in a timely manner according to the specifications agreed to with our clients. Furthermore, for certain products or components, particularly customized components or specific technology solutions, we may depend on a limited number of long-term suppliers or single source suppliers. If such long-term suppliers or single source suppliers are unable to supply components, products or technology required by us, we may not be able to arrange alternate suppliers for such components, products or technology on terms favourable to us or at all.

Additionally, to secure supplies, we may make advance payments to suppliers or enter into non-cancellable commitments with vendors. We may also purchase supplies strategically in advance of demand to take advantage of favourable pricing or to address concerns about the availability of future supplies. If we fail to anticipate customer demand properly, a temporary oversupply could result in excess or obsolete components, which could adversely affect our gross margin. Because of binding price or purchase commitments with vendors, we may be obligated to purchase supplies or services at prices that are higher than those available in the current market and be limited in our ability to respond to changing market conditions and compete with our competitors.

Many of our competitors may obtain products or components from the same suppliers that we enter into contracts with. Our competitors may obtain better pricing and more favourable allocations of products and components during periods of limited supply, and our ability to engage in relationships with certain suppliers could be limited. Moreover, replacing suppliers could delay the completion of projects as replacement suppliers may be subject to capacity constraints or other output limitations. The loss of such suppliers, the deterioration of our relationship with such suppliers, or any unilateral modification to the contractual terms with our suppliers could adversely affect our revenue and gross margins.

18. We have incurred losses in the past, and may continue to do so in the future. Further, our past losses may disqualify us from bidding for certain projects.

We have incurred losses in the past, including in the last two Fiscals. For Fiscals 2017 and 2016, our profit/ loss figures, on a consolidated basis, were ₹ (247.67 crore) and ₹ (214.30 crore) respectively. We cannot assure you that we shall not continue to incur losses in the future. For further details, see "***Financial Information***" on page 72.

Further, certain tenders floated by our clients, including the central or state governments and public sector undertakings may require us to fulfil certain financial qualifications, including requirements of being profitable in previous Fiscals. Should such financial requirements exist, we may be disqualified from bidding for such projects, and may be foreclosed from accessing such projects and business opportunities, which may affect our financial condition, cash flows and results of operation.

19. System security risks and integration issues could disrupt services provided to customers, and any such disruption could adversely affect our results of operations or damage our reputation.

The information technology infrastructure we provide as part of some of our system integration contracts or maintain as part of our enterprise services business routinely stores and transmits large amounts of data for our clients, including sensitive information. Such infrastructure may be subject to unauthorized penetration of our network security, system disruptions or shutdowns, and may be vulnerable to viruses and other malicious software programs. Breaches of security measures in the infrastructure system we maintain for our customers could expose us, our customers or the individuals affected to a risk of loss or misuse of this information, resulting in litigation and potential liability for us and damage to our brand and reputation. In addition, the cost and operational consequences of implementing further data protection measures could be significant.

Further, sophisticated hardware, operating systems, software and applications that we procure from third parties may contain defects in design or manufacture that could unexpectedly interfere with the operation of our clients' systems. The costs relating to the elimination or alleviation of such security problems and vulnerabilities could be significant, and the efforts to address these problems could result in interruptions, delays, cessation of service and loss of existing or potential customers. Portions of our IT infrastructure may also experience interruptions, delays or cessations of service or produce errors in our system integration or enterprise services work from time to time. Such disruptions could adversely impact our ability to fulfil orders and interrupt services that we provide and could adversely affect our financial results and business reputation.

20. ***If our Company is unable to service our debts, or if we breach the covenants of our debts and such breach is not waived, our business and financial condition could be adversely affected.***

Our Company is required to comply with various financial and other covenants under the loan agreements that we are a party to. Under some of these loan agreements, our Company is required to notify the lenders, and in some cases obtain their prior written consent, if our Company proposes to, among others, create mortgages on our assets, enter into new long-term contracts, authorise or issue additional capital stock or provide guarantees for the indebtedness of others. Moreover, our Company's credit facilities contain covenants that limit our operating and financing activities and may require the creation of security interests over our assets. In addition, our Company may also be subject to certain restrictive covenants which may impact our ability to seek further financing for current and future projects.

Our Company's failure to obtain waivers for any existing or future non-compliance of, or our inability to comply with, such undertakings or restrictive covenants in a timely manner, or at all – specifically in view of deteriorating financial results, including impairment of goodwill – could also result in an event of default, which may result in an increase in the applicable interest rates or the acceleration of the relevant indebtedness and, through cross-default clauses (particularly as set out in the sanction letters of some of our term loans), other indebtedness containing cross-default provisions. Triggering of any default under our loan documents on account of the Issue, could have a material adverse effect on our cash flows, profitability and results of operations. An event of default could also severely and negatively affect our Company's ability to raise new funds or renew maturing borrowings on terms and conditions acceptable to us that may be needed to conduct our operations and pursue our growth initiatives.

As of September 30, 2017, our Company's total consolidated debt was ₹ 1,325.70 crore including bank borrowings amounting to ₹ 660.68 crore. We may not be able to reduce our indebtedness and borrowing costs, and may have to incur new debt or refinance existing debt. We cannot assure investors that we will be able to raise financing on favourable terms or at all to repay our existing liabilities, which could adversely affect our business and financial condition. Any subsequent action taken by our Company's lenders may, individually or in aggregate, materially and adversely affect our ability to conduct our business and operations. For further details, see "***Financial Statements***" beginning on page 72.

Further, our ability to borrow and the terms of our borrowings will depend on our financial condition, the stability of our cash flows and our capacity to service debt in fluctuating interest rate environment. If we incur additional indebtedness, the terms of such debt may place restrictions on us which may, among other things, increase our vulnerability to general adverse economic and industry conditions, limit our ability to pursue our growth plans, require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to fund project expenditures, meet working capital requirements and use for other general corporate purposes, and limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise, which could adversely affect our financial condition and results of operations.

Under the Insolvency and Bankruptcy Code, 2016, in case our Company defaults in the payment of sums due to our financial or operational creditors, our creditors may file an application to initiate insolvency resolution / liquidation proceedings against our Company. Any admission of such an application may severely affect the goodwill of our Company, and our ability to run our business.

21. ***Some of our projects are with government entities or agencies, which may expose us to risk, including additional regulatory scrutiny, delayed receipt of receivables and pricing pressure.***

Some of our projects, including in our system integration business, are undertaken for large Indian companies or agencies directly or indirectly owned or controlled by the government of India or various state governments, particularly in the e-governance, defence, infrastructure, power and telecommunication sectors. We may be subject to additional regulatory or other scrutiny associated with commercial transactions with government owned or controlled entities and agencies. In addition, there may be delays associated with collection of receivables from government owned or controlled entities. The payment system at government agencies and entities could be subject to delays due to long procedural formalities, which may result in our working capital requirements being impacted, and adding an additional cost of finance and thus reducing our profits. Should such payments be delayed, the realization cycle would be increased. At the time of tendering for new orders or projects, we factor in such payment delays into the price of our products and services and implement an efficient payment follow-up process to minimize such payment delays.

Further, in case of any disputes or disagreements, including those arising from reasons outside our control, such government agencies or entities may blacklist our Company, and we may be debarred from bidding for any tenders released by them. For instance, a department of the Government of India has debarred our Company and our Subsidiaries from participating in any tender floated by it for a period of six months. While we have challenged the same before the Delhi High Court, there is no assurance that the matter shall finally be decided in our favour. For further details, see "***Outstanding Litigation and Defaults***" on page 79. Any blacklisting order against our company may adversely impact our prospects and reputation.

22. ***Our employee expense is a significant component of our operating costs. An increase in employee expense could reduce our profitability.***

Our enterprise services business is manpower intensive, and its operations are highly dependent on skilled and semi-skilled labour. Further, our system integration projects, particularly those where underlying infrastructure has been accepted by our customers and which are currently in the service phase, are similarly manpower intensive. Over the years, our employee expense has been a significant component of our operating costs. In Fiscals 2017 and 2016, our employee expense from our domestic services business was ₹ 217.78 crore and ₹ 195.10 crore, respectively, constituting 32.43% and 35.32%, respectively, of our total expenditure from such business for such periods. Similarly, our employee expense from our system integration business in Fiscal 2017 and 2016 was ₹ 74.65 crore and ₹ 95.23 crore, respectively, constituting 19.79% and 19.93%, respectively, of our total expenditure from such business for such periods. Due to economic growth in the past and the increase in competition for skilled and semi-skilled employees in India, wages in India, in recent years, have been increasing.

Further, any plans to expand in order to increase growth in any of our lines of business will also result in expansion of our work force and may therefore necessitate increased levels of employee compensation. We may also need to increase our compensation levels to remain competitive in attracting and retaining the quality and number of skilled and semi-skilled employees that our business requires. Finally, our employees' salaries are linked to minimum wage laws in India, and any increase in the minimum wage in any state in which we operate could increase our operating costs. A shortage in the labour pool or general inflationary pressures may also increase our labour costs. A significant long-term increase in our employee benefit expense could reduce our profitability, which could, among other things, affect our growth, business and financial results.

23. ***We have experienced negative cash flows in prior periods and may continue to do so in the future, which could have a material adverse effect on our business prospects, financial condition, cash flows and results of operations.***

We have experienced negative net cash flows in the recent periods. The details of our cash flows for Fiscals 2016 and 2017 are provided below, on a consolidated basis:

(₹ in crore)

Particulars	For the period	
	Fiscal 2017	**Fiscal 2016**
Net Cash (used in) / from operating activities	(29.95)	(186.28)
Net Cash (used in) / from investing activities	105.03	349.02
Net Cash (used in) / from financing activities	(135.90)	(88.00)
Net increase / (decrease) in cash and cash equivalents	(60.82)	74.74

Our inability to generate and sustain adequate cash flows in the future could adversely affect our results of operations and financial condition. For more information, please see *"**Financial Information**"* on page 72.

24. ***A downgrade of our credit ratings may increase our cost of borrowing and make our ability to raise new funds in the future more difficult.***

ICRA Limited has given an 'A1' rating to our commercial papers / short term debt programme, and India Ratings and Research Private Limited has assigned a rating of 'A-' to our long term loans and working capital funding from banks. A downgrade of our credit ratings may increase our cost of borrowing and make our ability to raise new funds in the future more difficult. We cannot assure you that any downgrading of our credit ratings will not take place in the future. Any downgrading of our credit ratings could increase our cost of raising funds and impair our ability to raise new funds, thereby adversely affecting the perception of our financial stability, our reputation and our business.

25. ***We have contingent liabilities and our financial condition could be adversely affected if any of these contingent liabilities materialise.***

As of March 31, 2017, our contingent liabilities, on a consolidated basis, aggregated to ₹ 379.36 crore, in accordance with the provisions of Indian Accounting Standard (Ind AS) 37 - *"Provisions, Contingent Liabilities and Contingent Assets"*, and are as set out below:

(₹ in crore)

Particulars	As on March 31, 2017
Sales tax*	269.70
Excise*	98.79
Income tax*	6.21
Industrial disputes, civil suits and consumer disputes	4.66

** Includes a sum of ₹ 108.50 crore deposited by our Company against the above.*

If any of aforesaid contingent liabilities materialize, we may have to fulfil our payment obligations, which may have an adverse impact on our profitability, cash flows and result of operations. For further details, see "***Financial Statements***" on page 72.

26. ***Any delay in the implementation or failure in the operation of our Company's information systems could disrupt our operations and cause an unanticipated increase in costs.***

Our Company has implemented various IT solutions to cover key areas of our operations. For instance, we have implemented systems to consolidate data and other key performance parameters. Any delay in the implementation or failure in the operation of these information systems could result in adverse consequences, including disruption of operations, loss of information and an unanticipated increase in costs. Further, these systems are potentially vulnerable to damage or interruption from a variety of sources, which could result in a material adverse effect on our Company's operations.

27. ***If we fail to successfully enforce our intellectual property rights, our competitive position and operating results could be adversely affected.***

We have registered our software and the names of our brands and products under the Copyrights Act, 1957 and Trade Marks Act, 1999, and our revenues are derived from services bearing proprietary trademarks and brand names. The registrations provided to our trade marks are for a limited duration of 10 years, and are required to be renewed from time to time. While we apply for renewal of these registrations from time to time, we cannot assure you that we will be able to obtain them in a timely manner or at all. We cannot be certain that our intellectual property rights will not be invalidated, circumvented or challenged in the future, and we could incur significant costs in connection with legal actions relating to such rights that could adversely affect our business, results of operations and financial condition. If other parties infringe our intellectual property rights, they may dilute the value of our brands in the marketplace, which could diminish the value that consumers associate with our brands and harm our sales.

The name and logo of our Company are not registered trademarks and we have not made application for registering the same. We have also applied for certain registrations for protection of trademarks in connection with different business activities. If either our name or our logo, or the trade names we use in connection with other business activities, are registered in favour of a third party, we may not be able to claim registered ownership of such trademarks, and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities. Our inability to obtain these registrations may adversely affect our business position. Further, we use the trademark 'HCL,' which is registered in the name of HCLC, our Corporate Promoter. Any condition imposed on, or withdrawal of permission for the use of the same by HCLC, may restrict or prohibit us from using the 'HCL' logo as part of our logo, which may have an adverse effect on our reputation and business.

28. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, capital requirements, capital expenditures and restrictive covenants in our financing arrangements.

Our Company has not paid any dividends since Fiscal 2012, and our ability to pay dividends in the future will depend on our earnings, financial condition and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will generate sufficient income to cover our operating expenses and pay dividends to our shareholders. Our ability to pay dividends could also be restricted under certain financing arrangements that we may enter into.

If we were to raise Tier II capital in the future, the payment of any dividends would be after payment of interest on such capital. In addition, dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. The amount of our future dividend payments, if any, will depend on our future earnings, financial condition, cash flows, working capital requirements, terms and conditions of our indebtedness, capital expenditures and regulations. There can be no assurance that we will be able to pay dividends.

29. Our insurance coverage could prove inadequate to satisfy potential claims. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition and results of operations.

We have taken out insurance within a range of coverage consistent with industry practice in India to cover certain risks associated with our business. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. Even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss.

In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, or at all. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our financial condition and results of operations.

30. We may not have or may be unable to maintain or renew our statutory and regulatory permits and approvals required to operate our business.

We require certain statutory and regulatory permits and approvals to operate our business. For instance, in order to import electronic goods, we are required to obtain an Enterprise Producer Responsibility Authorisation under the E-Waste (Management) Rules, 2016. Further, we are required to obtain applicable trade licenses and registration under various shops and establishments acts for the establishment of a unit or office in any location. An inability of our Company to obtain applicable licenses or registrations may result in the interruption of all or some of our operations.

We also require additional approvals under a number of other legislations, including laws relating to labour, taxation and intellectual property. We may not, at all points of time, have all approvals required for our business. For instance, the applications that we have made for the registration of 18 of our proprietary software have not yet been approved. We cannot confirm that we shall receive such approvals in a timely manner, or at all. If we are unable to register our copyrights in such software, we may not be able to avail legal protections under copyrights laws or prevent unauthorised use of the same by third parties, and in case our software is used or claimed by a third party, our Company's ability to use such software may be restricted or lost, which may adversely affect our goodwill or business. For more information, see "***Government and Other Approvals***" on page 87.

While we believe that we will be able to renew or obtain such permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to obtain, renew or maintain the required permits or approvals, including those set out above, could subject us to penalties, may result in the interruption of our operations or delay or prevent our expansion plans and may have a material adverse effect on our business, financial condition and results of operations.

31. ***Our ability to invest in our overseas Subsidiaries may be constrained by Indian and foreign laws, which could adversely affect our growth strategy and business prospects.***

We currently have subsidiaries incorporated in the United Arab Emirates, United States of America, Singapore and Qatar. Under Indian foreign investment laws, an Indian company is permitted to invest in, or provide financial commitment to overseas wholly owned subsidiaries, not exceeding 400% of the Indian company's net worth as at the date of its last audited balance sheet (subject to certain exceptions), and any financial commitment exceeding USD 1.00 billion (or its equivalent) in a Fiscal will require prior approval of the RBI. This limitation also applies to any other form of financial commitment by the Indian company, including in terms of any loan, guarantee or counter guarantee issued by such Indian company. Further, there may be limitations stipulated in the host country for foreign investment. Investment or financial commitment not complying with the stipulated requirements is only permitted with prior approval of the RBI. Additionally, there are further requirements specified under the Companies Act and Indian foreign exchange laws in relation to any acquisition that we may propose to undertake in the future. These limitations on overseas direct investment could constrain our ability to invest in our existing overseas entities or acquire overseas entities to provide other forms of financial assistance or support to such entities, which may adversely affect our growth strategy and business prospects.

32. ***We may face labour disruptions that would interfere with our operations and have an adverse impact on our business, financial condition, cash flows and results of operations.***

We are exposed to the risk of strikes and other industrial actions. While our relations have been good with our employees, we cannot guarantee that our employees will not undertake or participate in strikes, work stoppage or other industrial action in the future. Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have an adverse effect on our business, financial condition, cash flows and results of operations.

Risks in relation to our Equity Shares

33. ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

34. ***We cannot guarantee that our Rights Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner, or at all.***

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Rights Equity Shares have been issued and Allotted. Approval for listing and trading will require all relevant documents authorising the issuing of the Equity Shares to be submitted. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of our Equity Shares on the Stock Exchanges. Any failure or delay in obtaining these approvals would restrict an investor's ability to dispose of the Rights Equity Shares.

35. ***We may raise additional equity capital which may dilute your existing shareholding. Additionally, sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares***

Our growth and business strategies may require us to raise additional capital which may be met through a further issue of Equity Shares, or securities convertible into Equity Shares. We may also issue Equity Shares pursuant to the 2000 ESO Scheme or the 2005 ESBC Plan. Any issuance of Equity Shares to persons other than the existing equity shareholders will dilute your existing equity shareholding. Further, we may obtain funding from our Promoters through an equity infusion. This will also dilute your shareholding.

Further, any sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

36. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Rights Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months is exempted from capital gains tax in India if securities transaction tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India.

37. Investors in the Rights Equity Shares may not be able to enforce a judgment of a foreign court against our Company.

Our Company is a limited liability company incorporated under the laws of India. Several of our Directors and some of our senior management are residents of India and a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to directly enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

38. Our Company's ability to raise foreign capital may be constrained by Indian law. Further, foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.

As an Indian company, our Company subject to foreign exchange management regulations that regulate borrowing in foreign currencies. Such regulatory restrictions limit our Company's financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that the required approvals will be granted on favourable terms or at all. Limitations on raising foreign debt may have an adverse effect on our Company's business, financial condition and results of operations.

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI and other applicable governmental authorities. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI and other applicable governmental authorities will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilising the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other applicable government authority can be obtained on any particular terms or at all.

39. ***Investors will be subject to market risks until the Rights Equity Shares credited to the investor's demat account are listed and permitted to trade.***

    Investors can start trading the Rights Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

External Risk Factors

40. ***Change in global economic conditions or economic conditions in India could adversely affect our Company's business and results of operations.***

    The financial condition and results of operations of our Company depend significantly on global economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which may in turn adversely affect the business, financial performance and operations of our Company.

    The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including, but not limited to, macroeconomic conditions in the United States, in Europe and in certain emerging economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability, whether or not linked to political events, may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

    Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our Company's business, future financial condition and results of operations.

    The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The dislocation of the sub-prime mortgage loan market in the United States since September 2008, and the more recent European sovereign debt crisis, has led to increased liquidity and credit concerns and volatility in the global credit and financial markets. These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets.

    Risk management initiatives undertaken by financial institutions in order to remedy the global economic slowdown could affect the availability of funds in the future or cause withdrawal of our Company's existing credit facilities. Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our Company's business. Economic conditions outside India, such as a slowdown or recession in the economic growth of other major countries, may also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our Company's business. Any downturn in the macroeconomic environment in India could also adversely affect the business, results of operations, financial condition of our Company.

41. ***Changing laws, rules and regulations including policies related to tax applicable and legal uncertainties may adversely affect our Company's business and financial performance.***

The business and financial performance of our Company could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to our Company and our Company's business. Our Company cannot assure that the Central Government or State Governments in India will not implement new regulations and policies which may require our Company to obtain additional approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on the operations of our Company. Our Company cannot predict the terms of any new policy, and cannot assure that such policies will not be onerous. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any changes to such laws may adversely affect our business, financial condition, results of operations and prospects.

42. ***The new taxation system could adversely affect our Company's business.***

Three major reforms in Indian tax laws have recently been enacted, namely, central, state and interstate goods and services tax ("**GST**") laws, the general anti-avoidance rules ("**GAAR**") and safe harbour rules:

- The Government of India has introduced a comprehensive national GST regime that combines taxes and levies by the Central and state Governments into a unified rate structure. Given that this law has been introduced recently, we are unable to assess how GST will impact our results of operations.

- The provisions of the GAAR have come into effect from the beginning of Fiscal 2017. The GAAR provisions are intended to catch arrangements declared as "impermissible avoidance arrangements", which is defined in the Income Tax Act as any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arms-length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. With the GAAR provisions coming into force, the tax authorities have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty.

- The Government of India has recently released safe harbor rules with respect to acceptance by the Indian tax authorities of declared transfer prices for certain types of international transactions (including intra-group loans and corporate guarantees and for the manufacture and export of core and non-core automotive components) between an eligible assessee and its associated enterprises, either or both of which are not Indian residents. The benefit, if any, that we may derive from the application of such rules in the future is unclear.

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

43. ***Our Company's business and activities may be regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition and results of operations.***

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the CCI. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement which, directly or indirectly, determines purchase or sale prices, limits or controls the production, supply or distribution of goods and services, or shares a market by way of geographical area or number of customers is presumed to have an appreciable adverse effect on competition. Provisions of the Competition Act relating to the regulation of certain acquisitions, mergers or amalgamations, which have a material adverse effect on competition and regulations with respect to notification requirements for such combinations, came into force on June 1, 2011. The effect of the Competition Act on the business environment in India is still evolving and unclear and it is difficult to predict its impact on our Company's growth and expansion strategies. The CCI has extra territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. If our Company is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, results of operations, financial condition or prospects.

44. ***Acts of terrorism, civil disturbance, communal conflicts, regional conflicts and other similar threats to security could adversely affect our Company's business, cash flows, results of operations and financial condition.***

Increased political instability and regional conflicts, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several countries and regions in which our Company operates, strained relations arising from these conflicts and the related decline in consumer confidence may hinder our ability to do business. Any escalation in these events or similar future events may disrupt our Company's operations or those of our customers and suppliers.

Further, certain events that are beyond the control of our Company, such as violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and price of the Rights Equity Shares.

Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Indian economy and consequently Company's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have an adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected.

These events have had and may continue to have an adverse impact on the global economy and customer confidence, which could in turn adversely affect our Company's revenue, operating results and cash flows. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of securities and may limit the capital resources available to our Company and to our customers and suppliers.

45. ***Natural disasters could have a negative impact on the Indian economy and may adversely affect our Company's business, results of operations, financial condition and prospects.***

Natural disasters such as floods, earthquakes, epidemics or famines have in the past had a negative impact on the Indian economy. If any such event were to occur, our Company's business could be affected due to the event itself or due to our inability to effectively manage the effects of the particular event. Potential effects include the loss of business continuity, business information or inventories of goods we transport as part of our distribution business. Further, if the operations of our customers are disrupted due to the occurrence of any such event, or if any of their facilities are damaged, it may be impractical or impossible for us to continue providing services to them, which may materially and adversely affect our Company's business, results of operations, financial condition and prospects.

46. ***Political instability or significant changes in the economic liberalisation and deregulation policies of the Government or in the government of the states where our Company operates could disrupt our business.***

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's businesses, and the market price and liquidity of our securities may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India.

In recent years, India has been following a course of economic liberalisation and our Company's business could be significantly influenced by economic policies followed by the Government. Further, our Company's businesses are also impacted by regulation and conditions in the various states in India where we operate.

However, there can be no assurance that such policies will continue in the future. Government corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well, which may have an adverse impact on our business and prospects.

47. ***Trade deficits could have a negative effect on our business.***

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions. According to the Ministry of Commerce and Industry, India's trade deficit increased in Fiscal 2015 to an estimated US$138 billion from an estimated US$136 billion in Fiscal 2014 and decreased in Fiscal 2016 to an estimated US$118 billion. If India's trade deficits increase or no longer become manageable, the Indian economy, and therefore our business, our financial performance and our stockholders' equity could be adversely affected.

48. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us. A rapid decrease in reserves would also create risk of higher interest rates and a consequent slowdown in growth.***

India's foreign exchange reserves stood at US$ 360.30 billion as on December 30, 2016, up from US$ 295.71 billion as on December 27, 2013. Flows to foreign exchange reserves can be volatile, and any past declines may have adversely affected the valuation of the Rupee. There can be no assurance that India's foreign exchange reserves will not decrease again in the future. Further decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our business, financial condition and results of operations.

49. ***Any downgrade of credit ratings of India or Indian companies may adversely affect our ability to raise debt financing.***

In November 2016, Standard & Poor's, an international rating agency, reiterated its negative outlook on India's credit rating. It identified India's high fiscal deficit and heavy debt burden as the most significant constraints on its rating, and recommended the implementation of reforms and containment of deficits. Standard & Poor's affirmed its outlook on India's sovereign debt rating to "stable", while reaffirming its "BBB-" rating. In May 2017, Fitch, another international rating agency, affirmed India's sovereign outlook to "stable" and affirmed its rating as "BBB-". Going forward, the sovereign ratings outlook will remain dependent on whether the government is able to transition the economy into a high growth environment, as well as exercise adequate fiscal restraint. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets, increase the cost of funds, adversely impact our liquidity position, our shareholders' funds and the price of our Equity Shares. Further, any adverse revisions to India's credit ratings may adversely impact our Company's ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our Company's financial results and business prospects, our ability to obtain financing for capital expenditures and the price of our securities

PROMINENT NOTES

1. Issue of 10,61,90,299 Rights Equity Shares for cash at a price of ₹ 47 (including a premium of ₹ 45 per Rights Equity Share) aggregating up to ₹ 499.09 crore on a rights basis to Eligible Shareholders in the ratio of 10 Rights Equity Share for every 21 fully paid-up Equity Share held on the Record Date.

2. As on March 31, 2017, the net worth of our Company on a consolidated basis and on a standalone basis was ₹ 549.42 crore and ₹ 622.07 crore respectively.

3. For details of our transactions with related parties, including with our group companies and Subsidiaries, during the year ended March 31, 2017 as per Ind AS 24, the nature of such transactions and the cumulative value of such transactions, see "***Financial Statements – Related Party Transactions***" on page F-138.

4. No selective or additional information will be available for a section of investors in any manner whatsoever.

5. There has been no financing arrangement whereby our Promoters, the Promoter Group, the directors of our Corporate Promoter, the Directors of our Company or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

SECTION III: INTRODUCTION

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Audited Financial Statements.

Our summary financial information presented below, is in ₹ crore and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in "***Financial Statements***" beginning on page 72.

CONSOLIDATED FINANCIAL INFORMATION

Consolidated Summary Statement of Assets and Liabilities

Particulars	As at 31-Mar-17 (₹ in crores)	As at 31-Mar-16 (₹ in crores)
I. ASSETS		
(1) Non-current assets		
Property, Plant and Equipment	115.70	131.06
Capital work-in-progress	1.42	2.01
Goodwill	504.24	567.71
Other Intangible assets	18.38	28.72
Intangible assets under development	3.15	2.16
Other Financial assets	41.39	92.61
Advance Income Tax Asset (net)	160.54	111.84
Deferred tax assets (net)	165.43	109.64
Other non-current assets	133.62	130.23
(2) Current assets		
Inventories	141.31	214.20
Financial Assets		
(i) Investments	120.87	50.16
(ii) Trade receivables	1,292.73	1,550.42
(iii) Cash and cash equivalents	138.09	198.91
(iv) Bank balances other than (iii) above	55.33	19.22
(v) Loans	0.60	1.20
(vi) Other Financial assets	187.56	265.30
Other Current Assets	103.67	91.01
Total Assets	**3,184.03**	**3,566.40**
II. EQUITY AND LIABILITIES		
(1) Equity attributable to the owners of HCL Infosystems Limited		
Equity Share capital	44.58	44.58
Other Equity	504.84	759.35
(2) Liabilities		
Non-current liabilities		
Financial Liabilities		
(i) Borrowings	413.16	528.22
(ii) Other financial liabilities	-	14.45
Provisions	18.71	19.83

Deferred tax liabilities (Net)	0.35	0.73
Other non-current liabilities	0.69	2.56
Current liabilities		
Financial Liabilities		
(i) Borrowings	576.84	453.63
(ii) Trade payables	723.22	800.31
(iii) Other financial liabilities	426.63	358.62
Other current liabilities	344.75	455.58
Provisions	125.66	127.54
Current Tax Liabilities (Net)	4.60	1.00
Total Equity and Liabilities	**3,184.03**	**3,566.40**

Consolidated Summary Statement of Profit and Loss account

Particulars	**Fiscal consisting of 12 Months Ended on 31-Mar-17 (₹ in crores)**	**9 Months Ended on 31-Mar-16 (₹ in crores)**
Income		
Revenue From Operations	3,737.53	3,656.23
Other Income	145.68	136.15
Total Revenue (I)	**3,883.21**	**3,792.38**
Expenses		
Cost of materials consumed	0.79	0.08
Purchases of Stock-in-Trade	2,507.24	2,606.36
Changes in inventories of finished goods and Stock-in -Trade	57.13	41.13
Other direct expense	468.28	403.44
Employee benefits expense	541.35	458.26
Other expenses	310.61	277.30
Total Expenses (II)	**3,885.40**	**3,786.57**
Earnings before finance cost, tax, depreciation and amortization (EBITDA) (I) - (II)	**(2.19)**	**5.81**
Depreciation and amortization expense	39.19	31.98
Finance costs	190.29	125.69
Profit / (Loss) before tax	**(231.67)**	**(151.86)**
Exceptional items	(61.00)	(67.22)
Tax expenses	**(292.67)**	**(219.08)**
Current tax	11.31	8.89
Deferred tax	(56.31)	(13.67)
Total tax expense / (Credit)	**(45.00)**	**(4.78)**
Profit / (Loss) for the year / period (after tax)	**(247.67)**	**(214.30)**
Other comprehensive income for the year / period (after tax)	(6.84)	5.02
Total comprehensive Profit / (Loss) for the year / period	**(254.51)**	**(209.28)**

Consolidated Summary Statement of Cash Flows

	Particulars	**12 Months Ended on 31-Mar-17 (₹ in crores)**	**9 Months Ended on 31-Mar-16 (₹ in crores)**
(A)	**Cash flow from operating activities:**		

	Net profit/ (loss) before tax	(292.67)	(219.08)
	Adjustments for:		
	Depreciation and Amortisation Expense	39.19	31.98
	Finance Cost	190.29	125.69
	Interest Income	(122.04)	(110.39)
	Dividend Income	(4.82)	(5.68)
	Net Profit on Sale of Property, Plant & Equipment	(0.29)	(0.08)
	Property, Plant & Equipment Written-Off	1.23	1.15
	Profit on Disposal of Unquoted (Others) Current Investments	(2.57)	(3.80)
	Provision for Doubtful Debts	22.94	35.33
	Provision for Doubtful Loans and Advances and Other Current Assets	4.25	1.00
	Provisions/Liabilities no longer required Written Back	(0.69)	(9.88)
	Gain on Sale of Joint Venture	(0.45)	-
	Impairment of Goodwill	61.00	70.00
	Operating profit before working capital changes:	**(104.63)**	**(83.76)**
	(Increase)/Decrease in Trade Receivables	227.14	173.88
	(Increase)/Decrease in Non Current Assets	(62.12)	(133.15)
	(Increase)/Decrease in Current Assets	20.90	74.15
	(Increase)/Decrease in Inventories	72.89	40.54
	Increase/(Decrease) in Non Current Liabilities	(17.44)	2.27
	Increase/(Decrease) in Current Liabilities	(164.98)	(257.24)
	Cash (used in)/generated from operations:	**(28.24)**	**(183.31)**
	Taxes (Paid)/Received (Net of Tax Deducted at Source)	(1.71)	(2.97)
	Net cash (used in)/generated from operating activities	**(29.95)**	**(186.28)**
(B)	**Cash flow from investing activities:**		
	Payment for Property, Plant and Equipment (including Intangible Assets)	(13.55)	(29.99)
	Proceeds from Sale of Property, Plant and Equipment	1.55	8.18
	Proceeds from Sale of Current Investments	492.54	358.67
	Lease Rental Recoverable	94.48	74.66
	Purchase of Current Investments	(560.68)	(169.37)
	Investments in Bank Deposits (with original maturity of more than three months)	(36.19)	(8.95)
	Movement in Margin Money Account	(0.51)	(0.63)
	Movement in Balances with Banks on Dividend Account	0.53	0.38
	Dividend Received on Current Investments	4.82	5.68
	Interest Received	122.04	110.39
	Net cash inflow from investing activities	**105.03**	**349.02**
(C)	**Cash flow from financing activities:**		
	Securities Premium Received	-	0.04
	Proceeds from loans and borrowings	2,748.75	2,205.59
	Repayment of loans and borrowings	(2,692.67)	(2,173.34)
	Interest Paid	(191.45)	(119.95)
	Dividend Paid/Amount Transferred to Investor Education & Protection Fund	(0.53)	(0.34)
	Net cash from/(used in) financing activities	**(135.90)**	**(88.00)**
	Net increase/(decrease) in cash & cash equivalents (A+B+C)	**(60.82)**	**74.74**
	Cash & cash equivalents - opening balance	**198.91**	**124.17**
	Cash & cash equivalents - closing balance	**138.09**	**198.91**

STANDALONE FINANCIAL INFORMATION

Summary Statement of Assets and Liabilities

Particulars	As at 31-Mar-17	As at 31-Mar-16

	(₹ in crores)	(₹ in crores)
I. ASSETS		
(1) Non-current assets		
Property, Plant and Equipment	76.49	81.48
Capital work-in-progress	-	0.25
Intangible assets	0.19	0.04
Financial Assets		
(i) Investments	535.51	777.51
(ii) Other financial assets	0.53	0.56
Deferred tax assets (net)	64.70	44.04
Other non-current assets	109.45	93.17
Advance Income Tax (Net)	8.78	19.30
(2) Current assets		
Inventories	59.47	95.76
Financial Assets		
(i) Investments	120.87	50.16
(ii) Trade receivables	432.00	302.23
(iii) Cash and cash equivalents	67.68	94.39
(iv) Bank balances other than (iii) above	4.41	4.94
(v) Loans	389.02	598.84
(vi) Other Financial assets	6.30	4.69
Other Current Assets	45.94	34.79
Total Assets	**1,921.34**	**2,202.15**
II. EQUITY AND LIABILITIES		
(1) Equity attributable to the owners of HCL Infosystems Limited		
Equity Share capital	44.58	44.58
Other Equity	577.49	939.82
(2) Liabilities		
Non-current liabilities		
Financial Liabilities		
(i) Borrowings	134.11	106.70
(ii) Other financial liabilities	-	5.32
Provisions	5.33	4.76
Current liabilities		
Financial Liabilities		
(i) Borrowings	568.28	423.53
(ii) Trade payables	391.87	434.07
(iii) Other financial liabilities	144.62	151.07
Other current liabilities	47.96	87.32
Provisions	7.10	4.98
Total Equity and Liabilities	**1,921.34**	**2,202.15**

Summary Statement of Profit and Loss account

Particulars	12 Months Ended on	9 Months Ended on

	31-Mar-17 (₹ in crores)	31-Mar-16 (₹ in crores)
Income		
Revenue From Operations	2,265.36	2,499.27
Other Income	47.61	73.16
Total Revenue (I)	**2,312.97**	**2,572.43**
Expenses		
Cost of materials consumed	0.79	0.08
Purchases of Stock-in-Trade	2,078.06	2,321.83
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	36.13	31.23
Other direct expense	26.63	22.60
Employee benefits expense	58.11	54.87
Other expenses	60.42	79.24
Total Expenses (II)	**2,260.14**	**2,509.85**
Earnings before finance cost, tax, depreciation and amortization (EBITDA) (I) - (II)	**52.83**	**62.58**
Depreciation and amortization expense	4.80	4.12
Finance costs	104.60	81.52
Profit / (Loss) before tax	**(56.57)**	**(23.06)**
Exceptional items	(320.19)	(159.01)
Loss before tax	**(376.76)**	**(182.07)**
Tax expenses		
Current tax	6.31	8.41
Deferred tax	(20.68)	(3.17)
Total tax expense / (Credit)	**(14.37)**	**5.24**
Profit / (Loss) for the year / period	**(362.39)**	**(187.31)**
Other comprehensive income	0.06	0.03
Total comprehensive Profit / (Loss) for the year / period	**(362.33)**	**(187.28)**

Summary Statement of Cash Flows

	Particulars	12 Months Ended on 31-Mar-17 (₹ in crores)	9 Months Ended on 31-Mar-16 (₹ in crores)
(A)	**Cash flow from operating activities:**		
	Net profit/ (loss) before tax	(376.76)	(182.07)
	Adjustments for:		
	Depreciation and Amortisation Expense	4.80	4.12
	Finance Cost	104.60	81.52
	Interest Income	(28.04)	(54.73)
	Dividend Income	(4.82)	(5.68)
	Net Profit on Sale of Property, Plant & Equipment	(0.22)	(2.74)
	Property, Plant & Equipment Written-Off	0.86	0.06
	Profit on Disposal of Unquoted (Others) Current Investments	(2.20)	(3.80)
	Diminution Other than Temporary in the value of Long term Investment	250.00	122.00
	Provision against Inter Company Deposits given to subsidiaries	70.19	39.79
	Fair value change in financial instruments	-	(0.06)
	Provision for Doubtful Debts	-	16.34
	Provision for Doubtful Loans and Advances and Other Current Assets	-	0.84
	Provisions/Liabilities no longer required Written Back	(0.57)	(0.57)
	Operating profit before working capital changes:	**17.84**	**15.02**
	(Increase)/Decrease in Trade Receivables	(129.77)	80.82

	(Increase)/Decrease in Non Current Assets	(8.56)	(83.51)
	(Increase)/Decrease in Current Assets	(11.98)	25.34
	(Increase)/Decrease in Inventories	36.29	31.04
	Increase/(Decrease) in Non Current Liabilities	(4.75)	1.57
	Increase/(Decrease) in Current Liabilities	(69.08)	(94.30)
	Cash generated (used in) operations:	**(170.01)**	**(24.02)**
	Taxes (Paid)/Received (Net of Tax Deducted at Source)	(3.26)	(2.23)
	Net cash (used in) operating activities	**(173.27)**	**(26.25)**
(B)	**Cash flow from investing activities:**		
	Purchase of Fixed Assets (including Intangible Assets)	(0.75)	(10.37)
	Capital Work-In-Progress (including Intangible Assets under Development)	0.25	(0.10)
	Proceeds from Sale of Fixed Assets	0.26	10.24
	Proceeds from Sale of Current Investments	492.54	358.67
	Purchase of Current Investments	(561.05)	(170.00)
	Interest Received	28.04	54.73
	Redemption/Maturity of Bank Deposits (with original maturity of more than twelve months)	(0.06)	-
	Movement in Margin Money Account	-	0.01
	Movement in Balances with Banks on Dividend Account	0.53	0.38
	Dividend Received on Current Investments	4.82	5.68
	Inter corporate deposits given	(1,337.10)	(1,068.19)
	Inter corporate deposits received back	1,476.73	1,631.83
	Purchase of Investment in Subsidiary	(8.00)	(310.00)
	Net cash from investing activities	**96.21**	**502.88**
(C)	**Cash flow from financing activities:**		
	Securities Premium Received	-	0.04
	Proceeds from loans and borrowings	268.15	1,602.23
	Repayment of loans and borrowings	(112.69)	(1,966.16)
	Interest Paid	(104.59)	(79.89)
	Dividend Paid/Amount Transferred to Investor Education & Protection Fund	(0.52)	(0.34)
	Net cash from / (used in) financing activities	**50.35**	**(444.12)**
	Net increase/(decrease) in cash & cash equivalents (A+B+C)	**(26.71)**	**32.51**
	Cash & cash equivalents - opening balance	**94.39**	**61.88**
	Cash & cash equivalents - closing balance	**67.68**	**94.39**

THE ISSUE

This Issue has been authorised by way of a resolution passed by our Board on August 29, 2017 pursuant to Section 62 of the Companies Act, 2013. The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "***Terms of the Issue***" on page 101.

	Equity Shares
Rights Equity Shares being offered by our Company	Up to 10,61,90,299 Rights Equity Shares aggregating to ₹ 499.09 crore
Rights Entitlement	10 Rights Equity Share for every 21 fully paid-up Equity Shares held on the Record Date
Record Date	November 1, 2017
Face Value per Equity Share	₹ 2 each
Issue Price	₹ 47 per Rights Equity Share
Issue Size	Up to ₹ 499.09 crore
Voting Rights	
In case of show of hands	One vote per member
In case of poll / ballot	One vote per Equity Share
Equity Shares issued and subscribed outstanding prior to the Issue	22,30,00,629 Equity Shares
Equity Shares paid up outstanding prior to the Issue	22,29,99,629 Equity Shares
Equity Shares issued and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	32,91,89,928
Equity Shares Subscribed and paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	32,91,89,928
Security Codes	ISIN: INE236A01020 BSE (for physical form): 179 BSE (for dematerialised form): 500179 NSE: HCL-INSYS
Terms of the Issue	For details, see "***Terms of the Issue***" on page 101.
Use of Issue Proceeds	For details, see "***Objects of the Issue***" on page 55.

Terms of Payment

The full amount is payable on application.

Due Date	Amount
On the Issue application (i.e. along with the CAF)	₹ 47 per Rights Equity Share, which constitutes 100% of the Issue Price payable

GENERAL INFORMATION

Our Company was incorporated as 'HCL Limited' under the Companies Act, 1956 *vide* a certificate of registration dated April 17, 1986 issued by the Registrar of Companies, Delhi and received its certificate of commencement of business on July 29, 1986. Thereafter, our Company was renamed on December 27, 1991 as 'HCL Hewlett-Packard Limited', and subsequently renamed 'HCL Infosystems Limited' on September 9, 1997.

Pursuant to the resolution passed by the Board of Directors of our Company at its meeting held on August 29, 2017, it has been decided to make the following offer to the Eligible Equity Shareholders of our Company, with a right to renounce:

Issue of 10,61,90,299 Equity Shares of face value of ₹ 2 each for cash at a price of ₹ 47 including a premium of ₹ 45 per Rights Equity Share aggregating to ₹ 499.09 crore on a rights basis to the Eligible Shareholders in the ratio of 10 Rights Equity Shares for every 21 fully paid up Equity Shares held by such Eligible Shareholder on the Record Date, that is November 1, 2017. The Issue Price of the Rights Equity Shares is 23.5 times the face value of the Rights Equity Shares.

For further details see "***Terms of the Issue***" on page 101.

Registered Office of our Company

HCL Infosystems Limited
806, Siddharth
96, Nehru Place
New Delhi 110 019
Telephone: +91 (11) 2621 2687
Facsimile: +91 (11) 2643 6336
Website: www.hclinfosystems.com
CIN: L72200DL1986PLC023955

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies, NCT of Delhi and Haryana
4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi 110 019

The Equity Shares of our Company are listed on BSE and NSE.

Company Secretary and Compliance Officer

Sushil Kumar Jain is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Mr. Sushil Kumar Jain
E-4, 5, 6, Sector XI,
Noida, Uttar Pradesh 201 301
Telephone: +91 (120) 2526 490
Facsimile: +91 (120) 2523 791
Email: cosec@hcl.com

Investors may contact the Registrar to the Issue or the compliance officer in case of any pre-Issue or post-Issue related matters such as non-receipt of letter of Allotment, credit of shares, SAF or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper Application, as the case may be, was submitted by the ASBA Investor.

Lead Manager to the Issue

Axis Capital Limited
1st Floor, Axis House
C 2, Wadia International Centre
P B. Marg, Worli
Mumbai 400 025
Telephone: +91 (22) 4325 2152
Facsimile: +91 (22) 4325 3000
Email: hclinfosystems.rights@axiscap.in
Investor Grievance Email: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Kanika Sarawgi, Akash Aggarwal
SEBI Registration Number: INM000012029

Banker to the Issue

Axis Bank Limited
40 B/2, Block B, Sector 1
Noida, Uttar Pradesh 201 301
Telephone: +91 (120) 2424 008
Facsimile: +91 (120) 2424 008
Email: sector1noida.branchhead@axisbank.com, sector1noida.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: Pankaj Prem Bharadwaj, Gaurav Dhodi
SEBI Registration Number: INBI00000017

Legal Advisor to the Issue

Khaitan & Co
Ashoka Estate, 12th Floor,
24 Barakhamba Road,
New Delhi 110 001
Tel: +91 (11) 4151 5454
Facsimile +91 (11) 4151 5318

Statutory Auditor of our Company

BSR & Associates LLP
Building No. 10, 8th Floor, Tower B
DLF Cyber City, Phase II
Gurugram 122 002
Telephone: + 91 (124) 719 1000
Facsimile: +91 (124) 235 8613
Firm Registration Number: 116231W/W-100024

Registrar to the Issue

Alankit Assignments Limited
205 – 208, Anarkali Complex
Jhandewalan Extension
New Delhi 110 055
Telephone: +91 (11) 4254 1627, 4254 1953
Facsimile: +91 (11) 4154 3474
Email: rta@alankit.com
Investor Grievance Email: hclinfo_rights@alankit.com
Website: www.alankit.com
Contact Person: Ravi Garg, R S. Maurya
SEBI Registration No.: INR000002532

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs under the BTI Regulations for the ASBA process in accordance with the SEBI ICDR Regulations is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, updated from time to time, or at such other website as may be prescribed by SEBI from time to time. Further, details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below.

Issue Opening Date	**:**	November 14, 2017
Last date for receiving requests for SAFs	**:**	November 21, 2017
Issue Closing Date	**:**	November 28, 2017

For further details on Issue Schedule, see "***Terms of the Issue***" on page 101.

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs or on before the Issue Closing Date.

The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 (thirty) days from the Issue Opening Date.

ASBA

For details on the ASBA process, refer to the details given in the CAF and see "***Terms of the Issue***" beginning on page 101.

Monitoring Agency

Our Company has appointed Axis Bank Limited, which is one of the bankers to our Company, as the monitoring agency to monitor the utilisation of the Net Proceeds in terms of Regulation 16 of the SEBI ICDR Regulations.

Axis Bank Limited's role as Monitoring Agency would be limited to monitor the utilisation of the proceeds of the Issue vis-a-vis the objects included in this Letter of Offer and shall not be responsible for the investment decision and its consequence.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any banks or financial institution or any other independent agency.

Debenture trustee

As this is an Issue of Equity Shares, there is no requirement to appoint a debenture trustee for this Issue.

Underwriting

The Issue shall not be underwritten.

Statement of responsibilities

As there is only one Lead Manager, inter-se allocation of responsibilities is not applicable. However, the list of major responsibilities of Axis Capital Limited, as the Lead Manager to the issue, *inter alia*, are as follows:

Sr. No.	Activity
1.	Capital structuring with relative components and formalities such as type of instruments, etc.
2.	Drafting, design and distribution of the Letter of Offer, Abridged Letter of Offer, CAF, etc.
3.	Assistance in selection of various agencies connected with the Issue, namely Registrar to the Issue, Banker to the Issue, printers and advertising agency.
4.	Drafting and approval of all publicity material including statutory advertisements, corporate advertisements, brochures, corporate films, etc.
5.	Liaising with the Stock Exchanges and SEBI, including for obtaining in-principle approval and completion of prescribed formalities with the Stock Exchanges and SEBI
6.	Post-Issue activities, which shall involve essential follow-up steps including finalisation of basis of allotment, listing of instruments and dispatch of certificates or demat credit and refunds, with the various agencies connected with the post-Issue activities such as Registrar to the Issue and Banker to the Issue.

Credit Rating

As the Issue is of Equity Shares, there is no requirement of credit rating for this Issue.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. Further, HCLC, our Corporate Promoter, and VSPL, an entity forming part of our Promoter Group, *vide* their letters, both dated October 24, 2017, have confirmed that they intend to subscribe to the unsubscribed portion in the Issue, if any.

Principal terms of loans and assets charged as security

For details in relation to the principal terms of loans and assets charged as security in relation to these loans availed by our Company, see "***Financial Statements – Audited Financial Statements***" on page F-1.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Letter of Offer is as set forth below:

(in ₹ crores, except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
1	**AUTHORISED SHARE CAPITAL**		
	55,25,00,000 Equity Shares	110.50	NA
	5,00,000 Preference Shares of ₹ 100 each	5.00	NA
	Total Authorised Share Capital	115.50	
2	**ISSUED AND SUBSCRIBED CAPITAL BEFORE THE ISSUE**		
	22,30,00,629 Equity Shares	44.60	NA
3	**PAID-UP CAPITAL BEFORE THE ISSUE**		
	22,29,99,629 Equity Shares	44.60	NA
4	**PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER**		
	10,61,90,299 Equity Shares	21.24 (1)	499.09
5	**ISSUED CAPITAL AFTER THE ISSUE**		
	32,91,90,928 Equity Shares	65.84	NA
6	**SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**		
	32,91,89,928 Equity Shares	65.84 (2)	NA

SECURITIES PREMIUM ACCOUNT	*(in ₹ crores)*
Before the Issue	720.44
After the Issue (2)	1,198.29

(1) *The Issue has been authorised by a resolution of our Board passed at its meeting held on August 29, 2017, pursuant to Section 62 of the Companies Act, 2013.*

(2) *Assuming full subscription and Allotment in the Issue.*

Notes to the Capital Structure

1. All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares on the date of the Letter of Offer. Further, the Rights Equity Shares, when issued, shall be fully paid-up.

2. Except as mentioned below, our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of the Letter of Offer, which would entitle the holders to acquire further Equity Shares. As on date of this Letter of Offer, there are no outstanding compulsory convertibles debt instruments in our Company.

   The details of outstanding options as per the employee stock option schemes / employee stock purchase schemes of our Company are as follows:

   (a) The shareholders of our Company approved the 2000 ESO Scheme at the extraordinary general meeting dated February 25, 2000, for the grant of options to apply for Equity Shares, not exceeding 31.90 lakh

Equity Shares in aggregate, to: (i) permanent employees of our Company who are directly employed by our Company, including whole-time and non-executive directors, but excluding our Promoters and Directors holding more than 10% of the Equity Shares; (ii) permanent employees of our holding company or the subsidiaries of our Company, including their whole-time and non-executive directors; and (iii) permanent employees of our Company deputed to other organisations / joint venture companies, including whole-time and non-executive directors deputed as nominees of our Company, or our holding or subsidiary companies. Once vested, such options are ordinarily exercisable within five years from the date of vesting, in part or whole. There are currently no outstanding options under the 2000 ESO Scheme.

(b) The shareholders of our Company approved the 2005 ESBC Plan by postal ballot, the results of which were declared on June 13, 2005, for the grant of an options to apply for Equity Shares, not exceeding 1.67 crore Equity Shares in aggregate to: (i) permanent employees of our Company who are directly employed by our Company, including whole-time and non-executive directors, but excluding our Promoters and Directors holding more than 10% of the Equity Shares; (ii) permanent employees of our holding company or the subsidiaries of our Company, including their whole-time and non-executive directors; and (iii) permanent employees of our Company deputed to other organisations / joint venture companies, including whole-time and non-executive directors deputed as nominees of our Company, or our holding or subsidiary companies. Once vested, such options are ordinarily exercisable within five years from the date of vesting, in part or whole.

A summary of options granted as on September 30, 2017 is as below:

Sr. No.	Description	Number of options (2000 ESO Scheme) (1)	Number of options (2005 ESBC Plan) (1)
1	Total number of options (2)	31,90,200	33,35,487
2	Options granted as of September 30, 2017	40,02,452	45,21,575
3	Options vested as of September 30, 2017	33,91,727	30,46,969
4	Options exercised as of September 30, 2017	23,31,977	35,444
5	Options lapsed or forfeited as of September 30, 2017	16,70,475	44,79,115
6	Options cancelled as of September 30, 2017	0	0
7	Total options outstanding as of September 30, 2017	0	7,015

(1) *Each option confers a right to obtain five equity shares of ₹2 each.*
(2) *Further options may be granted in case an existing option remains unexercised at the expiry, forfeiture or termination of the option.*

3. For details of the Equity Shares held by our Promoters or the members of the Promoter Group, see "***Capital Structure - Shareholding Pattern of the Equity Shares of our Company as per the last filing with the Stock Exchanges***" below. None of the Equity Shares held by our Promoters or the members of our Promoter Group are locked-in, pledged or otherwise encumbered. The Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirements of promoter's contribution and lock-in are not applicable.

4. No Equity Shares have been acquired by the Promoters or members of the Promoter Group in the year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

5. **Intention and extent of participation by Promoters and Promoter Group**

Our Promoters and Promoter Group (holding Equity Shares) have confirmed, *vide* letters, each dated October 24, 2017, that they intend to subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4) of Takeover Regulations. HCLC, our Corporate Promoter, and VSPL, an entity forming part of our Promoter Group, *vide* their letters, both dated October 24, 2017, have also confirmed that over and above their rights entitlement, they intend to (i) subscribe to additional Rights Equity Shares; and (ii) subscribe to the unsubscribed portion in the Issue, if any. Such subscription to additional Rights Equity Shares and the unsubscribed portion, if any, shall be in accordance with regulation 10(4) of Takeover Regulations subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the SEBI Listing Regulations.

Subscription to Rights Equity Shares over and above the Rights Entitlement of VSPL and HCLC, if allotted, may result in an increase in its percentage shareholding. Any such acquisition of additional Rights Equity Shares of our Company shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

6. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ 47.81.

7. **Shareholding Pattern of the Equity Shares of our Company as per the last filing with the Stock Exchanges**

Pursuant to Regulation 31 of the SEBI Listing Regulations, the holding of specified securities is divided into the following three categories:

(a) Promoter and Promoter Group;
(b) Public; and
(c) Non-Promoter - Non-Public.

The following are the statements representing the shareholding pattern of our Company, as on September 30, 2017:

Table I – Statement holding of specified securities

Category (I)	Category and name of Shareholders (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No. of Voting Rights									
								Class - Equity	Total	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(A)	**Promoter and Promoter Group** [1]	5	11,24,25,537	0	0	11,24,25,537	50.42	11,24,25,537	11,24,25,537	50.42	0	50.42	0	0	0	0	11,24,25,537
(B)	**Public**	99,008	11,05,74,092	0	0	11,05,74,092	49.59	11,05,74,092	11,05,74,092	49.59	0	49.59	0	0	NA	NA	10,75,63,578
(C)	**Non-Promoter Non-Public** [1]	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
(C) (1)	**Shares underlying DRs**	0	0	0	0	0	NA	0	0	0	0	0	0	0	NA	NA	0

(C) (2)	**Shares held by Employee Trusts**	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
	Total (A)+(B)+(C)	99,013	22,29,99,629	0	0	22,29,99,629	100	22,29,99,629	22,29,99,629	100	0	100	0	0	0	0	21,99,89,115

[(1)] *In terms of a resolution passed by our shareholders by way of a postal ballot, the results of which were declared on September 4, 2017, ten entities, i.e. A K M Systems Private Limited, Kiran Malhotra, Shiven Malhotra, Poorva Malhotra, Apollo Trading and Finance Private Limited, B F L Investments and Financial Consultants Private Limited, Ajai Chowdhry, Gita Chowdhry, Akshay Chowdhry and Vireet Investments Private Limited, that were formerly our promoters or part of our Promoter Group have been reclassified as public shareholders under Regulation 31 of the SEBI Listing Regulations.*

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category (I)	Category and name of Shareholders (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No. of Voting Rights									
								Class - Equity	Total	Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
1	**Indian**																
(a)	**Individuals / Hindu Undivided Family**	3	4,450	0	0	4,450	0.00	4,450	4,450	0.00	0	0.00	0	0.00	0	0.00	4,450
	Roshni Nadar Malhotra	1	1,960	0	0	1,960	0.00	1,960	1,960	0.00	0	0.00	0	0.00	0	0.00	1,960
	Shiv Nadar	1	2,070	0	0	2,070	0.00	2,070	2,070	0.00	0	0.00	0	0.00	0	0.00	2,070
	Kiran Nadar	1	420	0	0	420	0.00	420	420	0.00	0	0.00	0	0.00	0	0.00	420
(b)	**Central Government / State Government(s)**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0

Category (I)	Category and name of Shareholders (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No. of Voting Rights									
								Class - Equity	Total	Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(c)	**Financial Institutions / Banks**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	**Any Other (Specify)**																
	Bodies Corporate	2	11,24,21,087	0	0	11,24,21,087	50.41	11,24,21,087	11,24,21,087	50.41	0	50.41	0	0.00	0	0.00	11,24,21,087
	Vama Sundari Investments (Delhi)_ Private Limited	1	10,38,848	0	0	10,38,848	0.47	10,38,848	10,38,848	0.47	0	0.47	0	0.00	0	0.00	10,38,848
	HCL Corporation Private LImited	1	11,13,82,239	0	0	11,13,82,239	49.95	11,13,82,239	11,13,82,239	49.95	0	49.95	0	0.00	0	0.00	11,13,82,239
	Sub Total (A)(1)	5	11,24,25,537	0	0	11,24,25,537	50.42	11,24,25,537	11,24,25,537	50.42	0	50.42	0	0.00	0	0.00	11,24,25,537
2	**Foreign**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(a)	**Individuals (Non-Resident Individuals / Foreign Individuals**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	**Government**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	**Institutions**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0

Category (I)	Category and name of Shareholders (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No. of Voting Rights									
								Class - Equity	Total	Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(d)	**Foreign Portfolio Investor**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(e)	**Any Other (Specify)**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	Sub Total (A)(2)	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1) + (A)(2)	5	11,24,25,537	0	0	11,24,25,537	50.42	11,24,25,537	11,24,25,537	50.42	0	50.42	0	0.00	0	0.00	11,24,25,537

Table III - Statement showing shareholding pattern of public shareholders

Category (I)	Category and name of Shareholders (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants) (X)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No. of Voting Rights									
								Class - Equity	Total	Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (Not applicable) (b)	
1	**Institutions**																
(a)	**Mutual Fund**	13	15,750	0	0	15,750	0.01	15,750	15,750	0.01	0	0.01	0	0.00	NA	NA	5,000
(b)	**Venture Capital Funds**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(c)	**Alternate Investment Funds**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	**Foreign Venture Capital Investors**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	**Foreign Portfolio Investor**	22	39,97,169	0	0	39,97,169	1.79	39,97,169	39,97,169	1.79	0	1.79	0	0.00	NA	NA	39,96,669
(f)	**Financial Institutions / Banks**	18	43,41,480	0	0	43,41,480	1.95	43,41,480	43,41,480	1.95	0	1.95	0	0.00	NA	NA	43,33,730
(g)	**Insurance Companies**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(h)	**Provident Funds/ Pension Funds**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(i)	**Any Other (Specify)**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Sub Total (B)(1)	53	83,54,399	0	0	83,54,399	3.75	83,54,399	83,54,399	3.75	0	3.75	0	0.00	NA	NA	83,35,399
2	**Central Government/**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0

Category (I)	Category and name of Shareholders (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants) (X)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No. of Voting Rights									
								Class - Equity	Total	Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (Not applicable) (b)	
	State Government(s)/ President of India																
	Sub Total (B)(2)	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0
3	**Non-Institutions**																
(a)	**Individuals**																
	i. Individual shareholders holding nominal share capital up to ₹ 2 lakhs.	96,442	6,04,75,456	0	0	6,04,75,456	27.12	6,04,75,456	6,04,75,456	27.12	0	27.12	0	0.00	NA	NA	5,88,92,452
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	22	78,56,541	0	0	78,56,541	3.52	78,56,541	78,56,541	3.52	0	3.52	0	0.00	NA	NA	78,56,541
(b)	**NBFCs registered with RBI**	11	5,30,801	0	0	5,30,801	0.24	5,30,801	5,30,801	0.24	0	0.24	0	0.00	NA	NA	5,30,801
(c)	**Employee Trusts**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	**Overseas Depositories (holding DRs)**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0

Category (I)	Category and name of Shareholders (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants) (X)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No. of Voting Rights									
								Class - Equity	Total	Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (Not applicable) (b)	
	(balancing figure)																
(e)	**Any Other (Specify)**																
	Corporate Body	1,460	3,12,19,005	0	0	3,12,19,005	14.00	3,12,19,005	3,12,19,005	14.00	0	14.00	0	0.00	NA	NA	2,98,19,500
	A K M Systems Private Limited	1	1,19,97,007	0	0	1,19,97,007	5.38	1,19,97,007	1,19,97,007	5.38	0	5.38	0	0.00	NA	NA	1,19,97,007
	Corporate Body (Foreign Body)	1	2,000	0	0	2,000	0.00	2,000	2,000	0.00	0	0.00	0	0.00	NA	NA	0
	Corporate Body (OCB)	1	70,000	0	0	70,000	0.03	70,000	70,000	0.03	0	0.03	0	0.00	NA	NA	70,000
	NRI	1,011	20,20,565	0	0	20,20,565	0.91	20,20,565	20,20,565	0.91	0	0.91	0	0.00	NA	NA	20,13,565
	Trust	7	45,325	0	0	45,325	0.02	45,325	45,325	0.02	0	0.02	0	0.00	NA	NA	45,320
	Sub Total (B)(3)	98,955	10,22,19,693	0	0	10,22,19,693	45.84	10,22,19,693	10,22,19,693	45.84	0	45.84	0	0.00	NA	NA	9,92,28,179
	Total Public Shareholding (B)= (B)(1)+(B)(2)+ (B)(3)	99,008	11,05,74,092	0	0	11,05,74,092	49.59	11,05,74,092	11,05,74,092	49.59	0	49.59	0	0	NA	NA	10,75,63,578

Table IV - Statement showing shareholding pattern of the Non-Promoter – Non-Public shareholder

Category (I)	Category and name of Shareholders (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants) (X)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No. of Voting Rights									
								Class - Equity	Total	Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (Not applicable) (b)	
1	**Custodian/DR Holder**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0
2	**Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)**	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total Non-Promoter-Non Public Shareholding (C)= (C)(1)+(C)(2)	0	0	0	0	0	0.00	0	0	0.00	0	0.00	0	0.00	NA	NA	0

8. **Statement showing Public shareholders holding more than 1% of the paid-up capital of our Company**

Pursuant to Schedule VIII, Part E - (5)VI (C)(8) SEBI ICDR Regulations, the following is a statement showing details of the shareholders holding more than 1% of the total number of Equity Shares of our Company, as on September 30, 2017.

Sr. No.	Name of shareholder	No, of fully paid up Equity Shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of Locked in shares		Number of shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialised form
					No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
1	A K M Systems Private Limited	1,19,97,007	1,19,97,007	5.38	0	0.00	NA	NA	1,19,97,007

OBJECTS OF THE ISSUE

Our Company proposes to utilise the Net Proceeds from the Issue, *inter alia*, towards the following objects:

1. Prepayment or repayment of all or a portion of certain borrowings availed by our Company; and

2. General corporate purposes.

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue and the activities for which the borrowings proposed to be repaid from the Net Proceeds were utilised.

Issue Proceeds

The details of the Issue Proceeds are set forth in the following table:

Particulars		Estimated amount (in ₹ crore)
Gross Proceeds from the Issue*		499.09
Less:	Issue related expenses	3.67
Net Proceeds from the Issue		**495.42**

assuming full subscription and Allotment of the Rights Entitlement

Requirement of funds and utilisation of Net Proceeds

The proposed utilisation of the Net Proceeds is set forth in the table below:

Particulars	Estimated amount (in ₹ crore)
Prepayment or repayment of all or a portion of certain borrowings availed by our Company	400.00
General corporate purposes	95.42
Total	**495.42**

Schedule of implementation and deployment of the Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in crore)

Sr. No.	Particulars	Amount proposed to be funded from the Net Proceeds	Estimated utilisation in Fiscal 2018
1.	Prepayment or repayment of all or a portion of certain borrowings availed by our Company	400.00	400.00
2.	General corporate purposes	95.42	95.42
Total			**495.42**

Details of the objects of the Issue

The details in relation to objects of the Issue are set forth herein below.

1. Prepayment or repayment of all or a portion of certain borrowings availed by our Company

Our Company proposes to utilise an aggregate amount of ₹ 400.00 crore from the Net Proceeds towards full or partial repayment or prepayment of the borrowings availed by our Company. The selection and extent of borrowings proposed to be repaid from our Company's borrowings mentioned below will be based on various commercial considerations including, among others, the costs, expenses and charges relating to the facility including interest rate of the relevant borrowing, the amount of the borrowing outstanding, the remaining tenor of the borrowing, presence of onerous terms and conditions under the facility, levy of any prepayment penalties and the quantum thereof, provisions of any law, rules or regulations governing such borrowings, terms of prepayment to lenders, if any and mix of credit facilities provided by lenders.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of our existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part prepayment of any such refinanced borrowings repayment of or additional borrowings obtained by us. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or repayment of borrowings (including refinanced or additional borrowings availed, if any), in part or full, would not exceed ₹ 400 crore. The prepayment or repayment will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

The following table provides details of borrowings availed by our Company as on October 25, 2017, which we propose to prepay or repay, in full or in part, from the Net Proceeds of an aggregate amount of ₹ 400.00 crore:

(₹ in crore)

S. No.	Name of Lender	Nature of Borrowing	Date of the Loan Agreements/ Sanction Letters	Applicable Interest rate (%)	Sanction amount as on October 25, 2017	Outstanding amount as on October 25, 2017	Repayment schedule	Purpose of availing the Loan	Pre-payment penalty, if any
1	IDFC Bank Limited	Working capital facility	Working Capital Consortium Agreement dated March 30, 2017	9.15	24.00	24.00	NA	Working capital	Nil
2	Indusind Bank Limited	Working capital facility	Working Capital Consortium Agreement dated March 30, 2017	9.75	20.00	20.00	NA	Working capital	Nil
3	Axis Bank Limited	Working capital facility	Working Capital Consortium Agreement dated March 30, 2017	10.00	35.00	35.00	NA	Working capital	NA
4	Balance Cash Credit Limit from Consortium	Working capital facility	Working Capital Consortium Agreement dated March 30, 2017	NA	221.00	42.62	NA	Working capital	Nil
5	State Bank of India	Working capital facility	Working Capital Consortium Agreement dated March 30, 2017	9.00	50.00	50.00	NA	Working capital	Nil
6	Indiabulls Mutual Fund	Commercial papers	NA	10.50	50.00	50.00	NA	Working capital	Nil
7	Indiabulls Mutual Fund	Commercial papers	NA	10.50	25.00	25.00	NA	Working capital	Nil
8	Principal Mutual Fund	Commercial papers	NA	10.50	50.00	50.00	NA	Working capital	Nil
9	Axis Bank Limited	Rupee loan facility	Rupee Loan Facility Agreement dated December 7, 2015.	11.00	301.50	188.44	13 quarterly installments starting from September 2016 to September 2019	Term Loan Against receivables of Certain contracts and cashflow of the Borrowers	Nil
10	Axis Bank Limited	Rupee loan facility	Rupee Loan Facility Agreement dated October 25, 2016.	11.00	100.00	50.00	8 quarterly installments starting from December 2016 to September 2018	Term Loan Against receivables of Certain contracts	Nil(1)

								and cashflow of the Borrowers	
11	IFCI Limited	Rupee loan facility	Rupee loan facility agreement dated December 7, 2015 read with Novation and Transfer Notice dated April 3, 2017	10.45	75.00	46.87	13 quarterly installments starting from September 2016 to September 2019(3)	Term Loan Against receivables of Certain contracts and cashflow of the Borrowers	NA
12	Aditya Birla Finance Limited	Rupee loan facility	Rupee loan facility agreement dated December 7, 2015 read with Novation and Transfer Notice dated March 16, 2017	11.00	58.50	36.55	13 quarterly installments starting from September 2016 to September 2019(2)	Term Loan Against receivables of Certain contracts and cashflow of the Borrowers	NA
13	IDFC Bank Limited	Rupee loan facility	Rupee loan facility agreement dated September 28, 2016	11.10	100.00	62.50	13 quarterly installments starting from September 2016 to September 2019.	Term Loan Against receivables of Certain contracts and cashflow of the Borrowers	NA
14	HDFC Bank Ltd	Rupee loan facility	Loan Agreement Dated May 18, 2015	11.50	100.00	100.00	NA	Working capital	NA
15	HDFC Bank Ltd	Rupee loan facility	Working Capital Consortium Agreement dated March 30, 2017	9.50	124.90	124.90	NA	Working capital	NA
16	IndusInd Bank	Rupee loan facility	Short Term Loan Facility dated October 3, 2017	9.35	100.00	100.00	NA	Working capital/Cash Flow Mismatch	NA
	Total				**1,434.90**	**1,005.88**			

(1) *Prepayment penalty not applicable if the loan is paid from our own resources.*
(2) *Pre-existing loan novated and transferred to the lender in terms of the Novation and Transfer Notice dated March 16, 2017.*
(3) *Pre-existing loan novated and transferred to the lender in terms of the Novation and Transfer Notice dated April 3, 2017.*

As certified by Shiromany Tyagi & Co., Chartered Accountants (FRN: 006117N), through their certificate dated October 26, 2017 ("**Utilisation Certificate**"), no exceptions have been reported in the borrowings set out in the table above being utilised by our Company for the respective purposes for which they were raised.

In due course of business, due to various operational benefits, our Company may explore possibilities of other banks participating in existing borrowings either in full or in part, including the borrowings mentioned above. Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding borrowing amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, such prepayment penalties shall be paid by our Company out of our internal accruals.

2. *General Corporate Purposes*

Our Company proposes to deploy the balance Net Proceeds, aggregating to ₹ 95.42 crore, towards general corporate purposes, subject to such utilisation not exceeding 25% of the Gross Proceeds of the Fresh Issue, in compliance with the SEBI ICDR Regulations, including but not limited to strategic initiatives, acquisitions, partnerships and joint ventures, strengthening of our operational and distribution capabilities, meeting our working capital requirements, meeting exigencies which our Company may face in the ordinary course of business, meeting fund requirements which our Company may face in the ordinary course of business, meeting expenses incurred in the ordinary course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act and SEBI ICDR Regulations. Our Company's management, in accordance with the policies of the Board subject to applicable laws, will have flexibility in utilising any surplus amounts.

Issue expenses

The total expenses of the Issue are estimated to be ₹ 3.67 crore. The break-up for the Issue expenses is as follows:

Sr. No.	Activity Expense	Estimated amount (in ₹ crore) (1) (2)	As a percentage of total estimated Issue expenses (%) (1)	As a percentage of Issue size (%) (1)
1.	Fees payable to intermediaries including the Lead Manager, Banker to the Issue, Legal Advisor, Registrar to the Issue, auditors and the Monitoring Agency	2.73	74.18	0.55
2.	Expenses relating to advertising, printing, distribution, marketing and stationery expenses	0.09	2.42	0.02
3.	Regulatory fees, filing fees, listing fees, depository fees and miscellaneous expenses	0.86	23.58	0.17
Total estimated Issue expenditure		**3.67**	**100**	**0.74**

(1) *Assuming full subscription and Allotment of the Rights Entitlement.*
(2) *Exclusive of applicable taxes and out of pocket expenses.*

Bridge financing facilities and other financial arrangements

Our Company has not raised any bridge loans or entered into any other financial arrangements from any bank or financial institution as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends to deposit the Net Proceeds with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934. Our Company confirms that we shall not use the Net Proceeds for any buying, trading, or otherwise dealing in the shares of any other listed company or for any investment in the equity markets or providing inter-corporate deposits to any related parties.

Monitoring of utilisation of funds

Our Company has appointed Axis Bank Limited as the monitoring agency to monitor the utilisation of the Net Proceeds in terms of Regulation 16 of the SEBI ICDR Regulations. The Monitoring Agency will monitor the utilization of Net Proceeds of the Offer and submit its report to us in terms of Regulation 16(2) of SEBI ICDR Regulations. Our Board will monitor the utilisation of the Net Proceeds through its Audit Committee. We will disclose the utilisation of the Net Proceeds under a separate head in our balance sheet along with relevant details for all such Net Proceeds that have not been utilised, as is required under applicable laws. We will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant Financial Years.

Pursuant to the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that Net Proceeds have been utilised in full. The statement shall be certified by the Auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations, if any, in the utilisation of the proceeds of the Offer from the objects of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee and the Board. In the event that the Monitoring Agency points out any deviation in the use of Net Proceeds from the objects of the Issue as stated above, or has given any other reservations with respect to the end use of Net Proceeds, our Company shall intimate the same to the Stock Exchanges without delay.

Means of finance

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised.

Other confirmations

No part of the proceeds of the Issue will be paid by our Company to our Promoters, our Promoter Group, our Directors, or key management personnel.

SECTION IV: STATEMENT OF SPECIAL TAX BENEFITS

October 23, 2017

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

Dear Sir/ Ma'am,

Sub: Statement of Possible Special Tax Benefits available to HCL INFOSYSTEMS LIMITED ("the Company") and its shareholders prepared in accordance with the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ('the regulations')

We hereby certify that the enclosed Annexure, prepared by HCL Infosystems Limited (hereinafter referred to as "the Company"), states the possible special tax benefits available to the Company and the shareholders of the Company under the provisions of the Income-tax IT Act, 1961 ('the IT Act' or 'the Tax Laws'), presently in force in India as on the signing date for inclusion in the Letter of Offer ("**LOF**") (the "**Offer Document**"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the possible special tax benefits, is dependent upon the Company or its shareholders fulfilling such conditions, which based on the business imperatives, the Company may face in the future and accordingly, the Company or its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure cover only the special tax benefits available to the Company and its shareholders and do not cover general tax benefits. Special tax benefits are benefits which are generally not available for all companies. Further, the preparation of the contents stated is the responsibility of the company's management. We are informed that this Statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the nature of individual tax consequences and the changing tax laws, each of the investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the offer for sale of equity shares of the Company.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable, have been/would be met with;
- the revenue authorities/ courts will concur with the views expressed herein.

The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to the facts mentioned in the enclosed Statement. The enclosed Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares under the Offer.

We hereby consent to the use of our name and other details, including reference to our firm as an expert in the Offer Document, as defined under the provisions of the Companies Act, 2013 and the rules framed thereunder.

The enclosed annexure is intended for your information and for inclusion in the Offer Document in connection with the rights issue of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Shiromany Tyagi & Co.

Chartered Accountants
Firm Registration No. 006117N

Pradeep Tyagi
Partner
Membership No. 084840

Place: New Delhi
Date: 23.10.2017

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO HCL INFOSYSTEMS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

Outlined below are the possible special tax benefits available to the Company and its shareholders under the current tax laws in force in India. These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon the Company or its shareholders fulfilling such conditions, which based on business imperatives it faces in the future, it may or may not choose to fulfil.

UNDER THE INCOME TAX ACT 1961 ('THE IT ACT' OR "THE ACT" OR 'THE TAX LAWS')

1. Special tax benefits available to the Company

- There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders of the Company

- There are no special tax benefits available to the Shareholders of the Company.

However, following tax benefits are available to the Shareholders under the Income Tax Act, 1961 due to their specified status

2.1. Special tax benefits to Foreign Portfolio Investors ('FPIs')

- Section 2(14) of the Act provides that any security held by a FPI who has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a FPI would be treated in the nature of capital gains.

- Under section 115AD(1)(ii) of the Act, income by way of STCG arising to the FPI on transfer of shares shall be chargeable at a rate of 30% where such transactions are not subjected to STT and at the rate of 15% if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge, education cess and secondary and higher education cess.

- Under section 115AD(1)(iii) of the Act income by way of LTCG arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the Company will be taxable at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FPIs.

2.2. Special tax benefits to Non-Resident Indians

- As per section 115C(e) of the Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

- As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, LTCG on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess), without any indexation benefit.

- As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company, which were acquired, or purchased with or subscribed to in, convertible foreign exchange, will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then this exemption would be allowable on a proportionate basis. Further, if the specified asset or saving certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- As per section 115G of the Act, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- As per section 115H of the Act, where non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to investment income derived from the investment in equity shares of the Company as mentioned in section 115C(f)(i) of the Act for that year and subsequent assessment years until assets are converted into money.

- As per section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

2.3. Special tax benefits available to Mutual Funds

- As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder and such other Mutual Funds set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf will be exempt from income tax.

Notes:

• *The above Statement of Tax Benefits sets out the provisions of law presently in force in India, in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;*

• *The above Statement of Tax Benefits sets out only the special tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;*

• *The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law;*

• *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her/ its own tax consultant with respect to the specific tax implications arising out of their participation in the issue;*

• *In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile;*

• *The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders;*

• *The tax rates (including rates for tax deduction at source) mentioned in this Statement is applicable for AY 2018-19.*

• *Wealth Tax is abolished by Finance Act, 2015 with effect from April 1, 2015 and will accordingly not apply in relation to the assessment year 2016-17 and subsequent assessment years*

SECTION V: OUR MANAGEMENT

Our Articles of Association provide that our Board shall consist of minimum three Directors, and not more than 15 Directors unless the shareholders of our Company pass a special resolution approving the appointment of more than 15 directors. As of the date of this Letter of Offer, our Company has nine Directors, of which one Director is an Executive Director, four Directors are Independent Directors, including two women Directors. Four Directors are Non Executive Directors.

Our Board

The following table sets forth details of our Board as of the date of this Letter of Offer:

Name, designation, address, occupation, term and DIN	Age (in years)	Other Directorships
Name: Nikhil Sinha **Designation**: Non Executive Chairman **Address**: 4719, Cat Mountain Drive, Austin, Texas, United States of America 78 731 **Occupation**: Service **Term**: Liable to retire by rotation. **DIN**: 01174807	57	1. Digilife Distribution and Marketing Services Limited; 2. HCL Learning Limited; and 3. Coursera India Private Limited
Name: Premkumar Seshadri **Designation**: Executive Vice Chairman and Managing Director **Address**: Padmalaya, 18 Krishna Street, Nungambakkam, Chennai, Tamil Nadu 600 034 **Occupation**: Service **Term**: Period of 3 years from January 1, 2015 to December 31, 2017 as Managing Director **DIN**: 03114983	58	1. HCL Talentcare Private Limited; 2. HCL Infotech Limited; 3. HCL Services Limited; and 4. HCL Learning Limited.
Name: V N Koura **Designation**: Non Executive Director **Address**: 7, Navjiwan Vihar, New Delhi 110 017 **Occupation**: Advocate **Term**: Liable to retire by rotation. **DIN**: 00010210	77	1. C&S Electric Limited; and 2. IW Holding Private Limited.
Name: Dilip Kumar Srivastava	57	1. Digilife Distribution and Marketing Services Limited;

Name, designation, address, occupation, term and DIN	Age (in years)	Other Directorships
Designation: Non Executive Director **Address**: 241, Deerwood Chase, Nirvana Country, South City 2, Gurgaon, Haryana 122 001 **Occupation**: Service **Term**: Liable to retire by rotation. **DIN**: 06847137		2. HCL Talentcare Private Limited; 3. HCL Infotech Limited; 4. HCL Services Limited; and 5. HCL Learning Limited.
Name: Pawan Kumar Danwar **Designation**: Non Executive Director **Address**: A-17, Dhruva Appartments, Plot 43, Sector 13, Rohini, Delhi, India 110 085 **Occupation**: Service **Term**: Liable to retire by rotation. **DIN**: 06847503	51	1. Digilife Distribution and Marketing Services Limited; 2. HCL Services Limited; and 3. HCL Healthcare Private Limited. 4. Shiv Nadar AIC Research Foundation
Name: Ritu Arora **Designation**: Independent Director **Address**: House No 272, Tatvam Villa, Sohna Road Sector 48, Gurgaon, Haryana 122 001 **Occupation**: Service **Term**: For a period of 5 years, from April 6, 2015 to April 5, 2020 **DIN**: 07019164	44	Allianz Investment Management Singapore Pte Ltd
Name: Sangeeta Talwar **Designation**: Independent Director **Address**: S - 373, Greater Kailash, Part 2, Kalkaji, New Delhi, Delhi 110 048 **Occupation**: Service **Term**: For a period of 5 years, up to March 31, 2019 **DIN**: 00062478	61	1. Sembcorp Green Infra Limited; 2. Glaxosmithkline Consumer Healthcare Limited; 3. Mahindra First Choice Wheels Limited; and 4. Manipal Global Education Services Private Limited.
Name: Dhirendra Singh **Designation**: Independent Director	72	1. JM Financial Products Limited; 2. Digilife Distribution and Marketing Services Limited; 3. HCL Infotech Limited;

Name, designation, address, occupation, term and DIN	Age (in years)	Other Directorships
Address: 102, Earth Court-2, J.P. Greens, Greater Noida, Uttar Pradesh 201 310 **Occupation**: Service **Term**: For a period of 5 years, up to March 31, 2019 **DIN**: 00852815		4. HCL Services Limited; 5. HCL Learning Limited; and 6. ASP Transport Private Limited.
Name: Kaushik Dutta **Designation**: Independent Director **Address**: 843 A, Block Lavy Pinto, Asiad Village, Delhi 110 049 **Occupation**: Researcher and Consultant **Term**: For a period of 5 years, up to March 31, 2019 **DIN**: 03328890	55	1. HCL Services Limited; 2. Thought Arbitrage Research Institute; 3. NDTV Networks Limited; 4. Lifestyle & Media Holdings Limited; 5. Centennial Development Advisory Services India Private Limited; 6. Zomato Media Private Limited; 7. Digilife Distribution and Marketing Services Limited; 8. NDTV Labs Limited; 9. NDTV Convergence Limited; 10. NSL Renewable Power Private Limited; 11. Applect Learning Systems Private Limited; 12. Newgen Software Technologies Limited; and 13. New Delhi Television Limited.

Brief Profile of our Directors

Nikhil Sinha, aged 57 years, is the Non Executive Chairman of our Company. He was appointed as a Director of our Company on July 29, 2009. He holds a bachelors' degree in arts with honours from University of Delhi and a masters' degree in arts, with a focus on communications and a doctorate in philosophy from the University of Pennsylvania. Previously, he has been the president and chief executive officer of iDLX Technology Partners, executive vice president of eFunds Corporation and venture partner, Adams Capital Management. He was previously the vice chancellor of the Shiv Nadar University, senior strategic advisor to the Shiv Nadar Foundation and the senior advisor to HCL Corporation Limited. He is currently the chief business officer and senior advisor to the chief executive officer of Coursera India Private Limited.

Premkumar Seshadri, aged 58 years, is the Executive Vice-Chairman and Managing Director of our Company. He has been associated with the HCL group for many years in various capacities. He was appointed as a Director of our Company in the year March 21, 2014, and was appointed as our Executive Vice-Chairman and Managing Director on January 1, 2015. He holds a bachelors' degree and masters' degree in arts from the Madras University. Previously, he has been the senior corporate officer and president of HCL Technologies Limited. He is currently a charter member of The Indus Entrepreneurs, Chennai, a member of The Chennai Angels and a member of the corporate advisory board of edX Incorporated. He also serves as chairman of the CII National Committee on IT & ITeS of the Confederation of Indian Industry**.**

V.N. Koura, aged 77 years, is a Non Executive Director of our Company. He was appointed as a Director of our Company on January 24, 2006. He is a barrister from Lincoln's Inn, London. He has over 50 years' experience as a litigation and arbitration practitioner and has advised several companies in India on legal issues.

Dilip Kumar Srivastava, aged 57 years, is a Non Executive Director of our Company. He was appointed as a Director of our Company on March 21, 2014. He holds a masters' degree in social work from the University of Delhi. He has over 36 years of experience in human resources, and has been associated with our Company for 12 years. He has previously served as the vice president, corporate of human resources at HCL Technologies Limited. He is currently the President of human resources of HCL Corporation.

Pawan Kumar Danwar, aged 51 is a Non Executive Director of our Company. He was appointed as a Director of our Company on March 21, 2014. He is a member of the Institute of Chartered Accountants of India and the

Institute of Company Secretaries of India. He has been associated with the HCL group for 21 years, and has served in various operational and strategic finance profiles within the HCL group. He is currently the executive vice president and the chief finance officer of HCL Corporation Limited, and the honorary chief financial officer of the Shiv Nadar Foundation.

Ritu Arora, aged 44 years, is an Independent Director of our Company. She was appointed as Director of our Company in April 6, 2015. She holds a post-graduate diploma in management from the SP Jain Institute of Management and Research and a bachelors' degree with honours in commerce from Osmania University, where she was awarded a gold medal for being the first amongst successful lady candidates, and is a graduate of the Institute of Cost and Works Accountants. She was also awarded the post graduate programme in executive coaching from the Coaching Foundation of India. She has over twenty years' experience in the fast moving consumer goods, banking and financial services industries. She is currently a director and the chief investment officer, Asia at Allianz Investment Management Singapore Pte Ltd. In the past, she was the chief investment officer and head, procurements at Canara HSBC Oriental Bank of Commerce Life Insurance Co Ltd, a non-executive director of Canara Bank Securities Limited and the Head, Investment and Treasury at PNB MetLife India Insurance Company Limited. She was honoured as one of the 'Leading Women in Finance' at the Women in Leadership Forum India in the year 2010, was awarded the 'Women Leader of Choice Award' by the Forum for Women in Leadership in the year 2013 and was awarded 'Women Leadership Achievement Award' by the World Women Leadership Congress & Awards-India in the year 2016.

Sangeeta Talwar, aged 61 years, is an Independent Director of our Company. She was appointed as an Independent Director of our Company on February 11, 2014. She holds a masters' degree in business administration from the Indian Institute of Management Kolkata, and a bachelors' degree in arts with economics honours from Lady Shri Ram College, Delhi. She has over 30 years' experience in managerial positions in various companies in a variety of industries. She has previously been the executive vice president at Nestle India Limited, chief executive officer and managing director for Mattel India Limited, executive director at Tata Tea Limited and managing director of NDDB Dairy Services. She has been recognised as one of '30 Most Powerful Women in Indian Business' by business today for the years 2007, 2009 and 2010 and as a 'Woman in the Corporate World' by India Today in the year 2010. She has also been awarded the 'Woman Achiever in Corporate Excellence' by the Federation of Indian Chambers of Commerce and Industry Ladies Organisation in the year 2008 and the 'Women Super Achievers Award for Outstanding Contribution to Social Marketing' by the World Women Leadership Congress. She is currently an independent director on the boards of various entities, and is on the board of governors of IIM Calcutta.

Dhirendra Singh, aged 72 years, is an Independent Director of our Company. He was appointed as an Independent Director of our Company on January 31, 2012. He holds a masters' degree in political science from the University of Allahabad. He joined the Indian Administrative Service in 1968 and has held various positions in the Government of Karnataka and the Government of India. In the Government of Karnataka, he has served as the Deputy Commissioner of the Hassan district, held positions in the Planning and Finance departments and has served as the Secretary to the departments of Agriculture and Rural Development. Further, he has served as the chairman and managing director on the boards of Mysore Electrical Industries Limited and Vikrant Tyres Limited, which were both Government of Karnataka undertakings. In the Government of India, he has held positions in the ministries of Education, Defence, External Affairs, Finance and Home Affairs, and the Cabinet Secretariat. In the years 2004 – 2005, he has been the Union Home Secretary. He superannuated from government service in 2005 and is now a retired government officer.

Kaushik Dutta, aged 55 years, is an Independent Director of our Company. He was appointed as an Independent Director of our Company on February 11, 2014. He is a fellow member of the Institute of Chartered Accountants of India and holds a bachelors' degree in commerce from St Xavier's College of Calcutta University. He was previously a partner in the global capital markets practice of PricewaterhouseCoopers International, a member of the India leadership team of PwC, and has been a partner at Lovelock & Lewes and Price Waterhouse. He has been retained as an expert on corporate governance with the Indian Institute of Corporate Affairs of the Ministry of Corporate Affairs and as an expert consultant with the Serious Fraud Investigation Office of the Ministry of Corporate Affairs. He is currently a founder-director at the Thought Arbitrage Research Institute, a policy research think tank.

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange in India.

Further, none of our Directors are associated with the securities market, in any manner and there is or has been no action taken by SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

Relationship between the Directors

None of our Directors are related to each other.

Arrangement or understanding with major shareholders, customers, suppliers or others

As of the date of the Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which we have appointed any of our Directors or members of senior management, except as disclosed below:

1. Mr. Premkumar Seshadri derives his remuneration from HCL Corporation Private Limited, our Corporate Promoter, and does not receive any remuneration from our Company.

2. Mr. Pawan Kumar Danwar serves as the chief financial officer of HCL Corporation Private Limited, our Corporate Promoter.

3. Mr. Dilip Kumar Srivastava is the president, human resources of HCL Corporation Private Limited, our Corporate Promoter.

Details of service contracts entered with Directors

There are no service contracts entered between our Company and our Directors which provide for benefits upon termination of employment.

SECTION VI: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Members of HCL Infosystems Limited

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

1. We have audited the accompanying consolidated Ind AS financial statements of HCL Infosystems Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") (refer Note 2.6 (v) to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS

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financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated loss (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

8. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs. Nil and net assets of Rs. (0.03) crores as at March 31, 2017, total revenue of Rs. Nil, net loss of Rs. (0.01) crores and net cash flows amounting to Rs. (0.01) crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

9. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs. 1.99 crores and net assets of Rs. 1.82 crores as at March 31, 2017, total revenue of Rs. Nil, net loss of Rs. (1.56) crores and net cash flows amounting to Rs. 1.75 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

   Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

Price Waterhouse Chartered Accountants FRN 301112E Gurugram

10. The comparative financial information of the Group for the nine months period ended March 31, 2016 and the transition date opening balance sheet as at July 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the nine months period ended March 31, 2016 and year ended June 30, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 25, 2016 and August 20, 2015 respectively. The adjustments to the financial statements for the nine months ended March 31, 2016 for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us, on which we have expressed an unmodified opinion vide our report dated January 31, 2017. The adjustments to the financial statements as at July 1, 2015 for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

11. As required by Section143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiaries included in the Group including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries included in the Group including relevant records relating to the preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company, the reports of the statutory auditors of its subsidiary companies and unaudited financial information of the subsidiary company furnished to us by the management, none of the directors of the Group companies, is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

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

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Chartered Accountants
FRN 301112E
Gurugram

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group– Refer Note 26 and 37 to the consolidated Ind AS financial statements.

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts as at March 31, 2017– Refer Note 26 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group. The Group did not have any long-term derivative contracts as at March 31, 2017.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies during the year ended March 31, 2017.

iv. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Holding Company, and its subsidiary companies and as produced to us by the Management – Refer Note 56.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

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

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

1. In conjunction with our audit of the consolidated Ind AS financial statements of HCL Infosystems Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of HCL Infosystems Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Price Waterhouse Chartered Accountants FRN 301112E Gurugram

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the statutory auditors' of the subsidiary company referred to in the Other Matters paragraph below, in terms of their reports, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, which are incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Price Waterhouse Chartered Accountants FRN 301112E Gurugram

Annexure A to Independent Auditors' Report

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

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, is based on the corresponding report of the auditors of the subsidiary company. Our opinion is not qualified in respect of this matter.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

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

HCL Infosystems Limited
Consolidated Balance Sheet as at March 31, 2017

	Notes		As at 31.03.2017 ₹/Crores		As at 31.03.2016 ₹/Crores		As at 01.07.2015 ₹/Crores
I. ASSETS							
(1) Non-current assets							
Property, Plant and Equipment	3(a)	115.70		131.06		135.80	
Capital work-in-progress	3(d)	1.42		2.01		0.84	
Goodwill	3(b)	504.24		567.71		635.27	
Other Intangible assets	3(c)	18.38		28.72		39.47	
Intangible assets under development	3(e)	3.15		2.16		-	
Other Financial assets	5	41.39		92.61		158.38	
Advance Income Tax Asset (net)	6	160.54		111.84		63.57	
Deferred tax assets (net)	7, 45	165.43		109.64		101.80	
Other non-current assets	8	133.62	1,143.87	130.23	1,175.98	51.42	1,186.55
(2) Current assets							
Inventories	9	141.31		214.20		254.74	
Financial Assets							
(i) Investments	4	120.87		50.16		235.66	
(ii) Trade receivables	10	1,292.73		1,550.42		1,754.71	
(iii) Cash and cash equivalents	11	138.09		198.91		124.17	
(iv) Bank balances other than (iii) above	12	55.33		19.22		10.02	
(v) Loans	13	0.60		1.20		0.25	
(vi) Other Financial assets	14	187.56		265.30		290.08	
Other Current Assets	15	103.67	2,040.16	91.01	2,390.42	148.05	2,817.68
Total Assets			3,184.03		3,566.40		4,004.23
II. EQUITY AND LIABILITIES							
(1) Equity							
Equity attributable to the owners of HCL Infosystems Limited							
Equity Share capital	16 (a)	44.58		44.58		44.58	
Other Equity	16 (b)	504.84	549.42	759.35	803.93	968.59	1,013.17
Non Controlling Interests			(0.00)		(0.00)		(0.00)
(2) Liabilities							
Non-current liabilities							
Financial Liabilities							
(i) Borrowings	17	413.16		528.22		233.67	
(ii) Trade Payables	18	-		-		0.60	
(iii) Other financial liabilities	19	-		14.45		13.42	
Provisions	20	18.71		19.83		14.47	
Deferred tax liabilities (Net)	45	0.35		0.73		0.93	
Other non-current liabilities	21	0.69	432.91	2.56	565.79	6.08	269.17
Current liabilities							
Financial Liabilities							
(i) Borrowings	22	576.84		453.63		643.88	
(ii) Trade payables	23	723.22		800.31		969.70	
(iii) Other financial liabilities	24	426.63		358.62		435.34	
Other current liabilities	25	344.75		455.58		534.94	
Provisions	26	125.66		127.54		135.06	
Current Tax Liabilities (Net)	27	4.60	2,201.70	1.00	2,196.68	2.97	2,721.89
Total Equity and Liabilities			3,184.03		3,566.40		4,004.23

Significant Accounting Policies 1,2

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

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

AVIJIT MUKERJI
Partner
Membership Number - 056155

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

KAUSHIK DUTTA
Director
DIN - 03328890

S G MURALI
Group Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Place : Noida
Dated : May 30, 2017

HCL Infosystems Limited
Consolidated Statement of Profit and Loss for the year ended March 31, 2017

	Notes		Year Ended 31.03.2017 ₹/Crores		Nine months ended 31.03.2016 ₹/Crores
Income :					
Revenue From Operations	28		3,737.53		3,656.23
Other Income	29		145.68		136.15
Total Income			3,883.21		3,792.38
Expenses :					
Cost of materials consumed			0.79		0.08
Purchases of Stock-in-Trade			2,507.24		2,606.36
Changes in inventories of finished goods and Stock-in -Trade	30		57.13		41.13
Other direct expense	31		468.28		403.44
Employee benefits expense	32		541.35		458.26
Finance costs	33		190.29		125.69
Depreciation and amortization expense	3(a), (c)		39.19		31.98
Other expenses	34		310.61		277.30
Total expenses			4,114.88		3,944.24
Profit/(loss) before exceptional items and tax			(231.67)		(151.86)
Exceptional Items	35		(61.00)		(67.22)
Profit/(loss) before tax			(292.67)		(219.08)
Income Tax expense:					
(1) Current tax	45	11.31		8.89	
(2) Deferred tax	45	(56.31)	(45.00)	(13.67)	(4.78)
(Loss) for the year/ period			(247.67)		(214.30)
Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss					
- Gain/(loss) on remeasurement of defined benefit plan	48	0.91		0.11	
- Income tax relating to above item		(0.14)	0.77	(0.03)	0.08
B (i) Items that will be reclassified to profit or loss					
- Exchange differences on translation of foreign operation			(7.61)		4.94
Other comprehensive income for the year, net of tax			(6.84)		5.02
Total Comprehensive Income for the Year / period			(254.51)		(209.28)
Profit is attributable to:					
- Shareholders of HCL Infosystems Limited			(247.67)		(214.30)
- Non-controlling interests			(0.00)		(0.00)
Other comprehensive income is attributable to:					
- Shareholders of HCL Infosystems Limited			(6.84)		5.02
- Non-controlling interests			-		-
Total comprehensive income is attributable to:					
- Shareholders of HCL Infosystems Limited			(254.51)		(209.28)
- Non-controlling interests			(0.00)		(0.00)
Loss per equity share	47				
(1) Basic			(11.11)		(9.61)
(2) Diluted			(11.11)		(9.61)
Significant Accounting Policies	1,2				

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

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

AVIJIT MUKERJI
Partner
Membership Number - 056155

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

KAUSHIK DUTTA
Director
DIN - 03328890

S G MURALI
Group Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Place : Noida
Dated : May 30, 2017

HCL Infosystems Limited
Consolidated Cash Flow Statement for the year ended March 31, 2017

			Year ended 31.03.2017 ₹/Crores		Nine months ended 31.03.2016 ₹/Crores
1. Cash Flow from Operating Activities:					
Loss before tax			(292.67)		(219.08)
Adjustments for:					
Depreciation and Amortisation Expense		39.19		31.98	
Finance Cost		190.29		125.69	
Interest Income		(122.04)		(110.39)	
Dividend Income		(4.82)		(5.68)	
Net Profit on Sale of Property, Plant & Equipment		(0.29)		(0.08)	
Property, Plant & Equipment Written-Off		1.23		1.15	
Profit on Disposal of Unquoted (Others) Current Investments		(2.57)		(3.80)	
Provision for Doubtful Debts		22.94		35.33	
Provision for Doubtful Loans and Advances and Other Current Assets		4.25		1.00	
Provisions/Liabilities no longer required Written Back		(0.69)		(9.88)	
Gain on Sale of Joint Venture		(0.45)		-	
Impairment of Goodwill		61.00	188.04	70.00	135.32
Operating Profit before changes in operating assets and liabilities			(104.63)		(83.76)
Changes in Operating assets and liabilities:					
- Decrease in Trade Receivables		227.14		173.88	
- (Increase)/Decrease in Non Current Assets		(62.12)		(133.15)	
- (Increase)/Decrease in Current Assets		20.90		74.15	
- Decrease in Inventories		72.89		40.54	
- Increase/(Decrease) in Non Current Liabilities		(17.44)		2.27	
- (Decrease) in Current Liabilities		(164.98)	76.39	(257.24)	(99.55)
Cash used in operations			(28.24)		(183.31)
- Taxes (Paid)/Received (Net of Tax Deducted at Source)			(1.71)		(2.97)
Net cash used in operating activities	(A)		(29.95)		(186.28)
2. Cash flow from Investing Activities:					
Payment for Property, Plant and Equipment (including Intangible Assets)		(13.55)		(29.99)	
Proceeds from Sale of Property, Plant and Equipment		1.55		8.18	
Proceeds from Sale of Current Investments		492.54		358.67	
Lease Rental Recoverable		94.48		74.66	
Purchase of Current Investments		(560.68)		(169.37)	
Investments in Bank Deposits (with original maturity of more than three months)		(36.19)		(8.95)	
Movement in Margin Money Account		(0.51)		(0.63)	
Movement in Balances with Banks on Dividend Account		0.53		0.38	
Dividend Received on Current Investments		4.82		5.68	
Interest Received		122.04	105.03	110.39	349.02
Net cash inflow from investing activities	(B)		105.03		349.02
3. Cash Flow from Financing Activities:					
Securities Premium Received		-		0.04	-
Proceeds from loans and borrowings		2,748.75		2,205.59	
Repayment of loans and borrowings		(2,692.67)		(2,173.34)	
Interest Paid		(191.45)		(119.95)	
Dividend Paid/Amount Transferred to Investor Education & Protection Fund		(0.53)	(135.90)	(0.34)	(88.00)
Net cash outflow flow financing activities	(C)		(135.90)		(88.00)
Net Increase/(Decrease) in Cash and Cash Equivalents	(A+B+C)		(60.82)		74.74
Opening Balance of Cash and Cash Equivalents			198.91		124.17
Closing Balance of Cash and Cash Equivalents			138.09		198.91
Cash and cash equivalents comprise of					
Cash, Cheques and Drafts (on hand)			7.57		7.63
Balances with Banks on Current Accounts			82.11		172.83
Balances with Banks on Deposits Accounts			48.41		18.45

Notes:
1 Figures in brackets indicate cash outflow.

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABIJIT MUKERJI
Partner
Membership Number - 056155

Place : Noida
Dated : May 30, 2017

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

KAUSHIK DUTTA
Director
DIN - 03328890

S G MURALI
Group Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

HCL Infosystems Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2017

a. Equity Share Capital

(₹/Crores)

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

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

b. Other Equity

(₹/Crores)

Particulars	Attributable to Shareholders of HCL Infosystems Limited						Non Controlling interests	Total
	Reserves and Surplus				Other reserves			
	Securities Premium Reserve	General Reserve	Capital Reserve	Retained Earnings	Exchange differences on translating the financial statements of a foreign operation	Total Equity		
As at 1 July, 2015 (Refer Note 38)	720.12	215.76	0.04	18.90	13.77	968.59	(0.00)	968.59
Total (Loss) for the period	-	-	-	(214.30)	-	(214.30)	(0.00)	(214.30)
Other Comprehensive Income for the period	-	-	-	0.08	4.94	5.02		5.02
Securities Premium on issue of Shares	0.04	-	-	-	-	0.04		0.04
As at 31 March, 2016	720.16	215.76	0.04	(195.32)	18.71	759.35	(0.00)	759.35
As at 1 April, 2016	720.16	215.76	0.04	(195.32)	18.71	759.35	(0.00)	759.35
Total (Loss) for the year	-	-	-	(247.67)	-	(247.67)	(0.00)	(247.67)
Other Comprehensive Income for the year	-	-	-	0.77	(7.61)	(6.84)	-	(6.84)
As at 31 March, 2017	720.16	215.76	0.04	(442.22)	11.10	504.84	(0.00)	504.84

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI
Partner
Membership Number - 056155

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

KAUSHIK DUTTA
Director
DIN - 03328890

S G MURALI
Group Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Place : Noida
Dated : May 30, 2017

Notes to Financial Statements

1. Corporate information

These Consolidated Financial Statements comprise Financial Statements of HCL Infosystems Limited (the "Company"), its subsidiaries and a joint venture (Refer accounting policy 2.6 (v)) (collectively, the "Group") for the year ended March 31, 2017. The Company is domiciled and incorporated in India and publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE') in India. The registered office of the Company is situated at 806, Siddharth, 96, Nehru Place, New Delhi - 110019.

The Group's business is primarily diversified into four segments viz. Distribution, Hardware Products and Solutions, Services and Learning, engaged into selling of computer hardware and mobile handsets to enterprise and consumers, system integration business, rendering wide portfolio of services including IT Infrastructure Services, Infrastructure Managed Services, Enterprise Application Services, Office Automation Services, Managed Print Services, Life Cycle Services and After-Sales Support Services and selling digitised educational content & learning solutions.

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

2. Significant accounting policies

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

2.1 Basis of preparation

(i) Compliance with Ind AS

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

The financial statements up to nine months period ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Group under Ind AS. Refer note 38 for an explanation of how the transition from Indian GAAP to Ind AS has affected the Group's financial position, its financial performance and its cash flows.

(ii) Historical cost convention

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

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

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2.2 Exemptions and exceptions availed

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

A. Ind AS optional exemptions

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

1. **Deemed cost for Property, Plant and Equipment (PPE)and Intangible Assets**– The Group has elected to carry items for all of its PPE and intangible assets at the date of transition to Ind AS at their previous GAAP carrying amount, which is considered as deemed cost on transition.

2. **Fair value of financial assets and liabilities:** The Group has financial receivables and payables that are non-derivative financial instruments. Under previous GAAP, these were carried at transactions cost less allowances for impairment, if any. Under Ind AS, these financial assets and liabilities are required to be initially recognised at fair value and subsequently measured at amortised cost, less allowance for impairment, if any. For transactions entered into on or after the date of transition to Ind AS, the requirement of initial recognition at fair value is applied prospectively.

3. **Employee Share Stock Option**: The Company has decided to not apply Ind AS 102, Share-based Payments to the employee share stock option that has vested before the date of transition.

B. Ind AS mandatory exceptions

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

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

2.3. Use of estimates

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

2.4. Critical accounting estimates, assumptions and judgements

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

(a) Property, plant and equipment

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

(b) Intangibles

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

(c) Income taxes

Management's judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews, at each balance sheet date, the carrying amount of deferred tax assets and amount of unrecognised deferred tax assets, in view of availability of future taxable income to realise such recognised and unrecognised assets. The Group has significant business losses which are available to be set-off against the future taxable income, at each reporting date, the management evaluates whether it is reasonably certain to recognise deferred tax assets on such business losses, considering the future outlook of business. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the consolidated financial statements.

(d) Contingencies

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

(e) Allowance for uncollected accounts receivable and advances

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

(f) Liquidated damages

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

(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

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which such Intangibles or PPE are allocated, is less than the carrying value.
The recoverable amount of an CGU is the greater of its fair value less costs to sell and value in use. The calculation of value in use involves use of significant estimates and assumptions which includes turnover and gross profit, growth rates and EBIT margin to calculate projected future cash flows, discount rate and long term growth rate.

(h) Revenue recognition

The Group follows percentage-of-completion method in accounting for its fixed-price contracts to deliver System Integration business. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

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.

2.5. Current Versus non-current Classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities, except for System Integration business. The System Integration business which comprises of long-term contracts and have an operating cycle exceeding one year. For classification of current assets and liabilities related to System Integration business (forming part of Hardware Products and Solutions), the Company elected to use the duration of the individual contracts as its operating cycle.

2.6. Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised

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Gurgaon

losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, if any, in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(iii) Joint arrangements

Under Ind AS in Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group had joint venture, which has been disposed-off during the year.

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

(iv) Equity method

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

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

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

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

(v) Changes in ownership interests

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

Price Waterhouse
FRN 301112E
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Notes to Financial Statements

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

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

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

Name of the Subsidiary/ JV	Country of Incorporation	Extent of Holding (%)		
		31-Mar-17	31-Mar-16	1-Jul-15
Subsidiary				
Digilife Distribution and Marketing Services Limited	India	100	100	100
Pimpri Chinchwad eServices Limited	India	85	85	85
HCL Computing and Products Limited	India	100	100	100
HCL Infotech Limited	India	100	100	100
HCL Learning Limited	India	100	100	100
HCL Services Limited	India	100	100	100
Step-down Subsidiary of HCL Services Limited				
HCL InsysPte. Limited.	Singapore	100	100	100
HCL Touch Inc.	USA	100	100	100
Step-down Subsidiary of HCL Infotech Limited				
HCL Investment Pte. Limited.	Singapore	100	100	100

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Name of the Subsidiary/ JV	Country of Incorporation	Extent of Holding (%)		
		31-Mar-17	31-Mar-16	1-Jul-15
Step-down Subsidiary of HCL Investment Pte. Limited				
HCL Infosystems South Africa Pty. Limited*	South Africa	-	100	100
Step-down Subsidiary of HCL Insys Pte. Limited				
HCL Infosystems MEA FZE	Dubai	100	100	100
Step-down Subsidiary of HCL Infosystems MEA FZCO				
-				
HCL Infosystems LLC, Dubai#	Dubai	49	49	49
HCL Infosystems MEA LLC, Abu Dhabi #	Abu Dhabi	49	49	49
HCL Infosystems Qatar, WLL #	Qatar	49	49	49
Joint Venture				
Nokia HCL Mobile Internet Services Limited **	India	-	49	49

Due to control over composition of the Board of Directors.

* With effect from August 10, 2016 HCL Infosystems South Africa Pty. Limited has been wind down
** With effect from June 02, 2016 the Company have sold its investment in the joint venture.

2.7. Property, Plant and equipment

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

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

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

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

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

Assets residual values, depreciation method and useful lives are reviewed at each financial year end considering the physical condition of the assets or whenever there are indicators for review and adjusted residual life prospectively. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Leasehold land is amortised over a period of lease. Leasehold improvements are amortised on straight line basis over the period of three years or lease period whichever is lower.

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

2.8. Intangible assets

On transition to Ind AS, the Group has opted the option given under Ind AS 101 to measure all the items of Intangible Assets at their carrying value under previous GAAP (refer Note 2.2). Consequently the carrying value under IGAAP has been assumed to be deemed cost of Intangible Assets on the date of transition to Ind AS.

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

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

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

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between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Goodwill

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

Softwares

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

Digitised educational content (Intellectual Property Rights)

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has ability and intention to complete the asset and use or sell it and cost can be measured reliably. The costs incurred, during the development stage but before completion, are deferred and classified as Intangible assets under development. Upon completion, such costs are transferred to Intangible assets and amortised over the estimated useful life of such asset.

Estimated useful life of other acquired intangibles is as follows:

Intangible Assets (other than Goodwill) are amortised at straight line basis as follows:

Intellectual Property Rights	7 years
Software	1-5 years

2.9. Leases

As a Lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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As a Lessor

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

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

Sale and Leaseback

Profit on sale and leaseback transactions is recognised over the period of the lease.

In sale and leaseback transactions and further sub-lease resulting in finance leases, the deemed sale is recognised at fair value at an amount equal to the net investment in the lease where substantially all risks and rewards of ownership have been transferred to the sub-lessee. A liability is created at the inception of the lease at the lower of fair value or the present value of minimum lease payments for sale and leaseback transaction. Each lease rental payable/receivable is allocated between the liability/receivable and the interest cost/income, so as to obtain a constant periodic rate of interest on outstanding liability/receivable for each period.

2.10. Financial Instruments

A. Financial Instruments – Initial Recognition and Measurement

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

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

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

b. Financial assets measured at amortised cost

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

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

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

Equity instruments

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

2. Derecognition

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

C. Financial Liabilities

1. Subsequent measurement

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

Financial liabilities measured at amortised cost

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

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statement.

2. Derecognition

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

D. Offsetting Financial Instruments

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

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

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

F. Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

G. Fair Value Measurement

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

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

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.11. Income tax

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

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

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

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

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

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

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

2.12. Inventories

Raw materials, stock-in-trade and finished goods are stated at the lower of cost and net realisable value. Stores and Spares are valued at lower of cost and net realisable value/future economic benefit expected to arise when consumed during rendering of services.

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

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inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost is determined on the basis of weighted average. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

2.13. Trade receivables

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

2.14. Cash and cash equivalents

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

2.15. Impairment of assets

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

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

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

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

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

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

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

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

2.17. Trade and other payables

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

2.18. Borrowings

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

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the

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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.

2.19. Provisions, contingent liabilities and contingent assets

a) Provisions

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

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

b) Contingencies

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

2.20. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors of the Company has authorised its Executive Vice Chairman &Managing Director to assess the financial performance and position of the Group, and makes decisions in normal course of business operations. For key strategic decisions, the Board of Directors take decisions after evaluating the possible options and recommendations given by the management. The Board of Directors, together with Executive Vice Chairman &Managing Director has been identified as being the chief operating decision maker. Refer note 44for segment information presented.

2.21. Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.22. Revenue recognition

The Group derives revenues primarily from sale of products and services and long term composite contracts, requiring sale and integration of IT products. Revenue is measured at the fair value of the consideration received or receivable.

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

Sale of Products

Timing of recognition

The Group is engaged into the business of –

- Purchase/ sale and distribution of IT products, including computer hardware and mobile handsets.
- Developing the digitised educational content and selling such 'content licenses' to digi schools

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

Revenue from long term composite contracts

The Group enters into long term fixed price composite contracts with its customers, which requires design and integration of IT hardware and software to build an integrated solution. The contract involves seamless sale of products and services, with objective to build a solution which meets specifications mentioned in the contract. The execution of these contracts require long period of time, usually more than 12 months.

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Timing of recognition

The accounting for these composite contracts, outcome of which can be reliably estimated, where no significant uncertainty exists regarding realisation of the consideration, the revenue is recognised in accordance with the percentage completion method, under which revenue is recognised on the basis of cost incurred as a proportion of total cost expected to be incurred. The costs incurred is considered as reasonable source to measure progress towards completion as there is direct relationship between the input and productivity. Provision for foreseeable losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenues, while billings in excess of costs and earnings are classified as deferred revenues.

Measurement of Revenue

The revenues are measured based on overall price for the solution as mentioned in the contract, applying percentage of completion method. For delivery of integrated solution is identified as separate component from multiple element arrangement, the revenues are measured based on fair value allocated to the solution/ deliverable within the overall arrangement. Such allocated fair value is recognised as revenues using percentage of completion method over the period of contract.

Revenue from Multiple-element arrangement

Timing of Revenue Recognition

The Company enters into contracts consisting of any combination of supply of IT solutions &hardware and Installation and other services. Within these multiple element arrangements, separate components are identified and accounted for based on the nature of those components, considering the economic substance of the entire arrangement. The revenue allocated to each component is recognized when the revenue recognition criteria for that component have been met.

Measurement of Revenue

Revenue is allocated to each separately identifiable component based on the fair value of each component. Where the relative fair value of all the components are not separately identifiable, fair value of one component is determined by taking into consideration factors such as the price of the component when sold separately and the component cost plus a reasonable margin. Fair values of the remaining components are determined based on the residual approach.

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

Interest income

Interest income from loans and receivables (debt instruments) is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar

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options) but does not consider the expected credit losses.

2.23. Employee benefits

Defined benefit plans

Gratuity

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

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

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

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

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

Provident Fund

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

Defined contribution plans

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

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

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

Other Benefits

Compensated Absences

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

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

Long Term Employee Benefits

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

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.

2.24. Borrowing costs

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

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

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

2.25. Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

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(ii) Diluted earnings per share

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

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

2.26. Exceptional Items

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

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

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

Amendments to Ind AS 102, Share-based Payment

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

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

Amendments to Ind AS 7, Statement of Cash Flows

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

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

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3(a) Property, Plant & Equipment

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 01.04.2016	Additions /Adjustment	Disposal /Adjustment	As at 31.03.2017	As at 01.04.2016	Additions /Adjustment	Disposal/ Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Leasehold Land	12.30	-	-	12.30	0.12	0.16	-	0.28	12.02	12.18
Leasehold improvements	5.76	4.98	-	10.74	1.14	2.81	-	3.95	6.79	4.62
Freehold Land	7.64	-	-	7.64	-	-	-	-	7.64	7.64
Buildings	53.67	-	0.73	52.94	1.29	1.71	0.02	2.98	49.96	52.38
Plant and Machinery	22.39	0.89	0.03	23.25	5.81	6.45	0.01	12.25	11.00	16.58
Furniture and Fixtures	10.45	1.06	0.32	11.19	1.43	1.27	0.16	2.54	8.65	9.02
Office Equipments	6.57	0.85	0.32	7.10	1.68	1.63	0.15	3.16	3.94	4.89
Vehicles	5.19	0.30	1.14	4.35	0.51	1.24	0.36	1.39	2.96	4.68
Computers	26.14	6.59	2.66	30.07	7.07	12.27	2.01	17.33	12.74	19.07
Total	150.11	14.67	5.20	159.58	19.05	27.54	2.71	43.88	115.70	131.06

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

Property, Plant & Equipment

₹/Crores

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	Deemed Cost As at 01.07.2015	Additions /adjustment	Disposal /Adjustment	As at 31.03.2016	As at 01.07.2015	Additions /Adjustment	Disposal/ Adjustment	As at 31.03.2016	As at 31.03.2016
Leasehold Land	17.25	-	4.95	12.30	-	0.14	0.02	0.12	12.18
Leasehold improvements	3.95	1.81	-	5.76	-	1.14	-	1.14	4.62
Freehold Land	7.64	-	-	7.64	-	-	-	-	7.64
Buildings	52.22	3.99	2.54	53.67	-	1.30	0.01	1.29	52.38
Plant and Machinery	19.53	3.02	0.16	22.39	-	5.84	0.03	5.81	16.58
Furniture and Fixtures	5.52	5.35	0.42	10.45	-	1.44	0.01	1.43	9.02
Office Equipments	5.61	1.09	0.13	6.57	-	1.71	0.03	1.68	4.89
Vehicles	3.97	1.22	-	5.19	-	0.88	0.37	0.51	4.68
Computers	20.11	7.78	1.75	26.14	-	7.30	0.23	7.07	19.07
Total	135.80	24.26	9.95	150.11	-	19.75	0.70	19.05	131.06

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

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Intangible Assets

3(b) Goodwill

Particulars	Gross Carrying Amount				Accumulated Impairment				Net Carrying Amount	
	As at 01.04.2016	Additions/ Adjustment	Disposal	As at 31.03.2017	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Goodwill	56.89	-	-	56.89	-	-	-	-	56.89	56.89
Goodwill on Consolidation	580.82	(2.47)	-	578.35	70.00	61.00	-	131.00	447.35	510.82
Total	637.71	2.47	-	635.24	70.00	61.00	-	131.00	504.24	567.71

Notes:
1. Addition in Amortisation and Impairment during the year includes impairment of Goodwill in respect of Learning Business₹ 11 Crores and in respect of services business ₹ 50 Crores (Refer Note-55)

Goodwill

Particulars	Gross Carrying Amount				Accumulated Impairment				Net Carrying Amount
	Deemed Cost As at 01.07.2015	Additions/ Adjustment	Disposal	As at 31.03.2016	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2016	As at 31.03.2016
Goodwill	56.89	-	-	56.89	-	-	-	-	56.89
Goodwill on Consolidation	578.38	2.44	-	580.82	-	70.00	-	70.00	510.82
Total	635.27	2.44	-	637.71	-	70.00	-	70.00	567.71

Notes:
1. Addition in Amortisation and Impairment during the year includes₹ 70 Crores Impairment loss on Goodwill related to Learning Segment (Refer Note-55)

3(c) Other Intangible Assets

Particulars	Gross Carrying Amount				Accumulated Amortisation/Impairment				Net Carrying Amount	
	As at 01.04.2016	Additions /Adjustment	Disposal	As at 31.03.2017	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Intangible Assets:										
Software	7.28	1.31	-	8.59	3.58	2.25	-	5.83	2.76	3.58
Intellectual Property Rights	28.97	-	-	28.97	5.97	7.68	-	13.65	15.32	23.07
Technical Knowhow	4.70	-	-	4.70	2.68	1.72	-	4.40	0.30	2.07
Total	40.95	1.31	-	42.26	12.23	11.65	-	23.88	18.38	28.72

Notes:
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.

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Other Intangible Assets

Particulars	Gross Carrying Amount				Accumulated Amortisation/Impairment				Net Carrying Amount
	Deemed Cost As at 01.07.2015	Additions/ Adjustment	Disposal	As at 31.03.2016	As at 01.04.2016	Additions	Disposal/ Adjustment	As at 31.03.2016	As at 31.03.2016
Intangible Assets:									
Software	5.80	1.48	-	7.28		3.58	-	3.58	3.70
Intellectual Property Rights	28.97	-	-	28.97		5.97	-	5.97	23.00
Technical Knowhow	4.70	-	-	4.70		2.68	-	2.68	2.02
Total	39.47	1.48	-	40.95	-	12.23	-	12.23	28.72

Notes:
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.

3(d) **Capital Work-In-Progress**

₹/Crores

Particulars	As at 01.07.2016	Addition	Capitalisation	As at 31.03.2017
Capital Work-In-Progress	2.01	2.01	2.60	1.42

Capital Work-In-Progress

₹/Crores

Particulars	Deemed Cost As at 01.07.2015	Addition	Capitalisation	As at 31.03.2016
Capital Work-In-Progress	0.84	1.55	0.38	2.01

3(e) **Intangible assets under development**

₹/Crores

Particulars	As at 01.07.2016	Addition	Capitalisation	As at 31.03.2017
Intangible assets under development	2.16	0.99		3.15

Intangible assets under development

₹/Crores

Particulars	Deemed Cost As at 01.07.2015	Addition	Capitalisation	As at 31.03.2016
Intangible assets under development	-	2.16	-	2.16

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Financial Assets

4 **Current investments**

	As at 31.03.2017		As at 31.03.2016		As at 30.06.2015	
	Units	Amount ₹/Crores	Units	Amount ₹/Crores	Units	Amount ₹/Crores
(i) Investment in Mutual Funds - Growth Options -Unquoted						
Birla Sunlife Savings Fund	-	-	-	-	549,224	15.10
HDFC Floating Rate Income Fund - STP-WP	-	-	-	-	6,171,009	15.10
Kotak Floater Long Term	-	-	-	-	2,213,065	5.03
ICICI Prudential Flexible Income Plan	-	-	-	-	749,081	20.13
Reliance Money Manager Fund	-	-	-	-	103,183	20.15
UTI Treasury Advantage Plan	-	-	-	-	25,954	5.04
SBI-SHF Ultra Short Term Fund	-	-	-	-	27,410	5.02
Sub - Total (a)		-		-		85.57
(ii) Investment in Mutual Funds- Dividend Options-Unquoted						
Birla Sunlife Savings Fund #	-	-	-	-	7,485,239	75.00
Axis Treasury Advantage Fund	601,311	60.56	-	-	-	-
Kotak Floater Long Term #	-	-	-	-	24,800,849	25.10
Reliance Money Manager Fund #	498,809	50.31	498,809	50.16	498,809	49.99
UTI Treasury Advantage Plan	99,438	10.00				
Sub - Total (b)		120.87		50.16		150.09
Total Current Investments (a) + (b)		120.87		50.16		235.66
# Under lien with bank						
Aggregate amount of unquoted investment		120.87		50.16		235.66

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		As at 31.03.2017 ₹ / Crore		As at 31.03.2016 ₹ / Crore		As at 01.07.2015 ₹ / Crore
5 Other Non-Current Financial Assets						
Bank Deposits with original maturity of more than twelve months		0.28		0.22		0.22
Lease Rental Recoverable	35.14		89.58		158.52	
Less: Allowance for Doubtful Lease Rental Recoverable	1.05	34.09	3.60	85.98	5.13	153.39
Security Deposits		7.02		6.41		4.77
TOTAL		41.39		92.61		158.38

		As at 31.03.2017 ₹ / Crore		As at 31.03.2016 ₹ / Crore		As at 01.07.2015 ₹ / Crore
6 Advance Income Tax Asset (Net)						
Advance Income Tax [Net of Provision for Income Tax of ₹ 52.70 Crores (2016- ₹ 544.58 Crores, 2015 - ₹ 6.62 Crores)]		160.54		111.84		63.57
TOTAL		160.54		111.84		63.57

		As at 31.03.2017 ₹ / Crore		As at 31.03.2016 ₹ / Crore		As at 01.07.2015 ₹ / Crore
7 Deferred Tax Asset (Net) (Refer Note 45)						
Deferred Tax Asset		165.43		109.64		101.80
		165.43		109.64		101.80

		As at 31.03.2017 ₹ / Crore		As at 31.03.2016 ₹ / Crore		As at 01.07.2015 ₹ / Crore
8 Other Non-Current Assets						
Unsecured, considered good						
Capital Advances		0.19		1.06		1.72
Others						
Balances with Government Authorities		119.97		101.63		44.71
Prepaid Expenses		12.89		26.93		4.41
Others		0.57		0.61		0.58
Considered Doubtful						
Capital Advances	0.50		0.50		0.50	
Less: Allowance for Doubtful Loans and Advances	(0.50)	-	(0.50)	-	(0.50)	-
TOTAL		133.62		130.23		51.42

		As at 31.03.2017 ₹ / Crore		As at 31.03.2016 ₹ / Crore		As at 01.07.2015 ₹ / Crore
9 Inventories						
Raw Materials and Components [Including In-Transit ₹ 0.06 Crores (2016 - ₹ 0.06 Crores, 2015- Nil)]		0.11		0.26		-
Finished Goods [Including In-Transit ₹ 0.12 Crores (2016 - ₹ 0.17 Crores, 2015- ₹ 0.18 Crores)]		0.11		0.56		1.91
Stock-In-Trade [Including In-Transit ₹20.88 Crores (2016- ₹ 36.70 Crores, 2015 - ₹ 16.40 Crores)]		80.77		137.45		177.23
Stores and Spares		60.32		75.93		75.60
TOTAL		141.31		214.20		254.74

Write-downs of inventories to net realisable value recognised as an expense during the year amounts to ₹ 16.38 Crores (2016- ₹ 5.38 Crores). These were included in changes in value of inventories of work-in-progress, stock in trade and finished goods in statement of profit or loss.

		As at 31.03.2017 ₹ / Crore		As at 31.03.2016 ₹ / Crore		As at 01.07.2015 ₹ / Crore
10 Trade receivables (Refer Note 39)						
Unsecured:						
Considered Good	1,292.73		1,550.42		1,754.71	
Considered Doubtful	205.85		227.36		211.21	
	1,498.58		1,777.78		1,965.92	
Less: Allowance for Doubtful Debts	205.85	1,292.73	227.36	1,550.42	211.21	1,754.71
TOTAL		1,292.73		1,550.42		1,754.71

		As at 31.03.2017 ₹ / Crore		As at 31.03.2016 ₹ / Crore		As at 01.07.2015 ₹ / Crore
11 Cash and Cash Equivalents (Refer Note 56)						
Balances with Banks						
- in Current Account	82.12		172.84		85.71	
Less: Money held in Trust	0.01	82.11	0.01	172.83	0.01	85.70
Cash on Hand		0.22		0.16		0.13
Cheques on Hand		7.35		7.47		7.46
Bank Deposits with original maturity of three months or less	48.72		18.77		31.20	
Less: Money held in Trust	0.31	48.41	0.32	18.45	0.32	30.88
TOTAL		138.09		198.91		124.17

		As at 31.03.2017 ₹ / Crore		As at 31.03.2016 ₹ / Crore		As at 01.07.2015 ₹ / Crore
12 Other Bank Balances						
Bank Deposits with original maturity of more than three months and upto twelve months		48.83		12.70		3.75
Balance with Banks						
-On Margin Account		5.22		4.71		4.08
-On Dividend Account		1.28		1.81		2.19
TOTAL		55.33		19.22		10.02

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			As at 31.03.2017 ₹ / Crore		As at 31.03.2016 ₹ / Crore		As at 01.07.2015 ₹ / Crore
13	**Loans**						
	Unsecured Considered Good						
	Loan to employees		0.60		1.20		0.25
	TOTAL		0.60		1.20		0.25
14	**Other Financial Assets**						
	Lease Rental Recoverable	60.81		100.85		106.57	
	Less: Allowance for Doubtful Lease Rental Recoverable	22.78	38.03	17.78	83.07	20.91	85.66
	Security Deposits		6.56		16.30		19.69
	Unbilled revenue		137.30		160.28		178.77
	Others (Includes Employee advances, Insurance claim recoverable)		5.67		5.65		5.96
	Considered Doubtful						
	Others (Includes Employee advances, Insurance claim recoverable)	4.83		1.01		-	
	Less: Allowance for Doubtful Loans and Advances	4.83	-	1.01	-	-	-
	TOTAL		187.56		265.30		290.08
15	**Other Current Assets**						
	Unsecured, Considered Good						
	Balances with Custom, Port Trust, Excise and Sales Tax		43.63		29.77		38.83
	Advances to Creditors		24.72		16.23		48.29
	Deposits with Tax Authorities		-		-		0.15
	Prepaid Expenses		33.30		40.75		56.45
	Others (Expenses recoverable)		2.02		4.26		4.33
	Considered Doubtful						
	Other Current Assets	9.80		16.82		8.55	
	Less: Allowance for Doubtful Other Current Assets	9.80	-	16.82	-	8.55	-
	TOTAL		103.67		91.01		148.05

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	As at 31.03.2017 ₹ / Crore	As at 31.03.2016 ₹ / Crore	As at 01.07.2015 ₹ / Crore
16 Equity Share capital and other equity			
(a) Authorised			
55,25,00,000 Equity Shares (2016 - 55,25,00,000, 2015 - 55,25,00,000) of ₹ 2/- each	110.50	110.50	110.50
5,00,000 Preference Shares (2016 - 5,00,000, 2015 - 5,00,000) of ₹ 100/- each	5.00	5.00	5.00
TOTAL	115.50	115.50	115.50
Equity Share capital Issued, Subscribed and Paid up			
22,29,19,629 Equity Shares (2016- 22,29,19,629, 2015 - 22,29,04,629) of ₹ 2/- each	44.58	44.58	44.58
(Fully Paid up) (Number of share issued: 2016- 15,000, 2015-25,000)		-	-
TOTAL	44.58	44.58	44.58

Notes:

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

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

(ii) Shareholders holding more than 5% of the aggregate shares in the Company	ıber of Shares	% of shares	Number of Shares	% of shares	Number of Shares	% of shares
(a) HCL Corporation Private Limited	111,382,239	49.97	111,382,239	49.97	111,382,239	49.97
(b) AKM Systems Private Limiited	11,997,007	5.38	11,997,007	5.38	11,997,007	5.38

(iii) Shares reserved for issue under options:
Information related to Employee Stock Option Plan, including details of options issued, exercised, expired and forfeited during the financial year and options outstanding at the end of the reporting period, is set out in Note 54

(b) Other Equity

Reserve and Surplus (Refer note 38)

	31.03.2017	31.03.2016
Securities premium reserve		
Opening balance #	720.16	720.12
Securities Premium on issue of Shares	-	0.04
Closing balance	720.16	720.16
General reserve		
Opening balance #	215.76	215.76
Appropriation during the year	-	-
Closing balance	215.76	215.76
Capital reserve		
Opening balance #	0.04	0.04
Appropriation during the year	-	-
Closing balance	0.04	0.04
Retained earning		
Opening balance #	(195.32)	18.90
Remeasurement of post-employment benefit obligation, net of tax	0.77	0.08
Net loss for the year	(247.67)	(214.30)
Closing balance	(442.22)	(195.32)
Foreign currency translation of foreign operations		
Opening balance #	18.71	13.77
Exchange difference on translation of foreign operations	(7.61)	4.94
Closing balance	11.10	18.71
Total Other Equity attributable to the shareholders of HCL Infosystems Limited	504.84	759.35

Total Equity attributable to the shareholders of HCL Infosystems limited is ₹ 968.59 Crores as at July 1, 2015. Refer Note 38 for reconciliation of balance reported under Indian GAAP with restricted balance under IND AS.

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	As at 31.03.2017 ₹ / Crore	As at 31.03.2016 ₹ / Crore	As at 01.07.2015 ₹ / Crore
Financial Liabilities			
17 Borrowings			
Secured:			
Term Loans			
- From Banks	247.15	377.30	79.15
- From Others	27.79	-	-
	274.94	377.30	79.15
Unsecured:			
Term Loans			
- From Others	136.02	144.82	144.73
Finance Lease Obligation (Refer Note 46)	2.20	6.10	9.79
	138.22	150.92	154.52
TOTAL	413.16	528.22	233.67

Notes:

(i) Secured Term Loan from Bank and Others amounting to ₹404.43 Crores (2016 - ₹ 481.80 Crores, 2015 - NIL), out of which ₹ 154.49 Crores (2016 - ₹ 104.50 Crores, 2015 - NIL) is shown under current maturity of long term debt, is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on Two Identified Properties (4) Exclusive charge on Debt Service Reserve Account created by way of lien on mutual funds of ₹ 70.56 Crores . The Hypothecation of the movable assets has been created on May 22,2017 and the mortgage of the immovable assets is under process. The loan is repayable in 13 quarterly installments starting from September 2016 and carries interest @ 11 % to 11.10% p.a.

(ii).Secured Term Loan from Bank amounting to ₹ 75.00 Crores (2016 - Nil,2015 - Nil), out of which ₹ 50.00 Crores (2016 - Nil, 2015 - Nil) is shown under current maturity of long term debt, is secured by way of exclusive charge on Lease Rent Receivables (LRR) of HCL Infotech Ltd and HCL Learning Ltd and against Support from HCL Corporation Pvt Limited. Security has been created on May 8,2017. The loan is repayable in 8 quarterly instalments from the date of the disbursement and carries interest @ 11 % p.a.

(iii). Secured Term Loan from Banks amounting to Nil (2016 - Nil, 2015 - ₹ 142.64 Crores), out of which Nil (2016 - Nil, 2015 - ₹ 142.64 Crores) is shown under current maturity of long term debt, was secured by way of subservient charge on current assets of HCL Infosystems Limited. It had a lien on Mutual Funds of ₹ 100.10 Crores . The loan was repayable in 23 monthly equal instalments starting from July 2014 and carries interest @ 11.25 % p.a.

(iv). Secured Long Term Loan of Nil (2016- Nil, 2015 - ₹ 26.28 Crores) out of which ` NIL (2016 - Nil, 2015 - ₹26.28 Crores) is shown under current maturity of debt, is secured by way of subservient charge on stock and receivables of HCL Infosystems Limited. It also carries a lien on Mutual Funds of Nil (2016 - Nil, 2015 - ₹ 49.99 Crores). The loan was repayable in 8 quarterly equal instalments and carries interest @ 11.50 % p.a.

(v). Secured Term Loan from Banks amounting to Nil (2016 - Nil, 2015 - ₹ 99.08 Crores), out of which Nil (2016 - Nil, 2015 - ₹ 19.93 Crores) is shown under current maturity of long term debt, was secured by way of Hypothecation over the receivable from a particular project. The loan was repayable in 15 quarterly equal instalments having a moratortium of 3 months and carries interest @ 11.25 % p.a.

(vi) Unsecured Term loans from Others amounting to ₹ 11.38 Crores (2016 - ₹ 17.14 Crores,2015 - ₹ 7.79 Crores) and ₹ 5.99 Crores (2016 - ₹ 32.94 Crores, 2015 - ₹ 29.26 Crores), out of which ₹ 10.36 Crores (2016 - ₹ 34.70 Crores, 2015 - ₹ 27.04 Crores) is shown under current maturity of long term debt, are repayable in 10 to 11 equal half yearly and 4 yearly (Interest Free) installments from the date of the loans and in 20 equal quarterly , 9 half yearly and 7 yearly installments (carries interest @ 2.97% to 10.20%) from the date of the loan disbursement.

(vii). Unsecured Loan under receivable buyout facility amounting to ₹ 13.40 Crores (2016 - ₹ 34.90 Crores, 2015 - ₹ 53.26 Croes), out of which ₹ 13.18 Crores (2016 - ₹ 20.55 Crores, 2015 - ₹ 21.96 Crores) is shown under current maturity of long term debt, are repayable in 20 equal quarterly instalments from the date of the disbursement which carries interest @ 12.80% p.a.

(viii). Unsecured Term loans from Others amounting to ₹ 240.45 Crores (2016 - ₹ 231.06 Crores, 2015 - ₹ 187.85 Crores), out of which ₹ 113.36 Crores (2016 - ₹ 119.69 Crores, 2015 - ₹ 100.06 Crores) is shown under current maturity of long term debt, is repayable in 12 to 20 equal quarterly instalments from the date of the disbursement which carries interest @ 11.25% to 12.50% p.a.

(ix). Unsecured Term loans from Others amounting to ₹ 3.72 Crores (2016 - ₹ 19.33 Crores, 2015 - ₹ 41 70 Crores), out of which ₹ 2.02 Crores (2016 - ₹ 15.61 Crores, 2015 - ₹ 26.07 Crores) is shown under current maturity of long term debt, is repayable in 1 quarterly, 1 half yearly and balance 16 quarterly instalments from the date of the disbursement which carries interest @ 13.04% p.a.

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		As at 31.03.2017 ₹ / Crore	As at 31.03.2016 ₹ / Crore	As at 01.07.2015 ₹ / Crore
18	**Non-current Trade Payables**			
	Trade Payable	-	-	0.60
	TOTAL	-	-	0.60
19	**Other Non-Current Financial Liabilities**			
	Deposits	-	14.45	13.42
	TOTAL	-	14.45	13.42
20	**Non-current Provisions (Refer Note 48)**			
	Provision for Gratuity and other Employee Benefits (includes ₹ 5.73 Crores (2016- ₹ 7.40 Crores, 2015 - ₹ Nil) Crores for Other Employee Benefits)	18.71	19.83	14.47
	TOTAL	18.71	19.83	14.47
21	**Other Non-Current Liabilities**			
	Deferred Revenue	0.69	2.56	6.08
	TOTAL	0.69	2.56	6.08
22	**Current borrowings**			
	Secured:			
	Loans from Banks			
	- Term Loans	223.92	224.90	281.90
	- Cash Credits	8.56	103.73	48.14
	- Buyers Credit	-	-	10.29
		232.48	328.63	340.33
	Unsecured:			
	Term Loan From Others	149.36	-	-
	Commercial Paper	195.00	125.00	300.00
	Term Loans from Banks	-	-	3.55
		344.36	125.00	303.55
	TOTAL	576.84	453.63	643.88

Note:

1. Secured Term Loan from Banks amounting to ₹ 124.78 Crores (2016 - ₹ 124.90 Crores, 2015 - ₹ 139.90 Crores) is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on Two Identified Properties, along with non-fund based facilities from Banks.The Hypothecation of the movable assets has been created on March 30,2017 and the mortgage of the immovable assets is under process. It carries interest @ 11.50 % p.a.

2.Short Term Loan of ₹ 99.14 Crores (2016 - ₹ 100.00 Crores,2015 - ₹ 75 Crores) is secured by way of subservient charge on stock and receivables of the Company and against Support from HCL Corporation Pvt Limited. It also carries a lien on Mutual Funds of ₹ 50.31 Crores (2016 - ₹ 50.16 Crores, 2015 - ₹ 49.99 Crores). Short Term Loan of ₹ 74.14 Crores is repayable in one year from the date of disbursement and carries interest @ 9.50 % p.a. and ₹ 25 Crs is repayable in three months from the date of disbursement and carries interest @ 11.50 % p.a.

3. Secured Loan (Cash Credit,WCDL and Buyer's Credit) from Banks amounting to Nil (2016 - ₹ 73.92 Crore, 2015 - ₹ 87.21 Crores) are secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on Two Identified Properties. The Hypothecation of the movable assets has been created on March 30,2017 and the mortgage of the immovable assets is under process.

4. Secured Loan from Banks amounting to ₹ 8.56 Crores (2016 - ₹ 29.81 Crores, 2015 - ₹ 38.22 Crores) are secured by way of general charge over the receivables of overseas subsidiaries (HCL Insys PTE Ltd and HCL Infosystems MEA FZE) and continuing Guarantee from HCL Infosystems Ltd.

5. Term Loan from Banks amounting to Nil Crores (2016 - Nil, 2015 - ₹ 3.55 Crores) are secured by way of general charge over the receivables of HCL Insys PTE Ltd and continuing Guarantee from HCL Infosystems Ltd.

6. Unsecured Term loans from Others amounting to ₹ 149.36 Crores (2016 - Nil, 2015 - Nil) and against Support from HCL Corporation Pvt Limited is repayable in 1 yearly instalments from the date of the disbursement which carries interest @ 9.50% p.a.

7. Unsecured commercial papers from Others amounting to ₹ 195.00 Crores (2016 - ₹ 125.00 Crores, 2015 - ₹ 300.00 Crores) is repayable in next 12 months from the date of availament of each tranche, which carries interest @ 10.50% to 11% p.a.

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Consolidated Notes to the Financial Statements

		As at 31.03.2017 ₹ / Crore	As at 31.03.2016 ₹ / Crore	As at 01.07.2015 ₹ / Crore
23	**Trade payables**			
	(a) Total outstanding dues of micro enterprises and small enterprises and	0.14	0.36	10.14
	(b) Total outstanding dues of other than micro enterprises and small enterprises [Including Acceptance ₹ 69.64 Crores (2016 - ₹ 166.12 Crores, 2015 - ₹ 153.57 Crores)	723.08	799.95	959.56
	TOTAL	723.22	800.31	969.70
24	**Other financial liabilities**			
	Current Maturities of Long-Term Debts (Refer Note 17)	343.41	295.05	363.98
	Current Maturities of Finance Lease Obligations (Refer Note 17)	3.90	4.33	7.45
	Interest Accrued but not due on Borrowings	8.95	10.11	4.37
	Unpaid Dividends*	1.28	1.81	2.16
	Employee Benefits Payable	52.19	43.44	54.06
	Capital Creditors	0.98	1.49	0.63
	Deposits	15.92	-	-
	Other Payable	-	2.39	2.69
	TOTAL	426.63	358.62	435.34

* There are no amount due and outstanding to be credited to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.These shall be credited and paid to the Fund as and when due.

		As at 31.03.2017 ₹ / Crore	As at 31.03.2016 ₹ / Crore	As at 01.07.2015 ₹ / Crore
25	**Other current liabilities**			
	Deferred Revenue	213.55	308.91	374.91
	Advances Received from Customers	104.47	116.35	94.47
	Statutory Dues Payable	26.73	30.32	65.56
	TOTAL	344.75	455.58	534.94
26	**Current provisions**			
	Provision for Gratuity and Other Employee Benefits # (Refer Note 48)	16.02	13.84	11.29
	Provision for Warranty (Refer Note 44)	-	-	2.12
	Provision for Contract losses	92.96	98.09	109.00
	Provision for Litigations (Refer Note 37 (b))	16.68	15.61	12.65
	TOTAL	125.66	127.54	135.06

includes ₹ 6.69 Crores (2016- ₹ 5.64 Crores 2015-₹ 5.66 Crores) for provision for leave encashment and ₹ 6.55 Crores (2016- ₹0.53 Crores, 2015- Nil Crores) for other employee benefits.

		As at 31.03.2017 ₹ / Crore	As at 31.03.2016 ₹ / Crore	As at 01.07.2015 ₹ / Crore
27	**Current tax liabilities (Net)**			
	Current income tax liabilities [Net of Advance Income Tax of Nil (2016- ₹ 3.16 Crores, 2015 - ₹ 537.09 Crores)]	4.60	1.00	2.97
	TOTAL	4.60	1.00	2.97

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		Year ended 31.03.2017 ₹/Crores	Nine months ended 31.03.2016 ₹/Crores
28	**Revenue from operations**		
	Sale of Products (including excise duty)	2,583.86	2,691.69
	Sale of Services	914.57	728.62
	Revenue from long term composite contracts	238.79	235.64
	Other Operating Revenue		
	- Scrap Sale	0.31	0.28
	TOTAL	3,737.53	3,656.23
29	**Other income**		
	Interest Income from financial asset at amortised cost		
	- On Lease Rental	13.46	19.07
	- On Fixed Deposits	5.02	1.90
	- On Others	1.29	1.31
	- On trade receivables	102.27	88.11
	-Dividend from Unquoted (Others) Current Investments	4.82	5.68
	Gain/Loss on sale of investment carried at Fair Value Through Profit or Loss	2.57	3.80
	Net Profit on Sale of Property, Plant & Equipment	0.29	0.08
	Gain/(Loss) on Foreign Exchange Fluctuation	2.93	(4.02)
	Provisions/Liabilities no longer required written back	0.69	9.88
	Miscellaneous Income	11.89	10.34
	Gain on Sale of Joint Venture (Refer Note 52)	0.45	-
	TOTAL	145.68	136.15
30	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Closing Balance		
	- Finished Goods (Including in Transit) [Including excise duty of Nil (2016- Nil, 2015 - Nil)]	0.11	0.56
	- Stock-In-Trade	80.77	137.45
		80.88	138.01
	Opening Balance		
	- Finished Goods (Including in Transit) [Including excise duty of Nil (2016- Nil, 2015 - ₹ 0.19 Crores)]	0.56	1.91
	- Stock-In-Trade	137.45	177.23
		138.01	179.14
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	57.13	41.13
31	**Other direct expenses**		
	Purchase of Services	259.79	228.85
	Spares and Stores Consumed	208.16	173.92
	Excise Duty	0.08	0.12
	Labour and Processing Charges	0.25	0.55
	TOTAL	468.28	403.44
32	**Employee benefits expense**		
	Salaries, Wages, Bonus and Gratuity	510.89	433.54
	Contribution to Provident and Other Funds (Refer Note 48)	23.91	19.19
	Staff Welfare Expenses	6.55	5.53
	TOTAL	541.35	458.26
33	**Finance costs**		
	Interest on Borrowings	181.37	111.57
	Other Borrowing Costs	8.92	14.12
	TOTAL	190.29	125.69

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		Year ended 31.03.2017 ₹/Crores	Nine months ended 31.03.2016 ₹/Crores
34	**Other expenses**		
	Rent (Refer Note 46)	**48.88**	33.23
	Rates and Taxes	**8.35**	6.20
	Printing and Stationery	**2.71**	2.16
	Communication	**15.35**	13.85
	Travelling and Conveyance	**31.90**	34.40
	Packing, Freight and Forwarding	**15.81**	15.76
	Legal, Professional and Consultancy Charges (Refer Note 57)	**38.66**	37.33
	Retainership Expenses	**40.84**	30.36
	Training and Conference	**1.79**	1.39
	Office Electricity and Water	**10.88**	7.76
	Insurance	**6.89**	7.21
	Advertisement, Publicity and Entertainment	**2.67**	3.07
	Hire Charges	**5.32**	4.73
	Commission on Sales	**4.66**	3.21
	Bank Charges	**11.64**	9.33
	Allowance for Doubtful Debts	**22.94**	35.33
	Allowance for Doubtful Loans and Advances and Other Current Assets	**4.25**	1.00
	Property, Plant & Equipment Written-Off	**1.23**	1.15
	Repairs		
	- Plant and Machinery	**1.20**	0.97
	- Buildings	**2.16**	1.35
	- Others	**9.73**	7.45
	Miscellaneous	**22.75**	20.06
	TOTAL	**310.61**	277.30

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35 **Exceptional items include :**

Particulars	2017 (₹/Crores)	2016 (₹/Crores)
a. Net Profit on Sale of Properties	-	2.78
b. Impairment of Goodwill (Refer Note 55 and 3 (b))	(61.00)	(70.00)
Total	**(61.00)**	(67.22)

36 Estimated value of contracts on capital account for Property, plant and equipment, excluding capital advances, remaining to be executed and not provided for amount to ₹ 0.23 Crores (2016- ₹ 4.12 Crores, 2015 - ₹ 6.97 Crores).

37 **Contingent Liabilities :**

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

	2017 (₹/Crores)	2016 (₹/Crores)	2015 (₹/Crores)
Sales Tax*	**269.70**	313.80	151.86
Excise*	**98.79**	96.68	96.72
Income Tax*	**6.21**	6.24	5.44
Industrial Disputes, Civil Suits and Consumer Disputes	**4.66**	95.07	86.38

* Includes sum of ₹ 108.50 crores (2016 - ₹ 89.58 Crores, 2015 - ₹ 24.53 Crores) deposited by the Group against the above.

The amounts shown above represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the out come of the different legal processes which have been initiated by the Group or the claimants as the case may be and therefore cannot be predicted accurately.It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(b) **Other Litigations :**

The Company has been named in a supplementary charge sheet filed with the Court with respect to a Contract awarded to HCL Infosystems Limited in 2009 by the UP state Government, amounting to ₹ 4.94 Crores, for the supply of computer hardware and related services under the National Rural Health Mission and therefore summons have been issued to the Company by the Court. The matter is currently pending for adjudication before the Special Court CBI . The management is of the view that the company has not been engaged in any wrong doing.

(ii) The Company has certain Sales tax and other litigation of ₹ 16.68 Crores (2016- ₹ 15.61 Crores, 2015 - ₹ 12.65 Crores), against which provisions have been made. Provision of ₹ 1.07 crore (2016- ₹ 3.03 Crores) has been made during the year and Nil (2016- ₹ 0.07 Crores) utilised during the year.

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38 First-time adoption of IND AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the nine month period ended March 31, 2016 and in the opening Ind AS balance sheet at July 1,2015 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

Reconciliation between Previous GAAP and IND AS

(i) Equity Reconciliation

(₹/Crores)

Particulars	As at 31 March, 2016	As at 1 July, 2015
As reported under Previous GAAP	1,008.04	1,257.50
Adjustments:		
Impact on account of measurement of revenue at fair value	(324.28)	(266.06)
Recognition of Expected Credit Loss	(45.77)	(47.56)
Recognition of deferred tax	73.59	67.51
Unwinding of discounted receivables	88.11	-
Others	4.24	1.78
Equity under IND AS	803.93	1,013.17

(ii) Total Comprehensive Income Reconciliation

₹ / Crores

Particulars	For nine months ending as on 31 March, 2016
Net Income under Previous GAAP	(254.44)
Adjustments:	
Impact on account of measurement of revenue at fair value	(58.22)
Recognition of Expected Credit Loss	1.80
Recognition of deferred tax	6.08
Unwinding of discounted receivables	88.11
Others	2.37
Profit for the period under IND AS	(214.30)
Other Comprehensive income	5.02
Total Comprehensive Income for the period under IND AS	(209.28)

(iii) Cash Flow Reconciliation

₹ / Crores

	As at 31 March, 2016		
	IGAAP	**IND AS Adjustment**	**IND AS**
Net cash flow from operating activities	(127.27)	(59.01)	(186.28)
Net cash flow from investing activities	262.66	86.36	349.02
Net cash flow from financing activities	-61.04	(26.96)	(88.00)
Net increase/(decrease) in cash and cash equivalents	**74.35**	**0.39**	**74.74**
Cash and cash equivalents as at 1 July 2015	126.36	(2.19)	124.17
Cash and cash equivalents as at 31 March 2016	200.71	(1.80)	198.91

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39 **Disclosure of related parties and related party transactions:**

a) **Company having substantial interest:**

HCL Corporation Private Limited

b) **Others (Enterprises over which, individual having indirect significant influence over the Group, has significant influence) and with whom transactions have taken place during the year and/or where balances exist:**

HCL Technologies Limited
HCL Comnet Limited
HCL Comnet Systems and Services Limited
HCL Avitas Private Limited
HCL Training & Staffing Services Private Limited
HCL Talent Care Private Limited
HCL IT City Lucknow Private Limited
SSN Trust
Shiv Nadar Foundation
Shiv Nadar University
Vama Sundari Investments (Pondi) Private Limited
Statestreet HCL Services India Limited
Naksha Enterprises Private Limited
Joint Venture:
Nokia HCL Mobile Internet Services Limited
(The Company has sold its investments in Nokia HCL Mobile Internet Services Limited during the current year)

c) **Key Management Personnel:**

Mr. Premkumar Sheshadri* (Executive Vice Chairman & Managing Director)
Mr. SG Murali (Group CFO with effect from April 1, 2015)
Mr. Sushil Jain (Company Secretary)

*Remuneration has been paid by HCL Corporation Private Limited

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

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d) Summary of Consolidated Related Party disclosures:
Note: All transactions with related parties have been entered into in the normal course of business.

(₹/Crores)

A. Transactions	Company having substantial interest			Others			Key Management Personnel			Total		
	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15
Sales and Related Income	0.02	-		20.21	8.48					20.23	8.48	
- HCL Technologies Limited				18.04	4.83							
- HCL Talent Care Private Limited					2.66							
- Shiv Nadar Foundation				1.03	0.95							
Services	0.01	0.01		10.24	10.86					10.25	10.87	
- HCL Technologies Limited				9.35	9.11							
- HCL Talent Care Private Limited				0.46	0.39							
- HCL Comnet Limited				0.16	0.24							
- HCL Training & Staffing Services Private Limited				0.17	1.11							
Purchase of Services				4.87	9.97					4.87	9.97	
- HCL Technologies Limited				4.87	9.97							
Purchase of Goods				0.34	-					0.34	-	
- HCL Technologies Limited - BPO Services				0.34								
Purchase of Fixed assets				0.30						0.30	-	
-Naksha Enterprises Pvt Ltd				0.30	-							
Rent Received				7.46	6.01					7.46	6.01	
- HCL Technologies Limited				1.79	1.63							
- HCL Talent Care Private Limited				5.67	4.38							
Remuneration							2.94	1.72		2.94	1.72	
- Mr. S.G. Murali							2.47	1.43				
- Mr.Sushil Jain							0.46	0.30				
Reimbursements towards expenditure Made *	0.68	-			-					0.68	-	
B. Amount due to/from related parties												
Trade Receivables	-	-	0.04	15.88	9.86	16.41				15.88	9.86	16.45
Other Recoverables	-	-	-	-	-	0.11				-	-	0.11
Trade Payables	-	-	0.05	2.54	51.55	152.53				2.54	51.55	152.58
Other Payables	-	-	-	4.81	4.81	4.81				4.81	4.81	4.81

* Related to Corporate Guarantee of ` 325 crores taken from HCL Corpration Private Limited.

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

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(₹/Crores)

e) Compensation of key management personnel of the Company *	31 March, 2017	31 March, 2016
Short-term employee benefits	**2.94**	1.72
Total compensation paid to key management personnel	**2.94**	1.72

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

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

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40 **Financial Instruments**

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

As at 31.03.2017 (₹/Crores)

Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Financial assets						
Non-current assets						
(i) Others Financial Assets	5	-	-	41.39	41.39	41.39
		-	-	**41.39**	**41.39**	**41.39**
Current assets						
(i) Investments	4	-	120.87	-	120.87	120.87
(ii) Trade receivables	10	-	-	1,292.73	1,292.73	1,292.73
(iii) Cash and cash equivalents	11	-	-	138.09	138.09	138.09
(iv) Bank balances other than (iii) above	12	-	-	55.33	55.33	55.33
(v) Loans	13	-	-	0.60	0.60	0.60
(vi) Others	14	-	-	187.56	187.56	187.56
		-	**120.87**	**1,674.31**	**1,795.18**	**1,795.18**
Financial Liabilities						
Non-current liabilities						
(i) Borrowings	17	-	-	413.16	413.16	413.16
		-	-	**413.16**	**413.16**	**413.16**
Current liabilities						
(i) Borrowings	22	-	-	576.84	576.84	576.84
(ii) Trade payables	23	-	-	723.22	723.22	723.22
(iii) Other financial liabilities	24	-	-	426.63	426.63	426.63
		-	-	**1,726.69**	**1,726.69**	**1,726.69**

As at 31.03.2016 (₹/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	-	-	92.61	92.61	92.61
		-	-	**92.61**	**92.61**	**92.61**
Current assets						
(i) Investments	4	-	50.16	-	50.16	50.16
(ii) Trade receivables	10	-	-	1,550.42	1,550.42	1,550.42
(iii) Cash and cash equivalents	11	-	-	198.91	198.91	198.91
(iv) Bank balances other than (iii) above	12	-	-	19.22	19.22	19.22
(v) Loans	13	-	-	1.20	1.20	1.20
(vi) Others	14	-	-	265.30	265.30	265.30
		-	**50.16**	**2,035.05**	**2,085.21**	**2,085.21**
Financial Liabilities						
Non-current liabilities						
(i) Borrowings	17	-	-	528.22	528.22	528.22
(ii) Other financial liabilities	19	-	-	14.45	14.45	14.45
		-	-	**542.67**	**542.67**	**542.67**
Current liabilities						
(i) Borrowings	22	-	-	453.63	453.63	453.63
(ii) Trade payables	23	-	-	800.31	800.31	800.31
(iii) Other financial liabilities	24	-	-	358.62	358.62	358.62
		-	-	**1,612.56**	**1,612.56**	**1,612.56**

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As at 01.07.2015 (₹/Crores)

Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Financial assets						
Non-current assets						
(i) Others Financial Assets	5	-	-	158.38	158.38	158.38
		-	-	**158.38**	**158.38**	**158.38**
Current assets						
(i) Investments	4	-	235.66	-	235.66	235.66
(ii) Trade receivables	10	-	-	1,754.71	1,754.71	1,754.71
(iii) Cash and cash equivalents	11	-	-	124.17	124.17	124.17
(iv) Bank balances other than (iii) above	12	-	-	10.02	10.02	10.02
(v) Loans	13	-	-	0.25	0.25	0.25
(vi) Others	14	-	-	290.08	290.08	290.08
		-	**235.66**	**2,179.23**	**2,414.89**	**2,414.89**
Financial Liabilities						
Non-current liabilities						
(i) Borrowings	17	-	-	233.67	233.67	233.67
(ii) Trade payables	18	-	-	0.60	0.60	0.60
(iii) Other financial liabilities	19	-	-	13.42	13.42	13.42
		-	-	**247.69**	**247.69**	**247.69**
Current liabilities						
(i) Borrowings	22	-	-	643.88	643.88	643.88
(ii) Trade payables	23	-	-	969.7	969.70	969.70
(iii) Other financial liabilities	24	-	-	435.34	435.34	435.34
		-	-	**2,048.92**	**2,048.92**	**2,048.92**

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Fair Value hierarchy

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

(i) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at March 31, 2017:

	Fair Value measurement using				
	Date of Valuation	**Quoted prices in active markets (Level 1)**	**Significant Observable inputs (Level 2)**	**Significant Unobservable inputs (Level 3)**	**Total**
Assets measured at FVTPL					
Investment in Mutual Funds	March 31, 2017	-	120.87	-	120.87

(ii) Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at March 31, 2016:

(₹/Crores)

	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**
Assets measured at FVTPL					
Investment in Mutual Funds	March 31, 2016	-	50.16	-	50.16

(iii) Quantitative disclosures of fair value measurement hierarchy for assets and liabilitiesas at July 1, 2015:

(₹/Crores)

	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**
Assets measured at FVTPL					
Investment in Mutual Funds	July 1, 2015	-	235.66	-	235.66

*There were no transfers between the Level 1, Level 2 and Level 3 during the year.
* There is no change in the valuation technique during the year.

Valuation techniques used to derive Level 2 fair values

a) Investment in mutual funds have been fair valued using published statement for Net asset value (NAV) by the Mutual fund agencies.

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41 Financial Risk Management

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

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

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure Arising from	Measurement	Management
Credit Risk	Investments Trade receivables Cash and cash equivalents Bank balances Loans Other financial assets	Aging Analysis and Credit appraisal	Diversification of bank deposits, investments, credit limits and letters of credit
Liquidity risk	Borrowings and Other Liabilities	Rolling cash flow forecasts	Availability of committed credit lines, borrowing facilities and liquid investments
Market risk - foreign exchange	Future commercial transactions Recognized financial assets not denominated in Functional currency	Position of net foreign exchange risk, based on relative assets and liabilities	Forward foreign exchange contracts
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Replacement of high cost debt with low cost debt

The Company's risk management is carried out by the Treasury and Credit Control department under policies approved by the Senior management and Board of directors.

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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 unblilled revenues.

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

Investment primarily includes investment in Mutual funds

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

The Group uses a provision matrix to compute the expected credit loss for trade receivable and lease rent recoverable, the provision matrix takes into consideration historical credit loss experience and other relevant available external and internal credit risk factors.

Following table agewise breakup of Receivables

₹ / Crore

	March 31, 2017	March 31, 2016	July 1, 2015
Debtors billed but not due	949.95	940.27	1,222.81
0-90 days past due	184.97	225.03	401.51
91-180 days past due	82.94	323.45	78.00
180-365 days past due	73.20	56.14	66.78
1-2 years past due	66.68	90.47	95.87
More than 2 years past due	140.84	142.42	100.95
	1,498.58	**1,777.78**	**1,965.92**

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

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

₹ / Crore

	March 31, 2017	March 31, 2016
Balance at the beginning	227.36	211.21
Provided during the year	22.94	35.33
Reversal during the year	(0.60)	(0.15)
Amounts written off	(43.85)	(19.03)
Balance at the end	**205.85**	227.36

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

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

(₹/Crores)

Year ended 31 March 2017	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivatives						
Borrowings						
-From Banks	669.19	-	417.84	167.94	83.41	-
-From Others	472.02	-	306.47	116.93	48.62	-
-Finance Lease Obligation	6.10		3.90	1.81	0.39	-
-Cash Credit	8.56	8.56				
-Commercial Paper	195.00		195.00			
Trade payables	723.22		723.22	-		-
Other financial liabilities						
-Deposits	15.92		15.92			-
-Interest accrued but not due	8.95		8.95			-
-Capital Creditors	0.98		0.98			-
-Employee Benefit Payable	52.19		52.19			-
-Unpaid dividends	1.28	1.28				-
Total non-derivative liabilities	**2,153.41**	**9.84**	**1,724.47**	**286.68**	**132.42**	**-**

(₹/Crores)

Year ended 31 March 2016	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivatives						
Borrowings						
-From Banks	724.90	-	337.40	150.00	237.50	-
-From Others	339.40	-	190.84	94.76	53.80	-
-Finance Lease Obligation	10.43		4.33	3.89	2.21	-
-Cash Credit	103.73	103.73				
-Commercial Paper	125.00		125.00			
Trade payables	800.31	-	800.31	-	-	-
Other financial liabilities						
-Deposits	-	-	-	-		-
-Interest accrued but not due	10.11	-	10.11	-	-	-
-Capital Creditors	1.49	-	1.49	-	-	-
-Employee Benefit Payable	43.44	-	43.44	-	-	-
-Unpaid dividends	1.81	1.81	-	-	-	-
-Other Payable	2.39		2.39			
Total non-derivative liabilities	**2,163.01**	**105.54**	**1,515.31**	**248.65**	**293.51**	**-**

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(₹/Crores)

Year ended 1 July 2015	Carrying Value	On demand	Less than 1 year	1 to 2 Years	2 to 5 Years	More than 5 Years
Non-derivatives						
Borrowings						
-From Banks	554.29	-	474.30	26.68	53.31	
-From Others	321.28	-	175.14	106.21	39.93	
-Finance Lease Obligation	17.24		7.45	4.44	5.35	
-Cash Credit	48.14	48.14				
-Buyers Credit	10.29		10.29			
-Commercial Paper	300.00		300.00			
Trade payables	970.30		969.70	0.60		
Other financial liabilities						
-Deposits	-		-	-		
-Interest accrued but not due	4.37		4.37			
-Capital Creditors	0.63		0.63			
-Employee Benefit Payable	54.06		54.06			
-Unpaid dividends	2.16	2.16				
-Other Payable	2.69		2.69			
Total non-derivative liabilities	**2,285.45**	**50.30**	**1,998.63**	**137.93**	**98.59**	**-**

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Market risk

(i) Interest rate risk
The Group's main interest rate risk primarily arises from borrowings with variable interest rates, which exposed the Group to Cash flow interest rate risk. As at March 31, 2017 the Group has ₹ 487.98 Crores (2016- ₹ 585.24 Crores, 2015- ₹ 300.98 Crores) of borrowings with variable interest rates. In order to optimize the Group's position with regards to interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing of fixed rate and floating rate financial instruments in its total portfolio.

(a) Interest rate risk exposure **(₹/Crores)**

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

	March 31, 2017	March 31, 2016	July 1, 2015
Variable rate borrowings	487.98	585.24	300.98
Fixed rate borrowings	849.33	695.99	948.00
Total borrowings	1,337.31	1,281.23	1,248.98

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

	March 31, 2017			March 31, 2016			July 1, 2015		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans, Cash credits	11.17%	487.98	36.49%	11.39%	585.24	45.68%	11.59%	300.98	24.10%
Net exposure to cash flow interest rate risk		487.98			585.24			300.98	

(b) Sensitivity **(₹/Crores)**

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

	Impact on loss after tax		Impact on other components of equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Interest rates-increase by 20 basis points (20 bps)	0.91	1.03	0.91	1.03
Interest rates-increase by 20 basis points (20 bps)	(0.91)	(1.03)	(0.91)	(1.03)

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(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)

	31-Mar-17								
	USD	EUR	GBP	JPY	SEK	AED	SGD	AUD	QAR
Financial Assets									
Trade receivables	54.11	-	-	-	-	1.27	0.11	-	
Derivative assets	-	-	-	-	-	-	-		
Net exposure to foreign currency risk (assets)	**54.11**	**-**	**-**	**-**	**-**	**1.27**	**0.11**	**-**	
Financial Liabilities									
Trade Payables	67.21	0.57	0.01	-	0.01	0.38	(0.03)	0.00	(0.79)
Derivative liabilities									
Foreign exchange forward contracts	(19.12)	-	-	-	-	-	-		
Net exposure to foreign currency risk (liabilities)	**48.09**	**0.57**	**0.01**	**-**	**0.01**	**0.38**	**(0.03)**	**0.00**	**(0.79)**

(₹/Crores)

	31-Mar-16								
	USD	EUR	GBP	JPY	SEK	AED	SGD		
Financial Assets									
Trade receivables	35.98	0.14	-	-	-	1.26	-		
Derivative assets	-	-	-	-	-	-	-		
Net exposure to foreign currency risk (assets)	**35.98**	**0.14**	**-**	**-**	**-**	**1.26**	**-**		
Financial Liabilities									
Trade Payables	80.57	0.26	0.06	0.03	(0.10)	-	(0.01)		
Derivative liabilities									
Foreign exchange forward contracts	(50.17)	-	-	-	-	-	-		
Net exposure to foreign currency risk (liabilities)	**30.40**	**0.26**	**0.06**	**0.03**	**(0.10)**	**-**	**(0.01)**		

(₹/Crores)

	1-Jul-15								
	USD	EUR	GBP	JPY	SEK	AED	SGD	ZAR	
Financial Assets									
Trade receivables	32.59	0.13	-	-	-	3.70	-	0.14	
Derivative assets	-	-	-	-	-	-	-		
Net exposure to foreign currency risk (assets)	**32.59**	**0.13**	**-**	**-**	**-**	**3.70**	**-**	**0.14**	
Financial Liabilities									
Trade Payables	55.81	0.07	0.01	0.15	0.02	-	(0.33)		
Derivative liabilities									
Foreign exchange forward contracts	(28.18)	-	-	-	-	-	-		
Net exposure to foreign currency risk (liabilities)	**27.63**	**0.07**	**0.01**	**0.15**	**0.02**	**-**	**(0.33)**		

(b) Sensitivity

The Group's foreign currency exposure as at the reporting date is insignificant, hence, any change in underlying rates of foreign currency are not expected to materially impact the financial statements.

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42 Capital Management

Risk management

The Group's objective when managing capital are to safeguard their ability to continue as going concern and to maintain an optimal capital structure to reduce the cost of capital.

The Capital structure as of March 31, 2017, March 31, 2016 and July 1, 2015 were as follows:

(₹/Crores)

	March 31, 2017	March 31, 2016	July 1, 2015
Total Debt	1,337.31	1,281.23	1,248.98
Equity	549.42	803.93	1,013.17
Capital and net debt	1,886.73	2,085.16	2,262.15
Gearing ratio	70.88%	61.45%	55.21%

The Group is not subject to any externally imposed capital requirements for the year ended March 31, 2017, March 31, 2016 and July 1, 2015.

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43 Segment Reporting

The Company's chief operating decision maker, considering the products' portfolio and geographies of operations, has identified following as primary business segments :

(i) Hardware Products & Solution business comprise of sale of IT products and solutions to enterprise and government customers.

(ii) The Services business provides IT infrastructure managed services, multi vendor technical support, break-fix services, cloud services, enterprise application services, software development & support services, office automation maintenance services, managed print services and telecom & consumer electronics support services.

(iii) Learning business includes rendering training services, sale of educational digital content and related Hardware offerings for private schools, colleges and other education institutes and vocational training.

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

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Consolidated Segment wise performance for the year ended March 31, 2017 (₹/Crores)

	Primary Segments	Hardware Products & Solutions	Services	Distribution	Learning	Inter-segment Elimination	Total
(b)							
(i)	**Revenue**						
	External Revenue	360.53	917.56	2446.21	13.23		3737.53
		(347.84)	(718.99)	(2572.92)	(16.48)		(3656.23)
	Inter-segment Revenue	1.08	28.27	23.83	0.06	-53.24	
		(9.46)	(22.36)	(36.20)	(0.03)	(-68.05)	
	Total Gross Revenue	361.61	945.83	2470.04	13.29	-53.24	3737.53
		(357.30)	(741.35)	(2609.12)	(16.51)	(-68.05)	(3656.23)
(ii)	**Results**	-5.69	-52.08	7.10	-7.85		(58.52)
		(2.63)	(-39.84)	(6.44)	(-9.07)		(-39.84)
	Exceptional Items		(50.00)		(11.00)		(61.00)
					(70.00)		(70.00)
	Results (after Exceptional Items)	-5.69	-102.08	7.10	-18.85		-119.52
		(2.63)	(-39.84)	(6.44)	(-79.07)		(-109.84)
	Less: Unallocable Expenditure						10.52
							(10.49)
	Operating Profit						-130.04
							(-120.33)
	Add: Other Income (Excluding Operational Income)						27.66
							(26.94)
	Less: Finance Charges						190.29
							(125.69)
	Profit/(Loss) before exceptional and extraordinary items and tax						-292.67
							(-219.08)
	Profit/(Loss) before tax						-292.67
							(-219.08)
	Less: Tax Expense						-45.00
							(-4.78)
	Profit After Tax						-247.67
							(-214.30)
(iii)	**Segment Assets as at**						
	-March 31, 2017	1238.50	740.53	442.04	74.35		2495.42
	-March 31, 2016	(1548.91)	(947.11)	(491.28)	(142.48)		(3129.78)
	-July 1, 2015	(1808.13)	(985.91)	(465.22)	(244.70)		(3503.96)
	Unallocated Corporate Assets						
	a) Liquid Assets as at						
	-March 31, 2017						120.87
	-March 31, 2016						(50.16)
	-July 1, 2015						(318.63)
	b) Others as at						
	-March 31, 2017						567.74
	-March 31, 2016						(386.46)
	-July 1, 2015						(205.44)
	Total Assets as at						
	-March 31, 2017						3184.03
	-March 31, 2016						3566.40
	-July 1, 2015						4028.03
(iv)	**Segment Liabilities as at**						
	-March 31, 2017	585.37	222.15	427.39	16.39		1251.30
	-March 31, 2016	(708.51)	(215.50)	(470.76)	(21.40)		(1416.17)
	-July 1, 2015	(909.81)	(255.62)	(425.79)	(23.01)		(1614.23)
	Unallocated Corporate Liabilities as at						
	-March 31, 2017						1383.31
	-March 31, 2016						(1346.30)
	-July 1, 2015						1,376.84
	Total Liabilities as at						
	-March 31, 2017						2634.61
	-March 31, 2016						(2762.47)
	-July 1, 2015						(2991.07)
(v)	**Capital Expenditure (allocable)**	2.02	9.22	0.19	0.03		11.46
		(3.37)	(6.50)	(0.93)	(0.23)		(11.03)
	Capital Expenditure (unallocable)						4.53
							(14.54)
(vi)	**Depreciation**	13.30	13.93	0.82	7.86		35.91
		(9.25)	(13.27)	(0.59)	(6.04)		(29.15)
	Depreciation (unallocable)						3.27
							(2.83)
(vii)	**Other Non Cash Expenses (allocable)**	18.95	61.00	0.86	8.73		89.54
		(16.25)	(9.97)	(5.04)	(76.97)		(108.23)
	Other Non Cash Expenses (unallocable)						-
							(1.02)

Note: Previous Period / year figures are given in brackets.

There are no transactions with a single external customer that amount to 10 percent or more of the group's revenue.

The Company is domiciled in India. The amounts of its revenue from external customers attributed the entity's country of domicile and to all foreign countries is shown in the table below:

(₹/Crores)

Revenue from external customers	For the Year ended March 31, 2017	For the Nine months Period ended March 31, 2016
India	3,291.15	3,372.98
Other countries	446.38	283.25
Total	3,737.53	3,656.23

The total of non-current assets other than financial instruments, investments accounted for using equity method and deferred tax assets, broken down by location of the assets, is shown below:

(₹/Crores)

	March 31, 2017	March 31, 2016	July 1, 2015
India	890.24	920.86	875.23
Other countries	46.81	52.87	51.14
Total non - current assets	937.05	973.73	926.37

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44 The Group has the following provision for warranty in the books of accounts:

	2017 (₹/Crores)	2016 (₹/Crores)	2015 (₹/Crores)
Opening Balance as on April 1/ July 1	-	2.12	4.54
Additions during the year	-	-	2.10
Utilised/Reversed during the year	-	2.12	4.52
Closing Balance as on March 31 / June 30	-	-	2.12

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

45 **Taxation:**

(a) Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Group conducts the business to the profit for the period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforeable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relates to the same taxable entity and the same taxation authority.

(b) Deferred Tax:
Major components of Deferred tax arising on account of timing difference along with their movement as at March 31, 2017 are as follows:

(₹/Crores)

	As at 01.07.15	Movement during the year	As at 31.03.16	Movement during the year	As at 31.03.17
Deferred Tax Assets					
Unrealised gain on Indexation of land	5.72	-	5.72	-	5.72
Provision for Doubtful Debts/Advances/Other Current Assets	25.51	(4.92)	20.59	1.50	22.09
Tax Losses	47.10	9.15	56.25	46.54	102.79
Impact of expenditure charged to statement of profit & loss but allowable for tax purpose in future years	8.28	1.14	9.42	2.72	12.14
Minimum Alternate Tax (MAT)	33.86	1.81	35.67	2.97	38.64
Total	**120.47**	**7.18**	**127.65**	**53.73**	**181.38**
Deferred Tax Liabilities					
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	13.89	(1.05)	12.84	1.44	14.28
Duties, Taxes & Cess allowed for tax purpose on payment basis.	4.95	-	4.95	(3.97)	0.98
Unrealised Gain on Fair valuation of Investment in Mutual Funds	0.25	(0.19)	0.06	0.09	0.15
Forward Contracts	0.25	0.17	0.42	-	0.42
Other timing differences	0.26	0.21	0.47	-	0.47
Total	**19.60**	**(0.86)**	**18.74**	**(2.44)**	**16.30**
Net Deferred Tax Assets (A)-(B)	**100.87**	**8.04**	**108.91**	**56.17**	**165.08**

Note: MAT credit movement for the financial year 2015-16 includes adjustment of Rs.5.66 Crores. There is no impact on Statement of Profit & Loss for this adjustment as this is a Balance Sheet movement.

(c) **Income tax expense**

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

(₹/Crores)

	For the year ending March 31, 2017	For the Period ending March 31, 2016
(i) Income tax expense		
Current tax on profits for the year	8.28	11.37
Adjustments for current tax of prior periods	3.03	(2.48)
Total current tax expense	**11.31**	8.89
Deferred tax		
Decrease/(increase) in deferred tax assets	(53.74)	(12.83)
(Decrease)/increase in deferred tax liabilities	(2.43)	(0.81)
Total deferred tax expense/(benefit)	(56.17)	(13.64)
Income tax expense	(44.86)	(4.75)

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

(₹/Crores)

	31 March, 2017	31 March, 2016
Profit before income tax expense after other comprehensive income	(291.76)	(218.97)
Tax at the Indian tax rate of 30.90% (2015-2016 – 30.90%)	**(90.15)**	(67.66)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill Impairment	18.83	22.38
Expenditure related to exempt income	0.30	1.04
Dividend Income	(1.49)	0.06
Other items	(0.72)	(0.76)
Tax rate difference	1.57	0.43
Adjustments for current tax of prior periods	0.27	12.81
Tax losses for which deferred tax assets was not recognised	26.53	26.95
Income tax expense	(44.86)	(4.75)

Unused tax losses for which no deferred tax assets has been recognised	673.32	465.22
Potential tax benefit @ 30.90%	208.05	143.75

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

31-Mar-18	1.51	3.12
31-Mar-19	9.81	9.81
31-Mar-20	0.00	0.00
31-Mar-21	5.94	5.94
31-Mar-22	119.07	119.07
31-Mar-23	126.38	126.38
31-Mar-24	129.47	129.47
31-Mar-25	195.61	0.00
No limit	85.53	71.43
Total	**673.32**	**465.22**

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46 **Leases:**

a) Finance Leases:

As Lessor:

(i) 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.

(ii) The gross investment in the assets given on finance leases as at March 31, 2017 and its present value as at that date are as follows:

	Total minimum lease receivable	Interest included in minimum lease receivable	Present value of minimum lease receivable
	(₹/Crores)	(₹/Crores)	(₹/Crores)
Not later than one year			
As at March 31, 2017	64.33	6.50	57.83
As at March 31, 2016	(112.86)	(14.78)	(98.08)
As at July 1, 2015	(125.20)	(23.55)	(101.65)
Later than one year and not later than five years			
As at March 31, 2017	35.64	1.01	34.63
As at March 31, 2016	(92.64)	(6.43)	(86.21)
As at July 1, 2015	(171.70)	(18.49)	(153.21)
Total			
As at March 31, 2017	99.97	7.51	92.46
As at March 31, 2016	(205.50)	(21.21)	(184.29)
As at July 1, 2015	(296.90)	(42.04)	(254.86)

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

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

(i) The Group has entered into transaction of sale and leaseback on finance lease basis and further sub-lease on finance lease basis for certain assets/inventories which comprise of computer systems and other related products. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in these lease agreements.

(ii) Details of minimum lease payments and mimimum sub-lease receivables as at March 31, 2017 and its present value as at that date are as follows:

	Payable on sale and leaseback			Receivable on sub-lease		
	Total minimum lease payable	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
	(₹/Crores)	(₹/Crores)	(₹/Crores)	(₹/Crores)	(₹/Crores)	(₹/Crores)
Not later than one year						
As at March 31, 2017	2.13	0.37	1.76	3.32	0.34	2.98
As at March 31, 2016	(4.02)	(0.68)	(3.34)	(3.43)	(0.66)	(2.77)
As at July 1, 2015	(5.35)	(1.17)	(4.18)	(5.74)	(0.82)	(4.92)
Later than one year and not later than five years						
As at March 31, 2017	2.02	0.17	1.85	0.53	0.02	0.51
As at March 31, 2016	(3.62)	(0.28)	(3.34)	(3.66)	(0.29)	(3.37)
As at July 1, 2015	(7.10)	(0.83)	(6.27)	(6.16)	(0.85)	(5.31)
Total						
As at March 31, 2017	4.15	0.54	3.61	3.85	0.36	3.49
As at March 31, 2016	(7.64)	(0.96)	(6.68)	(7.09)	(0.95)	(6.14)
As at July 1, 2015	(12.45)	(2.00)	(10.45)	(11.90)	(1.67)	(10.23)

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

c) Sale and Leaseback

As Lessee:

	Total minimum lease payable	Interest included in minimum lease payable	Present value of minimum lease payable
	(₹/Crores)	(₹/Crores)	(₹/Crores)
Not later than one year			
As at March 31, 2017	2.33	0.19	2.14
As at March 31, 2016	(1.41)	(0.42)	(0.99)
As at July 1, 2015	(3.87)	(0.60)	(3.27)
Later than one year and not later than five years			
As at March 31, 2017	0.36	0.01	0.35
As at March 31, 2016	(3.22)	(0.46)	(2.76)
As at July 1, 2015	(4.28)	(0.76)	(3.52)
Total			
As at March 31, 2017	2.69	0.20	2.49
As at March 31, 2016	(4.63)	(0.88)	(3.75)
As at July 1, 2015	(8.15)	(1.36)	(6.79)

d) Cancelable Operating Leases

As Lessee:

(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 ₹48.88 crores (2016 - ₹ 33.23 Crores) which is disclosed as Rent expense under 'Other expenses'.

As Lessor: (₹/Crores)

Particulars	AS At	Gross Block	Accumulated Depreciation	Net Block	Depreciation Expense
Freehold Land	March 31, 2017	1.87	-	1.87	-
	March 31, 2016	(1.87)	-	(1.87)	(-)
	July 1, 2015	(1.01)	(-)	(1.01)	
Building	March 31, 2017	16.98	3.93	13.05	0.26
	March 31, 2016	(16.98)	(3.68)	(13.30)	(0.19)
	July 1, 2015	(4.57)	(2.27)	(2.30)	
Plant and Machinery	March 31, 2017	20.39	12.75	7.64	3.21
	March 31, 2016	(36.06)	(21.41)	(14.65)	(5.16)
	July 1, 2015	(33.49)	(16.08)	(17.41)	
Furniture and Fixtures & Office Equipments	March 31, 2017	5.42	1.48	3.94	0.57
		(5.43)	(0.92)	(4.51)	(0.67)
	March 31, 2016				
	July 1, 2015	(-)	(-)	(-)	
Computers	March 31, 2017	0.23	0.15	0.08	0.06
	March 31, 2016	(0.27)	(0.13)	(0.14)	(0.04)
	July 1, 2015	(-)	(-)	(-)	
TOTAL	March 31, 2017	44.89	18.31	26.58	4.10
	March 31, 2016	(60.61)	(26.14)	(34.47)	(6.06)
	July 1, 2015	(39.07)	(18.35)	(20.72)	

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

d) Non-Cancelable Operating Leases

As Lessee:
The Group has taken Commercial Premises on non-cancelable operating leases the future minimum lease payments in respect of which are:

	March 31, 2017	March 31, 2016	July 1, 2015
	(₹/Crores)	**(₹/Crores)**	**(₹/Crores)**
Not later than one year	**0.93**	1.43	1.55
Later than one year and not later than five	**0.15**	1.10	2.18
Total	**1.08**	2.53	3.73

47 Earnings per share (EPS)

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

Calculation of EPS:

		(₹/Crores)
Particulars	**March 31, 2017**	March 31, 2016
(Loss) after tax (`/Crores)	**(247.67)**	(214.30)
Weighted average number of shares considered as outstanding in computation of Basic EPS	**222,919,629**	222,913,520
Weighted average number of shares outstanding in computation of Diluted EPS	**222,919,629**	222,913,520
Basic EPS (of ₹ 2/- each)	**(₹ 11.11)**	(₹ 9.61)
Diluted EPS (of ₹ 2/- each)	**(₹ 11.11)**	(₹ 9.61)

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

(a) **Defined Contribution**

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

	March 31, 2017 (₹/Crores)	March 31, 2016 (₹/Crores)
Employers Contribution to Superannuation Fund*	0.73	0.79
Employers Contribution to National Pension Scheme*	0.22	0.08
Employers contribution to Employee State Insurance*	2.93	2.52
Employers contribution to Employee's Pension Scheme 1995*	8.13	11.10

\#

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 32).

(b) **Defined Benefit**

(i) Gratuity

(ii) Provident Fund#

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

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

The Trust has been investing the Provident fund contributions of the employees of all the six companies in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the Ind AS-19, was carried out at composite level. As per actuarial certificate there is no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" is nil.

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

	Gratuity			Provident Fund		
	March 31, 2017	March 31, 2016	July 1,2015	March 31, 2017	March 31, 2016	July 1,2015
Discount rate (per annum)	6.57%	7.44%	8.00%	Not Applicable	Not Applicable	Not Applicable
Rate of increase in compensation levels	4.10%	6.00%	6.00%	Not Applicable	Not Applicable	Not Applicable
Rate of return on plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Expected statutory interest rate	Not Applicable	Not Applicable	Not Applicable	8.65%	8.80%	8.75%
Expected short fall in interest earnings	Not Applicable	Not Applicable	Not Applicable	0.05%	0.05%	0.05%
Expected average remaining working lives of employees (years)	17.94	19.20	19.74	17.94	19.20	19.74

As of March 31, 2017, every 0.5 percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately by₹ 0.22 Crores.

As of March 31, 2017, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect our gratuity benefit obligation by approximately₹ 0.22 Crores

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

Description of Risk Exposures:
Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B) Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

C) Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

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

(₹/Crores)

	2017		2016		2015	
	Gratuity	Provident Fund	Gratuity	Provident Fund	Gratuity	Provident Fund
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:						
Present value of obligation at the beginning of the year	20.10	182.22	20.10	167.44	22.07	169.36
Current service cost	2.00	6.28	2.75	6.80	0.91	7.11
Past service cost	-	-	-	-	-	-
Interest cost	1.24	14.58	1.04	13.40	1.32	13.55
Total amount recognised in profit or loss	3.24	20.86	3.79	20.20	2.23	20.66
Actuarial (gain)/loss from change in demographic assumptions	0.03		(0.01)		0.27	
Actuarial (gain)/loss from change in financial assumptions	(0.44)	0.01	-	-	0.28	-
Experience (Gain)/loss	(0.50)	(1.96)	(0.07)	(1.46)	3.22	(9.11)
Total amount recognised in other comprehensive income	(0.91)	(1.95)	(0.08)	(1.46)	3.77	(9.11)
Benefits (paid)	(6.67)	(32.32)	(3.71)	(31.78)	(7.97)	(36.07)
Settlements/transfer In	-	6.89	-	9.34	-	5.23
Contribution by plan participants	-	16.75	-	18.48	-	17.37
Present value of obligation at the end of the year	15.76	192.45	20.10	182.22	20.10	167.44

(₹/Crores)

	2017 Provident Fund	2016 Provident Fund	2015 Provident Fund
Reconciliation of opening and closing fair value of plan assets:			
Fair value of plan assets at the beginning of the year	195.62	177.69	169.62
Expected Return on Plan Assets	16.57	15.64	14.84
Employer Contribution	6.28	6.80	7.11
Settlements/Transfer In	6.89	9.34	5.23
Employee Contribution	16.75	18.48	17.37
Benefit Paid	(32.32)	(31.78)	(36.07)
Actuarial gain/(loss) on Plan Assets	0.00	(0.55)	(0.41)
Fair value of plan assets at the end of the year	209.79	195.62	177.69

(₹/Crores)

	2017		2016	
Cost recognised for the year:	Gratuity	Provident Fund	Gratuity	Provident Fund
Current service cost	2.00	-	2.75	-
Company contribution to Provident Fund	-	6.28	-	6.80
Past service cost	-	-	-	-
Interest cost	1.24	-	1.04	-
Actuarial (gain)/loss	(0.91)	-	(0.08)	-
Interest guarantee liability	-	-	-	-
Shortfall in fund	-	-	-	-
Net cost recognised for the year*	2.33	6.28	3.71	6.80 @

* Included in Salaries, Wages, Bonus and Gratuity for Gratuity and Contribution to Provident and Other Funds for Provident Fund under Employee benefits expense (Refer Note 32).

\# The Group contribution to the Provident Fund for the year is₹11.90 Crores and the remaining relates to other related companies as mentioned above

The major categories of plan assets are as follows:	As at 31.03.2017 Unquoted in %	As at 31.03.2016 Unquoted in %	As at 30.06.2015 Unquoted in %
Central Government Securities	35.44	37.35	38.31
State Government Securities	19.90	16.02	15.13
Public Sector Bonds	34.36	37.10	37.25
Special Deposit Scheme	7.73	8.31	9.18
Equity	1.69	0.79	0.00
Bank Balance	0.88	0.43	0.13
Total	100.00	100.00	100.00

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Reconciliation of the present value of the defined benefit (₹/Crores)

	Gratuity					
	2017	2016	2015	2014	2013	2012
Present value of the obligation as at the end of the year	**15.76**	20.10	20.10	19.84	22.07	22.81
Fair value of plan assets at the end of the year	-	-	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	**(15.76)**	(20.10)	(20.10)	(19.84)	(22.07)	(22.81)
Experience adjustment in plan liabilities	**(0.50)**	(0.07)	3.22	(0.84)	0.16	0.03
Experience adjustment in plan assets	-	-	-	-	-	-

	Provident fund					
	2017	2016	2015	2014	2013	2012
Present value of the obligation as at the end of the year	**(192.45)**	(182.22)	(167.44)	(169.36)	(152.84)	(140.49)
Fair value of plan assets at the end of the year	**209.79**	195.62	178.10	169.62	152.85	141.86
Assets/(Liabilities) recognised in the Balance Sheet	-**	-**	-**	-**	-**	-**
Expected Contribution to the Provident fund in the next year	**6.78**	7.34	7.82			

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

49 Subsequent to the balance sheet date, The Board of Directors of HCL Infosystems Limited in its Board Meeting held on 27th April, 2017 has approved the slump sale of an undertaking (Digischool Business undertakingconsisting of business of sale of software licenses to K-12 schools) of HCL Learning Limited, a wholly owned subsidiary,on a going concern basis to M/s. Everest Edusys and Solutions Private Limited. Subject to customary closing adjustments, the Sale consideration for the transaction is ₹ 20 Crores as a mix of Cash and 12% Secured Optionally Convertible Debentures and Issuance of 4,056,738 Equity Shares of Everest Edusys & Solutions Pvt. Ltd., to HCL Learning Limited on the Closing Date, having a face value of ₹ 10 (Rupees Ten Only), representing 33% of equity capital on a fully diluted basis. The closure of slump sale transaction is subject to certain conditions listed out in the Business Transfer Agreement.

Subsequent to the closure of the said acquisition, M/s. Everest Edusys and Solutions Private Limited would become an Associate Company of HCL Learning Limited.

50 The results of HCL Touch Inc. have been taken on the basis of unaudited financial statements for the year ended March 31, 2017. It is unlikely that the audited results would be materially different from the unaudited results.

51

	As at March 31, 2017 (₹/Crores)	As at March 31, 2016 (₹/Crores)	As at July 1, 2015 (₹/Crores)
Revenue from Long term Composite Contracts recognised for the period	**238.79**	235.63	
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	**4,853.65**	4,614.86	4,379.23
The amount of advances received	**30.20**	30.62	34.18
Gross amount due from customers for contracts-in-progress	**63.67**	73.03	54.59
Gross amount due to customers for contracts-in-progress	**188.35**	246.33	285.45

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52 The Group had an interest in the following jointly venture as at March 31, 2016, however the Group has sold its investments during the year ended March 31, 2017, which does not have any material impact on these financial statements :

Name of the Company	**Portion of Ownership**	**Incoporated in**	**Accounting Method**
Nokia HCL Mobile Internet Services Limited	**49%**	India	Equity Method

In the opinion of management, the aggregate amounts of assets, liabilities, income and expenditure, to the extent of Group's interest in the joint venture, is not material as at March 31, 2016 and July 1, 2016.

53 **Expenditure on Research and Development:**

		2017 (₹/Crores)	2016 **(₹/Crores)**	2015 **(₹/Crores)**
	Capital	-	-	0.52
Add:	Intangible assets under development	-	2.16	-
		-	2.16	0.52
	Revenue (Depreciation, Personnel, Travel and Other Administration expenses)	-	11.97	15.84
	Less: Transferred to Intangible assets under development	-	2.16	-
		-	9.81	15.84
	Total	-	11.97	16.36

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54 Employee Stock Option Plan (ESOP):

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

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

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

Details of Grants made under Employee Stock Option Scheme 2000 as on 31.03.2017								**(₹/Crores)**
Date of Grant	**Exercise price of the option for five equity shares of ` 2/- each**	**Options outstanding at the beginning of the year**	**Options granted during the year**	**Options forfeited during the year**	**Options exercised during the year**	**Options expired during the year**	**Options outstanding at the end of the year**	**Options exercisable at the end of the year**
15-Mar-07	648.75	-	-	-	-	-	-	-
		(49,200)	(-)	(-)	(-)	(49,200)	(-)	(-)
23-Jan-08	898.25	4,171	-	-	-	4,171	-	-
		(7,598)	(-)	(-)	(-)	(3,427)	(4,171)	(4,171)
30-Jan-12	233.25	-	-	-	-	-	-	-
		(6,000)	(-)	(-)	(-)	(6000)	(-)	(-)
9-Sep-13	132	4,000	-	4,000	-	-	-	-
		(7,000)	(-)	(-)	(3000)	(-)	(4,000)	(-)
18-Sep-14	380.00	-	-	-	-	-	-	-
		(15000)	(-)	(12000)	(-)	(3000)	(-)	(-)
21-Nov-14	363.75	10,000	-	7,000	-	3,000	-	-
		(10,000)	(-)	(-)	(-)	(-)	(10,000)	(3,000)
	Total	**18,171**	-	**11,000**	-	**7,171**	-	-
		(94798)	(-)	(12000)	(3000)	(61627)	(18171)	(7171)

Note: Previous period figures are given in brackets.

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(₹/Crores)

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

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

Note: Previous period figures are given in brackets.

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(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.

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HCL Infosystems Limited
Notes to the Financial Statements

55 Note on Goodwill Impairment

The Group has goodwill attributable to two CGUs/ Group of CGUs viz. Services and Learning segments in the consolidated financial statements.

The Group tests goodwill for impairment annually on March 31 and whenever there are indicators of impairment. Impairment testing is performed at the level of each CGU or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment.

The impairment assessment is based on value in use calculations except in case of Learning business, where fair value less cost to sell is used in view of the impending transaction of sale of Digischool business undertaking with Everest Edusys and Solutions Private Limited, as explained below. During the year, the testing resulted in impairment charge in the carrying amount of goodwill for both Services and Learning.

The carrying amount of goodwill (net of impairment) has been allocated to the following CGU/ Group of CGUs:

(₹/Crores)

	As at July 1, 2015	During the Year Ended March 31, 2016		As at March 31, 2016	During the Year Ended March 31, 2017		As at March 31, 2017
		Translation adjustment	Impairment		Translation adjustment	Impairment	
Services - India, Singapore and Middle East	522.85	2.44		525.29	(2.47)	(50.00)	472.82
Learning	112.42	-	(70.00)	42.42		(11.00)	31.42
Total	**635.27**	**2.44**	**(70.00)**	**567.71**	**(2.47)**	**(61.00)**	**504.24**

The movement in goodwill balance is given below:

(₹/Crores)

	Year ended		
	31-Mar-17	31-Mar-16	1-Jul-15
Balance at the beginning of the year	567.71	635.27	633.08
Translation adjustment	(2.47)	2.44	2.19
Impairment during the year	61.00	70.00	-
Balance at the end of the year	504.24	567.71	635.27

Subsequent to the year-end, the Board of Directors of HCL Learning Limited (the wholly owned subsidiary), in its meeting held on April 27, 2017, approved the slump sale of Digischool Business, comprising of sale of digitised educational content's licenses to digischools, on a going concern basis to M/s. Everest Edusys and Solutions Private Limited (the "Entity"). Pursuant to this, HCL Learning Limited has entered into a business transfer arrangement and shareholders' agreement with the entity and other shareholders of the entity, for sale of Digischool business, for a specified consideration, comprising of cash, secured optionally convertible debentures and specified stake in the entity (i.e. the combined entity, after transfer of Digischool business undertaking). The closure of slump sale transaction is subject to certain conditions listed out in the Business Transfer Agreement. Subsequent to the closure of the said acquisition, M/s. Everest Edusys and Solutions Private Limited would become an Associate Company of HCL Learning Limited.

The measurement of fair value less cost to sell in case of Learning has been determined based on aggregate of sale consideration (including fair value of specified stake to be received by the Group in the entity) of Digischool business undertaking, as mentioned in the business transfer agreement mentioned above, and carrying values of remaining assets and liabilities in HCL Learning Limited, which are not attributable to the Digischool business undertaking. The remaining assets and liabilities are related to existing contracts of erstwhile business of HCL Learning Limited, which needs to be serviced over the remaining tenure of such contracts, and borrowings which are not being transferred.

The measurement of value-in-use for Services, during the year ended March 31, 2017, period ended March 31, 2016 and as at July 1, 2015), and Learning, during the period ended March 31, 2016 and as at July 1, 2015, is determined based on approved five year financial plans (planning period). The planning horizon reflects the assumptions for short-to-mid term market developments. Cash flows beyond the planning period are extrapolated using appropriate terminal growth rates. The terminal growth rates used do not exceed the long term average growth rates of the respective industry and country in which the Group operates and are consistent with forecasts included in industry reports.

Key assumptions used in value-in-use calculations are :
- Discount rate
- Terminal Growth rates

Discount rate: Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated based on the weighted average cost of capital for respective CGU or group of CGUs.

Terminal growth rates: The growth rates used are in line with the long term average growth rates of the respective industry and country in which the entity operates and are consistent with the forecasts included in the industry reports.

The key variables used in the calculation are as below -

Services :

Assumptions	Services								
	Singapore			MEA			India		
	31-Mar-17	31-Mar-16	30-Jun-15	31-Mar-17	31-Mar-16	30-Jun-15	31-Mar-17	31-Mar-16	30-Jun-15
Terminal value long-term growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.20%	4.00%	4.00%	4.00%
After tax discount rate	17.00%	16.50%	16.50%	20.00%	17.50%	17.50%	16.50%	16.00%	16.03%

Learning :

Assumptions	Learning		
	31-Mar-17	31-Mar-16	30-Jun-15
Terminal value long-term growth rate	N.A	5.00%	4.00%
After tax discount rate	N.A	17.00%	16.52-18.52%

In respect of Services, the Group has identified an impairment charge of Rs. 50 crores during the year considering the past business performance in the markets wherein Group operates in, changes in the market dynamics, current business strategy and focus areas for the future years. While the Group is optimistic about the future growth prospects, it has taken a holistic view of the past performance while designing the future outlook, with renewed strategy. No impairment was identified during the year ended March 31, 2016 and as at July 1, 2015.

In respect of Learning, considering the impending transaction of sale of Digischool business undertaking, the Group has recognized an impairment charge of Rs. 11 Crores (2016- Rs. 70 Crores) during the year, on account of write down of Goodwill. An impairment charge of Rs. 70 crores was recognised during the period ended March 31, 2016, due to modification in the business model and changes in the overall business environment for the segment. No impairment was identified as at July 1, 2015.

An analysis of the calculation's sensitivity to a change in the key variables, as mentioned above, based on reasonably probable assumptions, did not identify any probable scenarios where the recoverable amount would fall below its carrying amount as at March 31, 2016 and July 1, 2015 for services business and as at July 1, 2015 for learning business . However, an increase/decrease in the discount rate and long term growth rate by 0.5% shall increase/decrease the impairment charge as taken in March 31, 2017 for Services business by approximate Rs. 15 Crores and impairment charge as taken in March 31, 2016 for Learning business by approximate Rs. 1 Crores.

The recoverable value for learning business as on March 31, 2017 has been assessed based on sale consideration as stipulated in the Business Transfer Agreement, in view of the impending transaction of sale of Digischool business undertaking, hence, it is not sensitive to use of any assumptions.

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56 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

(₹/Crores)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.44	0.00	0.44
(+) Permitted receipts	-	3.65	3.65
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	0.44	3.50	3.94
Closing cash in hand as on 30.12.2016	-	**0.15**	**0.15**

57 Remuneration to Auditor*:

(₹/Crores)

	Year ended 31.03.2017 ₹/Crores	Nine months period ended 31.03.2016 ₹/Crores
a) Statutory Audit	2.08	1.96
b) Other Audit Services/Certifications	0.58	0.50
c) Out-of-Pocket Expenses	0.13	0.08
TOTAL	2.79	2.54

* Excluding service tax.

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58 Additional information to consolidated accounts as at March 31, 2017 (Pursuat 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	0.03	(0.00)	(0.53)	1.35
HCL Computing Products Limited	0.01	0.04	0.00	(0.01)	0.00	0.00	0.00	(0.01)
HCL Services Limited	9.82	53.94	30.21	(74.82)	(3.94)	0.27	29.29	(74.55)
HCL Learning Limited	(3.14)	(17.25)	6.86	(17.00)	(1.14)	0.08	6.65	(16.92)
HCL Infotech Limited	(32.15)	(176.62)	52.00	(128.78)	(5.41)	0.37	50.45	(128.41)
Pimpri Chinchwad eServices Limited	(0.01)	(0.03)	0.00	(0.01)	0.00	0.00	0.00	(0.01)
Subsidiaries: Foreign								
HCL Touch Inc., USA	0.33	1.82	0.78	(1.93)	(1.97)	0.14	0.70	(1.79)
HCL Infosystems MEA FZE, Dubai	(0.61)	(3.35)	4.90	(12.14)	(559.47)	38.25	(10.26)	26.11
HCL Infosystems LLC, Dubai	(2.16)	(11.88)	1.38	(3.43)	(1,986.89)	135.88	(52.04)	132.45
HCL Infosystems MEA LLC, Abu Dhabi	(0.11)	(0.63)	(1.01)	2.51	(105.37)	7.21	(3.82)	9.72
HCL Infosystems Qatar WLL	2.70	14.84	(2.49)	6.16	2,481.94	(169.74)	64.27	(163.58)
HCL Insys Pte Limited,Singapore	18.03	99.05	(9.01)	22.33	279.13	(19.09)	(1.27)	3.24
HCL Investment Pte Limited,Singapore	2.31	12.70	0.00	(0.01)	3.96	(0.27)	0.11	(0.28)
Joint Venture								
Nokia HCL Mobile Internet Services Limited	0.00	0.00	0.12	(0.30)	0.00	0.00	0.12	(0.30)
Intra-Group Eliminations	(8.86)	(48.71)	(0.30)	0.79	0.00	0.00	(0.30)	0.79
Total	100.00	549.42	100.00	(247.67)	100.00	(6.84)	100.00	(254.51)

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Additional information to consolidated accounts as at March 31, 2016 (Pursuat 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	122.45	984.39	(20.62)	44.19	0.60	0.03	(21.13)	44.22
Subsidiaries: Indian								
Digilife Distribution and Marketing Services limited	(0.74)	(5.92)	(0.85)	1.83	(0.05)	(0.00)	(0.88)	1.83
HCL Computing Products Limited	0.01	0.06	0.00	(0.01)	0.00	0.00	0.00	(0.01)
HCL Services Limited	15.98	128.50	26.47	(56.71)	0.80	0.04	27.08	(56.67)
HCL Learning Limited	(0.04)	(0.33)	13.02	(27.91)	0.20	0.01	13.33	(27.90)
HCL Infotech Limited	(6.00)	(48.20)	34.58	(74.11)	0.00	0.00	35.41	(74.11)
Pimpri Chinchwad eServices Limited	(0.00)	(0.01)	0.01	(0.01)	0.00	0.00	0.01	(0.01)
Subsidiaries: Foreign								
HCL Touch Inc., USA	0.05	0.42	0.01	(0.02)	2.70	0.14	(0.06)	0.12
HCL Infosystems MEA FZE, Dubai	(3.25)	(26.14)	9.96	(21.35)	(66.22)	(3.32)	11.79	(24.67)
HCL Infosystems LLC, Dubai	(1.02)	(8.23)	(0.13)	0.28	(20.83)	(1.05)	0.37	(0.77)
HCL Infosystems MEA LLC, Abu Dhabi	(0.37)	(2.95)	(1.76)	3.76	(7.48)	(0.38)	(1.61)	3.38
HCL Infosystems Qatar WLL	1.21	9.72	(2.96)	6.35	24.62	1.24	(3.63)	7.59
HCL Infosystems South Africa (Pty) Limited	(0.13)	(1.06)	0.00	(0.00)	0.00	0.00	0.00	(0.00)
HCL Insys Pte Limited,Singapore	19.85	159.55	(6.57)	14.07	155.32	7.79	(10.44)	21.86
HCL Investment Pte Limited,Singapore	1.61	12.98	0.03	(0.07)	10.34	0.52	(0.22)	0.45
Joint Venture								
Nokia HCL Mobile Internet Services Limited	(0.05)	(0.41)	0.02	(0.05)	0.00	0.00	0.02	(0.05)
Intra-Group Eliminations	(49.56)	(398.44)	48.79	(104.54)	0.00	0.00	49.96	(104.54)
Total	**100.00**	**803.93**	**100.00**	**(214.30)**	**100.00**	**5.02**	**100.00**	**(209.28)**

59 In compliance with the Section 2(41) of Companies Act, 2013, the company has changed its Financial year end from June 30 to March 31 in 2016. Accordingly, the previous year's figures are for the nine month period from July 1, 2015 to March 31, 2016 and to the extent are not comparable with those for the current year. Previous year's figures have also been regrouped / recasted, wherever necessary, to conform to the current period's presentation.

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI
Partner
Membership Number -056155

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

KAUSHIK DUTTA
Director
DIN - 03328890

S G MURALI
Group Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Place : Noida
Date : May 30, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HCL Infosystems Limited

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

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

Management's Responsibility for the Standalone Ind AS Financial Statements

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

Auditors' Responsibility

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

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

Price Waterhouse Chartered Accountants FRN 301112E Gurugram

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7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the nine months period ended March 31, 2016 and the transition date opening balance sheet as at July 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the nine months period ended March 31, 2016 and for the year ended June 30, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 25, 2016 and August 20, 2015 respectively. The adjustments to the financial statements for the nine months ended March 31, 2016 for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us, on which we have expressed an unmodified opinion vide our report dated, January 31, 2017. The adjustments to the financial statements for the year ended June 30, 2015 for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

Price Waterhouse Chartered Accountants FRN 301112E Gurugram

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

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

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone Ind AS financial statements – Refer Note 29 and 42;

ii. The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2017;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 54.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji

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

Avijit Mukerji
Partner
Membership Number: 056155

Annexure A to Independent Auditors' Report

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

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

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

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

Price Waterhouse Chartered Accountants FRN 301112E Gurugram

Annexure A to Independent Auditors' Report

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

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

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

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

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(b) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company, except for the immovable property mentioned below.

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

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. (a) The Company has granted unsecured loans, to one company covered in the register maintained under Section 189 of the Act.

(b) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

(d) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of value added tax and employees' state insurance and is regular in depositing undisputed statutory dues, including sales tax, service tax, provident fund, income tax,

Price Waterhouse Chartered Accountants FRN 301112E Gurugram

duty of customs, duty of excise and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax, duty of customs as at March 31, 2017 which have not been deposited on account of a dispute. The particulars of dues of income tax, sales tax, value added tax and duty of excise as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In crores)	Amount deposited (Rs. In crores)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act,1961	Income Tax	3.00	-	2011-12	CIT (Appeal)
Income Tax Act,1961	Income Tax	0.77	-	2012-13	CIT (Appeal)
Income Tax Act,1961	Income Tax	2.41	-	2004-05 2005-06 2006-07	Assessing Officer/ Income Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	99.65	7.49	2002-2014	CESTAT / Commissioner (Appeals)
Haryana Sales Tax,1973	Sales Tax	0.20	-	2012-2013	Assessing Authority
Maharashtra Value Added Tax Act, 2002	Sales Tax	2.76	0.68	2005-2012	Joint Commissioner Appeal
M.P. Value Added Tax Act,2002	Sales Tax	0.25	0.17	2011-2014	Joint Commissioner Appeal
Jharkhand Value Added Tax Act,2005	Sales Tax	0.59	0.04	2011-2012	Joint Commissioner Appeal
Bihar Value Added Tax Act, 2005	Sales Tax	9.64	5.26	2006-2007 2008-2015	Joint Commissioner Appeal
Orissa Value Added Tax Act, 2004	Sales Tax	0.17	0.01	2012-2014	Honorable High Court of Orissa/ Deputy commissioner Appeal (Bhubaneswar)
Karnataka Value Added Tax Act, 2003	Sales Tax	9.07	0.94	2006-2012	Deputy commissioner Appeal/ Honorable High Court of Karnataka/Tribunal
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	0.27	0.20	2006-2007 2008-2009	Deputy commissioner Appeal (Hyderabad)

Price Waterhouse Chartered Accountants FRN 301112E Gurugram

Punjab General Sales Tax Act, 1948	Sales Tax	0.12	0.03	2007-2008	Deputy commissioner Appeals Punjab
Jammu & Kashmir Value Added Tax Act, 2005	Sales Tax	2.71	0.04	2007-2008 2008-2009	Deputy Commissioner Appeals Jammu
The Uttarakhand Value Added Tax Act-2005	Sales Tax	-	0.37	2012-2013	Assessing Officer
Kerala General Sales Tax Act, 1963	Sales Tax	0.58	0.22	2007-2008 2008-2009 2009-2010 2010-2011 2011-2012 2013-2014 2014-2015 2016-2017	Commercial Tax Officer
Rajasthan Sales Tax Act, 1994	Sales Tax	178.17	71.67	2008-2015	Deputy Commissioner (Appeals) of Commercial Tax Jaipur / Tax board Commercial Tax Jaipur / Tax board / Commercial Tax Jaipur / Hon'ble Rajasthan High Court
West Bengal Sales Tax Act, 1994	Sales Tax	13.97	1.26	2005-2006 2007-2012 2013-2014	Board of Sales Tax Kolkata / Sales Tax Tribunal, Kolkata / Additional Commissioner (Appeals) of Sales Tax Kolkata
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	0.59	6.64	2004-2005 2006-2008 2009-2016	Commercial Tax Officer Chennai / Deputy Commissioner (Appeals) of Sales Tax Chennai
Delhi Sales Tax Act, 1975	Sales Tax	16.71	0.27	2003-2004 2005-2006 2007-2014	Tribunal of Sales Tax Delhi / Deputy Commissioner (Appeals) of Sales Tax Delhi/ Assistant Commissioner Sales Tax
U.P. Value Added Tax Act-2008	Sales Tax	20.35	6.32	2007-2016	Tribunal Commercial Tax, Noida/ Additional

Price Waterhouse Chartered Accountants FRN 301112E Gurugram

					Commissioner (Appeals) of Commercial Tax/ Noida / Hon'ble High court Allahabad
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	0.83	0.57	2003-2007	Tribunal Commercial Tax, Noida/ Additional Commissioner (Appeals) of Commercial Tax/ Noida / Hon'ble High court Allahabad

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has not paid/ provided for managerial remuneration- Refer Note-52 to the financial statements. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act..

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

Price Waterhouse Chartered Accountants FRN 301112E Gurugram

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

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

HCL Infosystems Limited (Standalone)
Balance Sheet as at March 31, 2017

	Notes	As at 31.03.2017 ₹/Crores		As at 31.03.2016 ₹/Crores		As at 01.07.2015 ₹/Crores	
I. ASSETS							
(1) Non-current assets							
Property, Plant and Equipment	3	76.49		81.48		80.70	
Capital work-in-progress	5	-		0.25		0.15	
Intangible assets	4	0.19		0.04		0.11	
Financial Assets							
(i) Investments	6	535.51		777.51		589.50	
(ii) Other financial assets	8	0.53		0.56		1.06	
Deferred tax assets (net)	9	64.70		44.04		46.48	
Other non-current assets	10	109.45		93.17		31.78	
Advance Income Tax (Net)	11	8.78	795.65	19.30	1,016.35	-	749.78
(2) Current assets							
Inventories	12	59.47		95.76		126.80	
Financial Assets							
(i) Investments	7	120.87		50.16		235.66	
(ii) Trade receivables	13	432.00		302.23		399.39	
(iii) Cash and cash equivalents	14	67.68		94.39		61.88	
(iv) Bank balances other than (iii) above	15	4.41		4.94		5.33	
(v) Loans	16	389.02		598.84		1,202.27	
(vi) Other financial assets	17	6.30		4.69		5.11	
Other current assets	18	45.94	1,125.69	34.79	1,185.80	60.55	2,096.99
Total Assets			1,921.34		2,202.15		2,846.77
II. EQUITY AND LIABILITIES							
(1) Equity							
Equity Share capital	19	44.58		44.58		44.58	
Other Equity	20	577.49	622.07	939.82	984.40	1,127.06	1,171.64
(2) Liabilities							
Non-current liabilities							
Financial Liabilities							
(i) Borrowings	21	134.11		106.70		163.50	
(ii) Trade Payables	22	-		-		0.59	
(iii) Other financial liabilities	23	-		5.32		5.32	
Provisions	24	5.33	139.44	4.76	116.78	2.60	172.01
Current liabilities							
Financial Liabilities							
(i) Borrowings	25	568.28		423.53		575.98	
(ii) Trade payables	26	391.87		434.07		532.88	
(iii) Other financial liabilities	27	144.62		151.07		309.29	
Other current liabilities	28	47.96		87.32		79.32	
Provisions	29	7.10		4.98		4.61	
Current Tax Liabilities	30	-	1,159.83	-	1,100.97	1.04	1,503.12
Total Equity and Liabilities			1,921.34		2,202.15		2,846.77

Significant Accounting Policies 1,2

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

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

AVIJIT MUKERJI
Partner
Membership Number - 056155

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

KAUSHIK DUTTA
Director
DIN - 03328890

Place : Noida
Dated : May 30, 2017

S G MURALI
Group Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

HCL Infosystems Limited
Statement of Profit and Loss for the year ended March 31, 2017

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

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

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

AVIJIT MUKERJI
Partner
Membership Number - 056155

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

KAUSHIK DUTTA
Director
DIN - 03328890

S G MURALI
Group Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Place : Noida
Dated : May 30, 2017

HCL Infosystems Limited
Cash Flow Statement for the year ended March 31, 2017

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

Price Waterhouse
FRN 301112E
Gurgaon

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

Notes:

1 Figures in brackets indicate cash outflow.

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI
Partner
Membership Number - 056155

Place : Noida
Dated : May 30, 2017

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

KAUSHIK DUTTA
Director
DIN - 03328890

S G MURALI
Group Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

HCL Infosystems Limited (Standalone)

Statement of Changes in Equity for the year ended March 31, 2017

a. Equity Share Capital

(₹/Crores)

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

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

b. Other Equity

(₹/Crores)

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

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI
Partner
Membership Number - 056155

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

KAUSHIK DUTTA
Director
DIN - 03328890

S G MURALI
Group Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Place : Noida
Dated : May 30, 2017

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HCL Infosystems Limited
Notes to the Financial Statements

1. Corporate information

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

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

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

2. Significant accounting policies

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

2.1 Basis of preparation

(i) Compliance with Ind AS

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

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

(ii) Historical cost convention

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

- Certain Financial assets and liabilities, including derivative financial instruments, which are being measured at fair value

- Defined benefit plans – plan assets measured at fair value

2.2 Exemptions and exceptions availed

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

Price Waterhouse
FRN 301112E
Gurgaon

A. Ind AS optional exemptions

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

1. **Deemed cost for Property, Plant and Equipment (PPE) and Intangible Assets**– The Company has elected to carry items for all of its PPE and intangible assets at the date of transition to Ind AS at their previous GAAP carrying amount, which is considered as deemed cost on transition.

2. **Fair value of financial assets and liabilities:** The Company has financial receivables and payables that are non-derivative financial instruments. Under previous GAAP, these were carried at transactions cost less allowances for impairment, if any. Under Ind AS, these financial assets and liabilities are required to be initially recognised at fair value and subsequently measured at amortised cost, less allowance for impairment, if any. For transactions entered into on or after the date of transition to Ind AS, the requirement of initial recognition at fair value is applied prospectively.

3. **Employee Share Stock Option**: The Company has decided to not apply Ind AS 102, Share-based Payments to the employee share stock option that has vested before the date of transition.

B. Ind AS mandatory exceptions

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

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

2.3. Use of estimates

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

2.4. Critical accounting estimates, assumptions and judgements

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

(a) Property, plant and equipment

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

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(b) Intangibles

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

(c) Income taxes

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

(d) Contingencies

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

(e) Allowance for uncollected accounts receivable and advances

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

(f) Liquidated damages

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

(g) Impairment of investments

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

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

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

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2.5. Current Versus non-current Classification

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

2.6. Property, Plant and equipment

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

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

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

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

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

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

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

2.7. Intangible assets

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

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

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

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

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

2.8. Leases

As a Lessee

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

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

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As a Lessor

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

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

2.9. Financial Instruments

A. Financial Instruments – Initial Recognition and Measurement

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

B. Financial Assets

1. Subsequent measurement

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

Debt instrument

a. Financial assets at fair value through profit or loss

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

b. Financial assets measured at amortised cost

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

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

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

Investment in Subsidiaries

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

Equity instruments

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

2. Derecognition

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

C. Financial Liabilities

1. Subsequent measurement

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

Financial liabilities measured at amortised cost

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

2. Derecognition

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

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D. Offsetting Financial Instruments

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

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

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

F. Fair Value Measurement

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

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

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.10. Income tax

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

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

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

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it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

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

2.11. Inventories

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

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

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

2.12. Trade receivables

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

2.13. Cash and cash equivalents

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

2.14. Impairment of assets

a. Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at

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amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

b. Non-financial assets

(i) Intangible assets and property, plant and equipment

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

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

C. Investment in Subsidiaries

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

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

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

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

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

2.15. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid in accordance with the terms with the vendors. Trade and other payables are presented as current liabilities unless payment is

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not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16. Borrowings

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

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

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

2.17. Provisions, contingent liabilities and contingent assets

a) Provisions

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

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

b) Contingencies

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

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2.18. 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 profit or loss.

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

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

2.19. Revenue recognition

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

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

Sale of Products

Timing of recognition

The Company is engaged into the business of –

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

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

- all significant risks and rewards of ownership have transferred to the buyer;
- continuing managerial involvement and effective control usually associated with ownership has been ceased;

- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Company.

Measurement of revenue

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

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

Revenue from services

Timing of recognition

Service income includes income from IT infrastructure managed services, break-fix services, office automation maintenance services and managed print services. Revenues relating to time and materials contracts are recognized as the related services are rendered. Revenue in case of fixed priced contracts is recognised on percentage of completion basis. Revenue from a period based service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Measurement of Revenue

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

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

Interest income

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

2.20. Employee benefits

Defined benefit plans

Gratuity

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the

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end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

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

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

Provident Fund

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

Defined contribution plans

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

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

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

Other Benefits

Compensated Absences

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

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

Long Term Employee Benefits

Employee benefits, which are expected to be availed or encased beyond 12 months from the end of the year, are treated as other long term employee benefits. The Company's liability is actuarially determined

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(using the Projected Unit Credit method) at the end of each year.

Employee Options

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

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

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

2.21. Borrowing costs

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

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

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

2.22. Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

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2.23. Exceptional Items

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

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

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

Amendments to Ind AS 102, Share-based Payment

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

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

Amendments to Ind AS 7, Statement of Cash Flows

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

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

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3 Property, Plant and Equipment

₹/Crores

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

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

₹/Crores

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

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

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4 Intangible Assets

₹/Crores

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

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

5 Capital Work-In-Progress

₹/Crores

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

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

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Notes to the Financial Statements

Financial Assets

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

*Impairment includes impairment for investment in HCL Services Limited ₹ 250.00 Crores (2016 - Nil, 2015 - Nil) HCL Infotech Limited ₹ 668.46 Crores (2016 - ₹ 668.46 Crores, 2015 - ₹ 418.46 Crores) and HCL Learning Limited ₹ 122.00 Crores (2016 - ₹ 122.00 Crores, 2015 - Nil)
@ Includes ₹ 250.00 Crores which was provided against Inter Company Deposits which were converted to equity in 2015-16.

Investments in Equity Instruments of Joint Venture						
Nokia HCL Mobile Internet Services Limited	-	-	490	0.25	490	0.25
Less:Impairement in the value of Investment				0.25		0.25
Total Investments in Equity Instruments of Joint Venture (B)		-		-		-

The Company has sold its investments in Nokia HCL Mobile Internet Services Limited during the current year.

Total Non-Current Investments (Unquoted) (A)+(B)		535.51		777.51		589.50
Aggregate amount Unquoted Investments		535.51		777.51		589.50
Aggregate amount of Impairment in the Value of Investments		1,040.46		790.71		418.71

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

Under lien with bank

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

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

13 Trade Receivables (Refer Note 52)						
Unsecured:						
Considered Good	432.00		302.23		399.39	
Considered Doubtful	24.78		26.73		10.39	
	456.78		328.96		409.78	
Less : Allowance for Doubtful Debts	24.78	432.00	26.73	302.23	10.39	399.39

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		As at 31.03.2017 ₹/Crores		As at 31.03.2016 ₹/Crores		As at 01.07.2015 ₹/Crores
14 Cash and Cash Equivalents						
Balances with Banks						
- In Current Account	24.33		84.59		29.36	
Less: Money held in Trust		24.33	0.01	84.58	0.01	29.35
Cash on Hand (Refer Note 54)	-			0.01		0.02
Cheques on Hand	5.98	5.98		3.89		2.53
Bank Deposits with original maturity of three months or less	37.68		6.23		30.30	
Less: Money held in Trust	0.31	37.37	0.32	5.91	0.32	29.98
TOTAL		67.68		94.39		61.88

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

		As at 31.03.2017 ₹/Crores		As at 31.03.2016 ₹/Crores		As at 01.07.2015 ₹/Crores
15 Other Bank Balances						
Balances with Banks						
- On Dividend Account		1.28		1.81		2.19
- On Margin Account		3.13		3.13		3.14
TOTAL		4.41		4.94		5.33
16 Loans						
Unsecured						
Considered Good						
Loans and Advances to Subsidiaries (Refer Note 52)		389.02		598.84		1,202.27
Considered Doubtful						
Loans and Advances to Subsidiaries (Refer Note 52)	83.53		13.34		223.55	
Less: Allowance for Doubtful Loans and Advances to Subsidiaries	83.53		13.34	-	223.55	-
TOTAL		389.02		598.84		1,202.27
17 Other Current Financial Assets						
Considered Good						
Security Deposits		1.72		2.81		3.07
Others (Includes Employee advances, Insurance claim recoverable and expenses recoverable)*		4.58		1.88		2.04
Considered Doubtful						
Others (Includes Employee advances, Insurance claim recoverable)	1.06		0.64		0.86	
Less: Allowance for Doubtful Loans and Advances	1.06	-	0.64	-	0.86	-
TOTAL		6.30		4.69		5.11

* includes ₹ 3.36 Crores (2016 - Nil, 2015 - Nil)) recoverable from related parties

		As at 31.03.2017 ₹/Crores		As at 31.03.2016 ₹/Crores		As at 01.07.2015 ₹/Crores
18 Other Current Assets						
Unsecured						
Considered Good						
Balances with Customs, Port Trust, Excise and Sales Tax Authorities		30.66		17.50		26.78
Advances to Creditors		10.49		12.94		24.07
Deposits with Tax authorities		-		-		0.15
Prepaid Expenses		4.63		3.85		8.45
Others (Expenses recoverable)		0.16		0.50		1.10
Considered Doubtful						
Deposits and Other Advances	5.20		6.40		3.23	
Less: Allowance for Doubtful Loans and Advances	5.20	-	6.40	-	3.23	-
TOTAL		45.94		34.79		60.55

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	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
19 Share capital			
Authorised			
55,25,00,000 Equity Shares (2016 - 55,25,00,000, 2015 - 55,25,00,000) of₹ 2/- each	110.50	110.50	110.50
5,00,000 Preference Shares (2016 - 5,00,000, 2015 - 5,00,000) of₹ 100/- each	5.00	5.00	5.00
TOTAL	115.50	115.50	115.50
Issued, Subscribed and Paid up			
22,29,19,629 Equity Shares (2016 - 22,29,19,629, 2015 - 22,29,04,629) of₹ 2/- each (Fully Paid up)	44.58	44.58	44.58
TOTAL	44.58	44.58	44.58

Notes:

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

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

(ii) Shareholders holding more than 5% of the aggregate shares in the Company	Number of Shares	% of shares	Number of Shares	% of shares	Number of Shares	% of shares
(a) HCL Corporation Private Limited	111,382,239	49.97	111,382,239	49.97	111,382,239	49.97
(b) AKM Systems Private Limited	11,997,007	5.38	11,997,007	5.38	11,997,007	5.38

(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

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

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	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores

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

21 Non-Current Borrowings

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

Notes:

1. (i) Secured Term Loan from Bank and Others amounting to ₹ 38.04 Crores (2016 - ₹ 48.43 Crores, 2015 - NIL), out of which ₹ 14.57 Crores (2016 - ₹ 10.39 Crores, 2015 - NIL) is shown under current maturity of long term debt, is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on Two Identified Properties (4) Exclusive charge on Debt Service Reserve Account created by way of lien on mutual funds of ₹ 70.42 Crs. The Hypothecation of the movable assets has been created on 22nd May'2017 and the mortgage of the immovable assets is under process. The loan is repayable in 13 quarterly installments starting from September 2016 and carries interest @ 11 % to 11.10% p.a.

(ii) Secured Long Term Loan of Nil (2016- Nil, 2015 - ₹ 5.73 Crores) out of which Nil (2016 - Nil, 2015 - ₹ 5.73 Crores) is shown under current maturity of debt, is secured by way of subservient charge on stock and receivables of the Company. It also carries a lien on Mutual Funds of ₹ 50.31 Crores (2016 - ₹ 50.16 Crores, 2015 - ₹ 49.99 Crores). Short Term Loan of ₹ 74.14 Crores is repayable in one year from the date of disbursement and carries interest @ 9.50 % p.a. and ₹ 25 Crores is repayable in three months from the date of disbursement and carries interest @ 11.50 % p.a.

(iii) Secured Term Loan from Banks amounting to Nil (2016 - Nil, 2015 - ₹ 143.48 Crores), out of which Nil (2016 - Nil, 2015 - ₹ 143,48 Crores) is shown under current maturity of long term debt, was secured by way of subservient charge on current assets of the Company. It had a lien on Mutual Funds of ₹ 100.01 Crores. The loan was repayable in 23 monthly equal instalments starting from July 2014 and carries interest @ 11.25 % p.a.

(iv) Secured Term Loan from Banks amounting to Nil (2016 - Nil, 2015 - ₹ 99.07 Crores), out of which Nil (2016 - Nil, 2015 - ₹ 19.92 Crores) is shown under current maturity of long term debt, was secured by way of Hypothecation over the receivable from a particular project. The loan was repayable in 15 quarterly equal instalments having a moratorium of 3 months and carries interest @ 11.25 % p.a.

2. (i) Unsecured Term loans from Others amounting to ₹ 191.87 Crores (2016 - ₹ 154.85 Crores, 2015 - ₹ 142.05 Crores), out of which ₹ 82.93 Crores (2016 - ₹ 89.89 Crores, 2015 - ₹ 73.32 Crores) is shown under current maturity of long term debt, is repayable in 12 to 20 equal quarterly instalments from the date of the disbursement which carries interest @ 11.25% to 12.50% p.a.

(ii) Unsecured Term loans from Others amounting to ₹ 3.72 Crores (2016 - ₹ 19.34 Crores, 2015 - ₹ 41.70 Crores), out of which ₹ 2.02 Crores (2016 - ₹ 15.63 Crores, 2015 - ₹ 26.07 Crores) is shown under current maturity of long term debt, is repayable in 1 quarterly, 1 half yearly and balance 16 quarterly instalments from the date of the disbursement which carries interest @ 13.04 % p.a.

(iii) Unsecured Term loans from others amounting to Nil (2016 - Nil, 2015 - ₹ 2.36 Crores), out of which Nil (2016 - Nil, 2015 - ₹ 2.36 Crores) is shown under current maturity of long term debt, were repayable in 19 equal quarterly installments from the date of the loans.

3. Long term borrowings, Short term borrowings and Current maturities of long term debts is net of the loan amounting to ₹ 2.16 Crores (2016 - ₹ 23.09 Crores, 2015 - ₹ 46.46 Crores), Nil (2016 - Nil, 2015 - ₹ 26.13 Crores) and ₹ 19.87 Crores (2016 - ₹ 29.51 Crores, 2015 - ₹ 68.94 Crores) respectivley that the Company has transferred to its subsidaries pursuant to the scheme of arrangement (Refer Note 55). However Company shall make repayments of such principal amounts and payments of interest or any other dues thereon on behalf of the respective Transferee Companies (HCL Infotech Ltd, HCL Services Ltd and HCL Learning Ltd) and the respective Transferee Companies shall be under an obligation to place with HCL Infosystems Limited funds at the relevant time so as to enable HCL Infosystems Ltd to make payments to the lenders on or before their respective due dates.

Note: As per Ind AS provisions, the term loan balances are adjusted with the transaction/processing fees paid on the facility.
Note: Material Subsidiaries include HCL Infotech Ltd., HCL Services Ltd. and HCL Learning Ltd.

22 Trade Payables

	As at 31.03.2017	As at 31.03.2016	As at 01.07.2015
Trade Payables	-	-	0.59
TOTAL	-	-	0.59

23 Other Non-Current Financial Liabilities

	As at 31.03.2017	As at 31.03.2016	As at 01.07.2015
Deposits	-	5.32	5.32
TOTAL	-	5.32	5.32

24 Non-Current Provisions

	As at 31.03.2017	As at 31.03.2016	As at 01.07.2015
Provision for Gratuity and other Employee Benefits (includes ₹ 2.60 Crores (2016 - ₹ 2.59 Crores, 2015 - Nil for Other Employee Benefits)	5.33	4.76	2.60
TOTAL	5.33	4.76	2.60

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	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
25 Current Borrowings			
Secured:			
Loans from Banks			
- Term Loans	223.92	224.61	255.77
- Cash Credits	-	73.92	9.92
- Buyers Credit	-	-	10.29
Unsecured:			
- From Other Parties	149.36	-	-
- Commercial Paper	195.00	125.00	300.00
TOTAL	568.28	423.53	575.98

Note:
1. (i) Secured Term Loan from Banks amounting to ₹ 124.78 Crores (2016 - ₹ 124.61 Crores, 2015 - ₹ 139.90 Crores) is secured by way of (1) First pari passu charge on all immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on Two Identified Properties, along with non-fund based facilities from Bank.The Hypothecation of the movable assets has been created post balance sheet date and the mortgage of the immovable assets is under process. It carries interest @ 11.50 % p.a.

(ii) Short Term Loan of ₹ 99.14 Crores (2016 - ₹ 100.00 Crores, 2015 - ₹ 75 Crores) is secured by way of subservient charge on stock and receivables of the Company and against Support from promoter company. It also carries a lien on Mutual Funds of ₹ 49.97 Crores (2016 - ₹ 49.97 Crores). Short Term Loan of ₹ 74.14 Crs is repayable in one year from the date of disbursement and carries interest @ 9.50 % p.a. and ₹ 25 Crs is repayable in three months from the date of disbursement and carries interest @ 11.50 % p.a. (Refer Note 21).

(iii) Secured Loan from Banks amounting to Nil (2016 - ₹ 73.92 Crores, 2015 - ₹ 61.08 Crores) are secured by way of (1) First pari passu charge on all Immovable, movable and intangible assets of the HCL Infosystems Ltd and it's Material Subsidiaries (2) First pari-passu charge on all Current Assets of the HCL Infosystems Ltd & it's Material Subsidiaries (except Lease Rental Receivables). (3) Negative lien on Two Identified Properties. The Hypothecation of the movable assets has been created on 30th March '2017 and the mortgage of the immovable assets is under process.

(iv) Unsecured Term loans from Others amounting to ₹ 149.36 Crores (2016 - Nil, 2015 - Nil) and against support from promoter company, is repayable in 1 yearly instalments from the date of the disbursement which carries interest @ 9.50% p.a.

(v) Unsecured commercial papers from Others amounting to ₹ 195.00 Crores (2016 - ₹ 125.00 Crores, 2015 - ₹ 300.00 Crores) is repayable in next 3 to 6 months from the date of availament of each tranche, which carries interest @ 10.50% to 11% p.a.

Note: As per Ind AS provisions, the term loan balances are adjusted with the transaction/processing fees paid on the facility.
Note: Material Subsidiaries means HCL Services Ltd., HCL Infotech Ltd. and HCL Learning Ltd.

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
26 Trade Payables (Refer Note 52)			
Trade Payables			
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 44) and	0.02	0.03	0.07
(b) Total outstanding dues of other than micro enterprises and small enterprises [Includes Acceptance ₹ 56.95 Crores (2016 - ₹ 101.90 Crores, 2015 - ₹ 140.07 Crores)]	391.85	434.04	532.81
TOTAL	391.87	434.07	532.88
27 Other Current Financial Liabilities			
Current Maturities of Long-Term Debts (Refer Note 21)	99.52	116.22	270.88
Interest Accrued but not due on Borrowings	4.64	4.63	3.00
Other Payable to related parties (Refer Note 44)	18.60	16.62	15.92
Deposits	5.30	-	-
Unpaid Dividends*	1.28	1.81	2.16
Employee Benefits Payable	14.73	11.12	16.96
Capital Creditors	0.55	0.67	0.37
TOTAL	144.62	151.07	309.29

* There are no amount due and outstanding to be credited to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.These shall be credited and paid to the Fund as and when due.

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
28 Other Current Liabilities			
Deferred Revenue	11.17	30.16	28.10
Advances Received from Customers	29.59	50.14	27.18
Statutory Dues Payable	7.20	7.02	24.04
TOTAL	47.96	87.32	79.32
29 Current Provisions			
Provision for Gratuity and Other Employee Benefits #	5.48	3.40	2.69
Provision for Warranty (Refer Note 43)	-	-	0.27
Provision for Litigation	1.62	1.58	1.65
TOTAL	7.10	4.98	4.61

[# includes ₹ 1.09 Crores (2016- ₹ 1.20 Crores, 2015 - 1.25 Crores) for provision for leave encashment and ₹ 3.57 Crores (2016 - ₹ 0.53 Crores, 2015 - Nil) for other employee benefits]

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 01.07.2015 ₹/Crores
30 Current Tax Liabilities			
Current income tax liabilities [2015 - Net of Advance Income Tax of ₹ 544.67 Crores]	-	-	1.04
TOTAL	-	-	1.04

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		Year ended 31.03.2017 ₹/Crores	Nine months ended 31.03.2016 ₹/Crores
31	**Revenue from operations**		
	Sale of Products (including excise duty)	2,237.95	2,479.87
	Sale of Services	27.41	19.40
	TOTAL	2,265.36	2,499.27
32	**Other income**		
	Interest Income from financial asset at amortised cost		
	- On Fixed Deposits (Gross)	1.69	1.30
	- On Others [Includes Interest on Inter Company Deposits amounting to ₹ 26.35 Crores (2016 - ₹ 53.43 Crores)]	26.35	53.43
	- Dividend from Investment in Mutual Funds	4.82	5.68
	Gain on sale of Investment carried at Fair Value Through Profit or Loss	2.20	3.80
	Net Profit on Sale of Property, Plant & Equipment	0.22	-
	Gain on Foreign Exchange Fluctuation	1.64	-
	Provisions/Liabilities no longer required written back	0.57	0.57
	Miscellaneous Income	10.12	8.38
	TOTAL	47.61	73.16
33	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Closing Balance		
	- Finished Goods (Including in Transit)	0.11	0.58
	- Stock-In-Trade	58.47	94.13
		58.58	94.71
	Opening Balance		
	- Finished Goods (Including in Transit)	0.58	1.99
	- Stock-In-Trade	94.13	123.95
		94.71	125.94
	Changes in Inventories of finished goods and stock-in-trade	36.13	31.23
34	**Other direct expenses**		
	Purchase of Services	24.67	16.63
	Spares and Stores Consumed	1.63	5.41
	Labour and Processing Charges	0.25	0.55
	Excise duty	0.08	0.01
	TOTAL	26.63	22.60
35	**Employee benefits expense**		
	Salaries, Wages, Bonus and Gratuity	54.95	52.19
	Contribution to Provident and Other Funds	2.45	2.13
	Staff Welfare Expenses	0.71	0.55
	TOTAL	58.11	54.87
36	**Finance costs**		
	Interest on Non - current and current Borrowings	96.80	78.92
	Other Borrowing Costs	7.80	2.60
	TOTAL	104.60	81.52

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Notes to the Financial Statements

37 Other expenses

	Year ended 31.03.2017 ₹/Crores	Nine months ended 31.03.2016 ₹/Crores
Rent (Refer Note 48)	7.57	7.46
Rates and Taxes	4.43	2.03
Printing and Stationery	0.63	0.53
Communication	1.64	1.21
Travelling and Conveyance	5.44	7.33
Packing, Freight and Forwarding	5.76	7.23
Legal, Professional and Consultancy Charges (Refer Note 46)	13.79	15.76
Retainership Expenses	5.71	4.23
Training and Conference	1.17	1.17
Office Electricity and Water	0.43	0.33
Insurance	3.14	3.26
Advertisement, Publicity and Entertainment	1.91	1.35
Hire Charges	0.44	0.41
Commission on Sales	4.10	3.04
Bank Charges	3.96	3.80
Allowance for Doubtful Debts	-	16.34
Allowance for Doubtful Loans and Advances and Other Current Assets	-	0.84
Loss on Sale of Property, Plant & Equipment	-	0.04
Property, Plant & Equipment Written-Off	0.86	0.06
Repairs		
- Buildings	0.08	0.01
- Others	1.27	0.85
Net Loss on Foreign Exchange Fluctuation (other than considered as Finance Cost)	-	0.47
Miscellaneous	3.12	4.16
Operating cost allocated from HCL Servives Limited, the subsidiary Company	10.91	10.62
	76.36	92.53
Less: Operating cost recovered from Subsidiaries	15.94	13.29
TOTAL	60.42	79.24

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HCL Infosystems Limited
Notes to the Financial Statements

Financial Instruments and Risk Management
38 Fair Value Measurements

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

As at 31.03.2017 — ₹ Crores

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

As at 31.03.2016 — ₹ Crores

Particulars	Notes	Fair Value through OCI	Fair value through Profit or Loss	Amortised Cost	Total Carrying Value	Total Fair Value
Financial Assets						
Non-current assets						
(i) Investments	6			777.51	777.51	777.51
(ii) Others	8			0.56	0.56	0.56
		-	-	778.07	778.07	778.07
Current assets						
(i) Investments	7		50.16		50.16	50.16
(ii) Trade receivables	13			302.23	302.23	302.23
(iii) Cash and cash equivalents	14			94.39	94.39	94.39
(iv) Bank balances other than (iii) above	15			4.94	4.94	4.94
(v) Loans	16			598.84	598.84	598.84
(vi) Others	17			4.69	4.69	4.69
		-	50.16	1,005.09	1,055.25	1,055.25
Financial Liabilities						
Non-current liabilities						
(i) Borrowings	21			106.70	106.70	106.70
(ii) Other financial liabilities	23			5.32	5.32	5.32
			-	112.02	112.02	112.02
Current liabilities						
(i) Borrowings	25			423.53	423.53	423.53
(ii) Trade payables	26			434.07	434.07	434.07
(iii) Other financial liabilities	27			151.07	151.07	151.07
			-	1,008.67	1,008.67	1,008.67

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Financial Instruments and Risk Management

Fair Value Measurements

As at 01.07.2015

₹ Crores

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

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Financial Instruments and Risk Management

HCL Infosystems Limited
Notes to the Financial Statements

Fair Value hierarchy

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

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

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

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

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

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

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

*There were no transfers between the Level 1, Level 2 and Level 3 during the year.
* There is no change in the valuation technique during the year.

Valuation techniques used to derive Level 2 fair values

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

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39 Financial Risk Management

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

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

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

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

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

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Financial Risk Management

Credit Risk

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

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

Investment primarily includes investment in Mutual funds

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

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

Following table provides agewise breakup of Receivables

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

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

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

₹ Crores

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

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Financial Risk Management
Liquidity risk:

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

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

₹ Crores

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

₹ Crores

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

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Financial Risk Management
Liquidity risk:

₹ Crores

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

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Financial Risk Management
Market Risk

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

(a) Interest rate risk exposure

₹ Crores

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

	31.03.3017	31.03.2016	01.07.2015
Variable rate borrowings	38.74	123.62	264.44
Fixed rate borrowings	765.50	524.38	746.77
Total borrowings	**804.24**	**648.00**	**1,011.21**

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

	31.03.3017			31.03.2016			01.07.2015		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Bank loans, Cash credits	11.04%	38.74	4.82%	10.98%	123.62	19.08%	11.43%	264.44	26.15%
Net exposure to cash flow interest rate risk		38.74			123.62			264.44	

(b) Sensitivity

₹ Crores

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

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

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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

₹ Crores

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

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

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

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Notes to the Financial Statements

Financial Risk Management

Market Risk

(ii) Foreign currency risk

₹ Crores

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

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

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40 Capital Management

(a) Risk Management

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

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

₹ Crores

	As at 31-03-2017	As at 31-03-2016	As at 01-07-2015
Total Debt	801.91	646.45	1,010.36
Equity	622.07	984.40	1,171.64
Capital and net debt	1,423.98	1,630.85	2,182.00
Gearing ratio	56.31%	39.64%	46.30%

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

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41 **Exceptional items include :**

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

Commentary :

a) Land & Building was sold during the nine months period ended March 31, 2016 which management believes was of exceptional nature.

b) In respect to Investment in HCL Learning Limited, the Company in 2015-16 recognized an impairment charge of ₹ 122 Crores , being excess of carrying value of investment over the recoverable value. This impairment was due to modification in the business model and changes in the overall business environment for the segment

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

c) The Company has made provision of ₹ 70.19 Crores (2015-16 - ₹ 39.79 Crores) against loan given to HCL Infotech Limited. The Company, considering that HCL Infotech Limited has negative net worth as on March 31, 2017 due to continuous loss incurred by entity and based on future plan of this entity, may not be able to recover the loans given to HCL Infotech Ltd upto the value of its negative net worth.

d) In respect to Investment in HCL Services Limited, the Company considering the past business performance in the markets wherein Group operates in, changes in the market dynamics, current business strategy and focus areas in the future years, the management has computed recoverable value based on value in use and provided for an impairment charge of ₹ 250 crores, being excess of carrying value over the recoverable value. Though the group is optimistic about the future growth prospects, the management has taken a holistic view of its past performance while designing the future outlook, with renewed strategy. No impairement was identified during the nine months period ended March 31, 2016.

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

42 **a) Contingent Liabilities :**

Claims against the Company not acknowledged as debts:

	As at 31.03.2017	As at 31.03.2016	As at 30.06.2015
	₹/Crores	₹/Crores	₹/Crores
Sales Tax*	256.27	305.38	146.32
Excise*	98.77	96.68	96.72
Income Tax*	6.19	6.19	5.39
Industrial Disputes, Civil Suits and Consumer Disputes	3.20	8.11	2.70

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

The amounts shown in item (a) represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the out come of the different legal processes which have been initiated by the Company or the claimants as the case may be and therefore cannot be predicted accurately.It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

b) Corporate Guarantees :

(i) Corporate Guarantee of ₹ 484.40 Crores (2016 - ₹ 663.92 Crores, 2015 - ₹ 624.52 Crores) was given to Banks and Financial Institutions for working capital facilities sanctioned to subsidiaries of which the total amount utilised as at March 31, 2017 is ₹ 143.40 Crores (2016 - ₹ 183.55 Crores, 2015 - ₹ 164.80 Crores).

(ii) Corporate Guarantee of Nil (2016 - ₹ 40.76 Crores, 2015 - ₹ 20.8 Crores) was given by the Company, on behalf of its subsidiaries, to third parties for assigning credit limit to subsidiaries.

c) Other Litigations :

(i) The Company has been named in a supplementary charge sheet filed with the Court with respect to a Contract awarded to the Company in 2009 by the UP state Government, amounting to ₹ 4.94 Crores, for the supply of computer hardware and related services under the National Rural Health Mission and therefore summons have been issued by the Court. The matter is currently pending for adjudication before the Special Court CBI . The management is of the view that the company has not been engaged in any wrong doing.

(ii) The Company has certain sales tax and other related litigation amounting to ₹ 1.62 Crores (2016 ₹ 1.58 Crores, 2015 - ₹ 1.65 Crores) against which provision have been made. Provision amounting to ₹ 0.04 Crores was created during the year.

d) Commitments :

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

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

	As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 30.06.2015 ₹/Crores
Opening Balance	-	0.27	0.00
Additions during the year / period	-	-	0.66
Utilised/Reversed during the year / period	-	0.27	0.39
Closing Balance	-	-	0.27

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

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

		As at 31.03.2017 ₹/Crores	As at 31.03.2016 ₹/Crores	As at 30.06.2015 ₹/Crores
a.	(i) Principal amount remaining unpaid to any supplier as at the end of the year.	0.01	0.02	0.01
	(ii) Interest due on the above amount.	0.01	0.01	0.01
b.	(i) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (Act).	-	-	-
	(ii) Amount of principal payments made to the suppliers beyond the appointed day during the year.	0.11	-	1.14
c.	Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Act.	-	-	-
d.	Amount of interest accrued and remaining unpaid at the end of the year.	0.01	0.01	0.06
e.	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-	-

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

46 Remuneration to Auditor*:

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

* Excluding service tax.

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47 Employee Stock Option Plan (ESOP):

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

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

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

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

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

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

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

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

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

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(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.

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48 **Leases:**

a) Cancelable Operating Leases

As Lessee:

(i) The Company has taken various residential/commercial premises under cancelable operating leases. These leases are for a period of eleven months to three years and are normally renewable on expiry.

(ii) The rental expense in respect of operating leases is ₹ 7.57 Crores (2016 - ₹ 7.46 Crores) which is disclosed as Rent expense under 'Other expenses'.

As Lessor:

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

₹/Crores

Particulars	As at	Gross Block	Accumulated Depreciation	Net Block	Depreciation Expense
Freehold Land	March 31, 2017	**1.87**	-	**1.87**	-
	March 31, 2016	(1.87)	(-)	(1.87)	(-)
	July 1, 2015	(1.01)	(-)	(1.01)	
Building	March 31, 2017	**16.98**	**3.93**	**13.05**	**0.26**
	March 31, 2016	(14.71)	(1.41)	(13.30)	(0.19)
	July 1, 2015	(2.30)	-	(2.30)	
Plant and Machinery	March 31, 2017	**2.06**	**0.54**	**1.52**	**0.36**
	March 31, 2016	(2.06)	(0.18)	(1.88)	(0.18)
	July 1, 2015	(-)	(-)	(-)	
Furniture and Fixtures & Office Equipments	March 31, 2017	**5.09**	**1.18**	**3.91**	**0.54**
	March 31, 2016	(5.09)	(0.65)	(4.44)	(0.62)
	July 1, 2015	(-)	(-)	(-)	
Computers	March 31, 2017	**0.20**	**0.12**	**0.08**	**0.06**
	March 31, 2016	(0.22)	(0.08)	(0.14)	(0.04)
	July 1, 2015	(-)	(-)	(-)	
TOTAL	March 31, 2017	**26.20**	**5.77**	**20.43**	**1.22**
	March 31, 2016	(23.95)	(2.32)	(21.63)	(1.03)
	July 1, 2015	(3.31)	(-)	(3.31)	

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

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49 Loss per share (EPS)

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

Calculation of EPS:

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

50 Segment Reporting

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

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

(a) **Defined Contribution**

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

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

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

(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 it's Indian wholly owned subsidiaries and of HCL Corporation Private Limited, a related party. In view of the same, it is a multi employer defined benefit plan.

The Trust has been investing the Provident fund contributions of the employees of all the six companies in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the Ind AS-19, was carried out at composite level. As per actuarial certificate there is no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" is nil.

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

	Gratuity			Provident Fund		
	Year ended 31.03.2017	Nine months ended 31.03.2016	Year ended 30 June 2015	Year ended 31.03.2017	Nine months ended 31.03.2016	Year ended 30 June 2015
Discount rate (per annum)	6.57%	7.44%	8.00%	Not Applicable	Not Applicable	Not Applicable
Rate of increase in compensation levels	4.10%	6.00%	6.00%	Not Applicable	Not Applicable	Not Applicable
Rate of return on plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Expected statutory interest rate	Not Applicable	Not Applicable	Not Applicable	8.65%	8.80%	8.75%
Expected short fall in interest earnings	Not Applicable	Not Applicable	Not Applicable	0.05%	0.05%	0.05%
Expected average remaining working lives of employees (years)	17.94	19.20	19.74	17.94	19.20	19.74

As of March 31, 2017, every 0.5 percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately by ₹ 0.06 Crores.
As of March 31, 2017, every 0.5 percentage point increase / decrease in weighted average rate of increase in compensation levels will effect our gratuity benefit obligation by approximately₹ 0.06 Crores

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

Description of Risk Exposures:
Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

A) Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

B) Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

C) Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

D) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

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

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₹/Crores

	As at 31.03.2017		As at 31.03.2016		As at 01.07.2015	
	Gratuity	Provident Fund	Gratuity	Provident Fund	Gratuity	Provident Fund
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	3.84	182.22	4.04	167.44	3.88	169.36
Current service cost	0.33	6.28	0.35	6.80	0.20	7.11
Interest cost	0.27	14.58	0.24	13.40	0.29	13.55
Total amount recognised in profit or loss	0.60		0.59		0.49	
Actuarial (gain)/loss from change in demographic assumptions	0.01	-	-	-	0.05	-
Actuarial (gain)/loss from change in financial assumptions	(0.11)	0.01	-	-	0.07	-
Experience (gain)/loss	0.02	(1.96)	(0.04)	(1.46)	1.17	(9.11)
Total amount recognised in other comprehensive income	(0.08)		(0.04)		1.29	
Benefits (paid)	(0.81)	(32.32)	(0.75)	(31.78)	(1.62)	(36.07)
Settlements/transfer in	-	6.89	-	9.34	-	5.23
Contribution by plan participants	-	16.75	-	18.48	-	17.37
Present value of obligation at the end of the year	3.55	192.45	3.84	182.22	4.04	167.44

₹/Crores

	As at 31.03.2017	As at 31.03.2016	As at 01.07.2015
	Provident Fund	Provident Fund	Provident Fund
Reconciliation of fair value of plan assets:			
Fair value of plan assets at the beginning of the year	195.62	177.69	169.62
Expected Return on Plan Assets	16.57	15.09	14.84
Contribution by employer	6.28	6.80	7.11
Settlements/Transfer In	6.89	9.34	5.23
Contribution by employee	16.75	18.48	17.37
Benefit Paid	(32.32)	(31.78)	(36.07)
Actuarial gain/(loss) on Plan Assets	0.00	0.00	(0.41)
Fair value of plan assets at the end of the year	209.79	195.62	177.69

	As at 31.03.2017		As at 31.03.2016	
Cost recognised for the year :	Gratuity	Provident Fund	Gratuity	Provident Fund
Current service cost	0.33	-	0.35	-
Company contribution to Provident Fund	-	6.28	-	6.80
Past service cost	-	-	-	-
Interest cost	0.28	-	0.24	-
Actuarial (gain)/loss	(0.08)	-	(0.04)	-
Interest guarantee liability	-	-	-	-
Shortfall in fund	-	-	-	-
Net cost recognised for the year*	0.53	6.28	0.55	6.80

* Included in Salaries, Wages, Bonus and Gratuity for Gratuity and Contribution to Provident and Other Funds for Provident Fund under Employee benefits expense (Refer Note 35).

@ The Company's contribution to Provident Fund for the year is ₹ 1.14 Crores (2016 - ₹ 1.02 Crores) and the remaining relates to other related companies as mentioned above.

The major categories of plan assets are as follows:

	As at 31.03.2017	As at 31.03.2016	As at 01.07.2015
	Unquoted in %	Unquoted in %	Unquoted in %
Central Government Securities	35.44	37.35	38.31
State Government Securities	19.9	16.02	15.13
Public Sector Bonds	34.36	37.1	37.25
Special Deposit Scheme	7.73	8.31	9.18
Equity	1.69	0.79	0.00
Bank Balance	0.88	0.43	0.13
Total	100	100	100

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

₹/Crores

	Gratuity				
	2017	2016	2015	2014	2013
Present value of the obligation as at the end of the year	3.55	3.84	4.04	3.88	19.41
Fair value of plan assets at the end of the year	-	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(3.55)	(3.84)	(4.04)	(3.88)	(19.41)
Experience adjustment in plan liabilities	0.02	(0.04)	1.17	0.27	0.16
Experience adjustment in plan assets	-	-	-	-	-

	Provident Fund				
	2017	2016	2015	2014	2013
Present value of the obligation as at the end of the year	(192.45)	(182.22)	(167.44)	(169.36)	(152.84)
Fair value of plan assets at the end of the year	209.79	195.62	177.69	169.62	152.85
Assets/(Liabilities) recognised in the Balance Sheet	-**	-**	-**	-**	-**

	2017	2016	2015
Expected Contribution to the Provident fund in the next year	6.78	7.34	7.82

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

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52 Disclosure of related parties and related party transactions:

a) Company having substantial interest:

HCL Corporation Private Limited

b) List of parties where control exists/existed:

Subsidiaries:

HCL Infotech Limited
HCL Learning Limited
HCL Services Limited
Digilife Distribution and Marketing Services Limited
HCL Computing Products Limited
Pimpri Chinchwad eServices Limited (85% Shareholding of HCL Infosystems Limited)
RMA Software Park Private Limited (up to September 24 , 2014)
HCL Insys Pte. Limited, Singapore
HCL Investments Pte. Limited, Singapore
HCL Touch Inc., USA
HCL Infosystems MEA FZE, Dubai
HCL Infosystems LLC, Dubai (49% Shareholding of HCL Infosystems MEA FZE)
HCL Infosystems MEA LLC, Abu Dhabi (49% Shareholding of HCL Infosystems MEA FZE)
HCL Infosystems Qatar, WLL (49% Shareholding of HCL Infosystems MEA FZE)
HCL Infosystems South Africa Pty. Limited

Joint Venture :

Nokia HCL Mobile Internet Services Limited
(The Company has sold its investments in Nokia HCL Mobile Internet Services Limited during the current year)

c) Others (Enterprises over which, individual having indirect significant influence over the company, has significant influence) and with whom transactions have taken place during the year and/or where balances exist:

HCL Technologies Limited
HCL Comnet Limited
HCL Comnet Systems and Services Limited
HCL Avitas Private Limited
HCL Talent Care Private Limited
HCL IT City Lucknow Private Limited
SSN Trust
RMA Software Park Private Limited (with effect from September 25, 2014)
Vama Sundari Investments (Pondi) Private Limited
Shiv Nadar Foundation
Naksha Enterprises Private Limited

d) Key Management Personnel:

Mr. Premkumar Seshadri * (Executive Vice Chairman Managing Director)
Mr. SG Murali (Group CFO with effect from April 1, 2015)
Mr Sushil Jain (Company Secretary)

*Remuneration has been paid by HCL Corporation Private Limited

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

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HCL Infosystems Limited

Summary of Related Party disclosures

(₹/Crores)

A. Transactions	Company having substantial interest			Subsidiaries			Others			Key Management Personnel			Total		
	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15	Mar-17	Mar-16	Jun-15
Sales and Related Income	**0.02**	-	-	46.57	95.48		**18.12**	5.66					**64.71**	101.14	
- HCL Infotech Limited #				2.92 #	3.03										
- HCL Services Limited				22.88	34.40										
- Digilife Distribution and Marketing Services Limited				20.74	57.87										
- HCL Technologies Limited							15.95	4.48							
- Shiv Nadar Foundation							1.03	0.95							
Sale of Services				**0.31**	0.12		**0.07**						**0.38**	0.12	
- HCL Infotech Limited #				0.00 #	0.09										
- HCL Technologies Limited							0.07	-							
- HCL Services Limited				0.31	0.02										
Purchase of Goods				**2.43**	0.41		**0.30**	-					**2.73**	0.41	
- Digilife Distribution and Marketing Services Limited				1.91	0.17										
- HCL Infotech Limited #				0.45 #	0.20										
-HCL Services Limited				0.01	0.04										
- HCL Learning Limited				0.06	-										
- HCL Comnet Limited							-	-							
Purchase of Fixed Assets				**0.01**	0.04		**0.30**	-					**0.31**	0.04	
-Naksha Enterprises Pvt Ltd							0.30								
Purchase of Services				**22.44**	24.94		-	-					**22.44**	24.94	
- HCL Services Limited				22.44	17.59										
- HCL Infotech Limited #				- #	7.34										
Business Consideration Receivable Converted to Equity				-	121.00								-	121.00	
- HCL Services Limited				-	61.00										
- HCL Learning Limited				-	60.00										
Business Consideration Receivable Converted to Inter Company Deposit				-	44.85								-	44.85	
- HCL Learning Limited				-	44.85										
Inter Company Deposit Payable Converted to Equity				-	439.00								-	439.00	
- HCL Infotech Limited				-	250.00										
- HCL Services Limited				-	189.00										
Purchase of Investment				**8.00**									**8.00**	-	
- Digilife Distribution and Marketing Services Limited				8.00	-										
Loans and Advances Refunded/Adjusted (Net)		-		**179.74**	257.39		-	-					**179.74**	257.39	
- Digilife Distribution and Marketing Services Limited					-										
- HCL Infotech Limited				178.18	240.86										
- HCL Learning Limited				1.56	16.53										
- RMA Software Park Private Limited							-	-							
Loans and Advances Given (Net)				**101.23**	83.68								**101.23**	83.68	
- HCL Infotech Limited				-	-										
- HCL Services Limited				99.60	83.67										
- Digilife Distribution and Marketing Services Limited				1.64	-										
- Pimpri Chinchwad Eservices Limited				-	0.01										
Interest Charged on Loans & Advances Given				**26.35**	88.51								**26.35**	88.51	
- HCL Infotech Limited				-	66.77										
- HCL Learning Limited				0.30	2.35										
- HCL Services Limited				25.84	19.39										
Rent Received							**7.46**	**6.01**					**7.46**	6.01	
- HCL Talent Care Private Limited							5.67	4.38							
- HCL Technologies Limited							1.79	1.63							
Remuneration										**2.93**	1.73		**2.93**	1.73	
- Mr. S.G. Murali										2.47	1.43				
- Mr.Sushil Jain										0.46	0.30				
Reimbursements towards expenditure															
a) Received				**48.46**	34.22								**48.46**	34.22	
- HCL Infotech Limited				19.90	13.50										
- HCL Services Limited				23.20	16.08										
- HCL Learning Limited				1.35	4.10										
- HCL Insys Pte Limited, Singapore				2.22	0.11										
b) Paid	**0.68**			**10.09**	10.08		-	-					**10.77**	10.08	
- HCL Services Limited				10.08	9.08										
- HCL Learning Limited				-	0.99										
- HCL Corporation Private Limited*	0.68	-													
B. Amount due to / from related parties															
Investment In Subsidaries				1,575.97	1,567.97	1,007.96	-	-					**1,575.97**	1,567.97	1,007.96
Business Consideration & Other Receivables				-	-	165.85							-	-	165.85
Trade Receivables	-	-	0.01	170.04	37.37	121.83	8.54	3.39	4.37				**178.57**	40.76	126.21
Loans and Advances				568.77	648.88	1,259.97	-	-	-				**568.77**	648.88	1,259.97
Trade Payables				192.84	66.57	168.02	0.35	0.35	0.44				**193.19**	66.92	168.46
Other Payables				18.60	16.62	15.92	4.81	4.81	4.81				**23.41**	21.43	20.73

Notes:

\# Sales and Related Income, Sale of Services, Purchase of Goods and Purchase of Services are net of transactions between HCL Infosystems and HCL Infotech on account of pending Novation of Contracts of System Integration Business

* Related to Corporate Guarantee of ₹ 325 Crores taken from HCL Corporation Private Limited

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

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53 Compensation of key management personnel of the Company*	Year ended 31.03.2017	Nine months period ended 31.03.2016
Short-term employee benefits	2.93	1.73
Total compensation paid to key management personnel	2.93	1.73

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

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

54 Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 are provided below:	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.01	-	0.01
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks from 09.11.2016	0.01	-	0.01
Closing cash in hand as on 30.12.2016	-	-	-

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

Disclosure of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year ended March 31, 2017

As at 31.03.2017 ₹/Crores

A. Loans and Advances in the nature of Loans to Subsidiaries & Associates						
a. Name	RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited
b. Balance outstanding at the year end	-	0.01	283.09	2.60	179.85	7.00
c. Maximum amount outstanding	-	0.01	300.37	12.50	707.13	8.56

As at 31.03.2016 ₹/Crores

A. Loans and Advances in the nature of Loans to Subsidiaries & Associates						
a. Name	RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited
b. Balance outstanding at the year end	-	0.01	183.48	-	420.13	8.56
c. Maximum amount outstanding	-	0.01	352.55	-	959.90	67.02

As at 01.07.2015 ₹/Crores

A. Loans and Advances in the nature of Loans to Subsidiaries & Associates						
a. Name	RMA Software Park Private Limited	Pimpri Chinchwad eServices Limited	HCL Services Limited	Digilife Distribution and Marketing Services Limited	HCL Infotech Limited	HCL Learning Limited
b. Balance outstanding at the year end	-	-	288.82	-	946.06	25.09
c. Maximum amount outstanding	37.73	-	292.95	21.37	946.74	28.02

2017 ₹/Crores

B. Loans and Advances in the nature of loans where no interest or interest below Section 186 of Companies Act, 2013 is charged					
a. Name	RMA Software Park Private 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
c. Maximum amount outstanding during the year ended March 31, 2017	Nil	Nil	Nil	Nil	Nil

2016 ₹/Crores

B. Loans and Advances in the nature of loans where no interest or interest below Section 186 of Companies Act, 2013 is charged					
a. Name	RMA Software Park Private 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
c. Maximum amount outstanding during the year ended March 31, 2017	Nil	Nil	Nil	Nil	Nil

2015 ₹/Crores

B. Loans and Advances in the nature of loans where no interest or interest below Section 186 of Companies Act, 2013 is charged					
a. Name	RMA Software Park Private 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
c. Maximum amount outstanding during the year ended March 31, 2017	Nil	Nil	Nil	Nil	Nil

Loans given to employees under various schemes of the Company have been considered to be out of purview of disclosure requirement.

	2017	2016	2015
C. Loans and Advances in the nature of loans to firms/companies in which directors are interested	Nil	Nil	Nil

D. Investment by the loanees in the shares of the Company	2017	2016	2015
a. Name of the Loanee	-	-	-
b. Balance outstanding at the year end	Nil	Nil	Nil
c. Maximum amount outstanding during the year ended March 31, 2017	Nil	Nil	Nil
d. Investments made by the Loanee	Nil	Nil	Nil
e. Maximum amount of Investment during the year ended March 31, 2017	Nil	Nil	Nil

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56 Taxation:

(a) Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Company conducts the business to the profit for the year. Deferred tax assets and deferred tax liabilities are offset, if a legally enforeable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relates to the same taxable entity and the same taxation authority.

(b) Deferred Tax:

Major components of Deferred tax arising on account of timing difference along with their movement as at March 31, 2017 are:

₹/Crores

	As at 01.07.15	Movement during the period	As at 31.03.16	Movement during the year	As at 31.03.17
Assets					
Unrealised gain on Indexation of land	5.72	-	5.72	-	5.72
Provision for Doubtful Debts/Advances/Other Current Assets	5.16	6.08	11.24	(0.83)	10.41
Tax Losses	12.79	(9.09)	3.70	14.57	18.27
Impact of expenditure charged to statement of profit & loss but allowable for tax purpose in future years	1.82	-	1.82	0.18	2.00
MAT Credit (Refer Note below)	32.60	1.64	34.24	3.03	37.27
Total (A)	**58.09**	**(1.37)**	**56.72**	**16.95**	**73.67**
Liabilities					
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	(5.90)	(0.88)	(6.78)	(0.15)	(6.93)
Duties, Taxes & Cess allowed for tax purpose on payment basis.	(4.95)	-	(4.95)	3.97	(0.98)
Unrealised Gain on Fair valuation of Investment in Mutual Funds	(0.25)	0.19	(0.06)	(0.09)	(0.15)
Forward Contracts	(0.25)	(0.17)	(0.42)	0.00	(0.42)
Other timing differences	(0.26)	(0.21)	(0.47)	(0.02)	(0.49)
Total (B)	**(11.61)**	**(1.07)**	**(12.68)**	**3.71**	**(8.97)**
Net Deferred Tax Assets (A)-(B)	**46.48**	**(2.44)**	**44.04**	**20.66**	**64.70**

Note: MAT credit movement for the financial year 2015-16 includes adjustment of Rs.5.60 Crores. There is no impact on Statement of Profit & Loss for this adjustment as this is a Balance Sheet movement.

(c) Income Tax Expense:

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

	For the Year ended March 31, 2017	Nine months ended March 31, 2016
(a) Income tax expense - Current tax		
Current tax on profits for the year	3.28	8.41
Mat Credit		
Adjustments for current tax of prior periods	3.03	-
Total current tax expense	**6.31**	**8.41**
Deferred tax		
Decrease (increase) in deferred tax assets	(16.95)	(4.23)
(Decrease) increase in deferred tax liabilities	(3.71)	1.07
Total deferred tax expense/(benefit)	**(20.66)**	**(3.16)**
Income tax expense	**(14.35)**	**5.25**

(b)Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:	31/Mar/2017	31/Mar/2016
Loss before income tax expense	(376.68)	(182.03)
Tax at the Indian tax rate of 30.90% (2015-2016 – 33.06%)	(116.39)	(60.18)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Disallowances for which deferred tax not created		
Impairment of investment and Inter Corporate Deposits	98.93	64.36
Expenditure related to exempt dividend income	0.30	1.08
Dividend Income	(1.49)	-
Other items	(0.02)	(0.01)
Tax on Singapore Branch profit	2.60	
Adjustments for current tax of prior periods	1.72	-
Income tax expense	**(14.35)**	**5.25**

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57 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the nine months period ended 31 March 2016 and the opening Ind AS balance sheet at 1 July 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows is set out in the following tables and notes.

Reconciliation between previous GAAP and IND AS

(i) Equity Reconciliation

₹ / Crores

Particulars	As at 31.03.2016	As at 01.07.2015
As reported under previous GAAP	1,226.91	1,437.14
Adjustments:		
Less : Impairment of Long term investments	(242.42)	(277.01)
Less : Recognition of Expected Credit Loss	(10.76)	(2.99)
Add: Recognition of deferred tax	9.80	13.87
Add: Others	0.87	0.63
Equity under IND AS	984.40	1,171.64

(ii) Total Comprehensive Income Reconciliation

Particulars	₹ / Crores Nine months period ended 31.03.2016
Net Income under Previous GAAP	(210.27)
Adjustments:	
Add : Reversal of Impairment of Long term investments	34.59
Less : Recognition of Expected Credit Loss	(7.77)
Less: Reversal of deferred tax	(4.07)
Add: Others	0.21
Profit for the period under IND AS	(187.31)
Other Comprehensive income	0.03
Total Comprehensive Income for the period under IND AS	(187.28)

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(iii) Cash Flow Reconciliation	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	(28.27)	2.02	(26.25)
Net cash flow from investing activities	502.02	0.86	502.88
Net cash flow from financing activities	(441.62)	(2.50)	(444.12)
Net increase (decrease) in cash and cash equivalents	32.13	0.38	32.51
Cash and cash equivalents as at 01.07.2015	64.07	(2.19)	61.88
Cash and cash equivalents as at 31.03.2016	96.20	(1.81)	94.39

58 In compliance with the Section 2(41) of Companies Act, 2013, during 2015-16 , the company had changed its accounting period from July - June to April - March in 2015-16. Therefore, the previous year's figures are for the nine month period from July 1, 2015 to March 31, 2016 as against twelve months in the 2016-17, hence are not comparable. Previous year's figures have also been regrouped / recasted, wherever necessary, to conform to the current year's presentation.

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

AVIJIT MUKERJI
Partner
Membership Number - 056155

For and on behalf of the Board of Directors

PREMKUMAR SESHADRI
Executive Vice Chairman
& Managing Director
DIN - 03114983

KAUSHIK DUTTA
Director
DIN - 03328890

S G MURALI
Group Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Place : Noida
Dated : May 30, 2017

B S R & Associates LLP

Chartered Accountants

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

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

Review Report to the Board of Directors of HCL Infosystems Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results ("the consolidated financial results") of HCL Infosystems Limited (the "Company") and its subsidiaries (collectively known as "the Group") for the quarter and six months ended 30 September 2017 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The consolidated financial results is the responsibility of the Company's Management and has been approved by the Board of Directors on 25 October 2017. Our responsibility is to issue a report on the consolidated financial results based on our review.

2. Attention is drawn to the fact that the figures for the quarter ended 30 June 2017 and 30 June 2016 and for the six months ended 30 September 2016 and for the year ended 31 March 2017 are based on previously issued consolidated financial results and annual consolidated financial statements that were reviewed/audited by the erstwhile auditors (vide their unmodified limited review report dated 28 October 2016 and 26 July 2017 for the period ended 30 September 2016 and 30 June 2017 respectively, and unmodified audit report dated 30 May 2017 for the year ended 31 March 2017).

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying unaudited consolidated financial results prepared in accordance with the applicable Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI circular dated 5 July 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Associates LLP**
Chartered Accountants
ICAI Registration No.: 116231W/W-100024

Manish Gupta
Partner
Membership No.: 095037

Place: Gurugram
Date: 25 October 2017

HCL INFOSYSTEMS LIMITED
Unaudited Financial Results for the quarter and six months ended September 30, 2017

Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.
CIN - L72200DL1986PLC023955
Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791
Website www.hclinfosystems.in
Email ID: cosec@hcl.com

Statement of consolidated results for the quarter and six months ended September 30, 2017 (Rs. In Lakhs)

	Particulars	Consolidated					
		Unaudited			Unaudited		Audited
		Three months ended			Year to Date		Year ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
1	**Income**						
	Revenue from operations	88,061	68,423	100,010	156,484	214,709	373,372
	Other income	3,019	2,971	3,693	5,990	7,306	14,568
	Total Income	**91,080**	**71,394**	**103,703**	**162,474**	**222,015**	**387,940**
2	**Expenses**						
(a)	Cost of materials consumed	-	19	22	19	46	79
(b)	Purchase of stock-in-trade	63,510	44,663	62,510	108,173	139,275	234,857
(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4,581)	(4,824)	4,019	(9,405)	4,856	5,713
(d)	Employee benefits expense	11,434	12,266	14,065	23,700	28,919	53,951
(e)	Finance costs	4,193	4,361	4,785	8,554	9,222	19,029
(f)	Depreciation and amortisation expense	631	816	746	1,447	1,454	3,148
(g)	Other expenses	22,067	20,445	22,251	42,512	47,221	93,266
	Total expenses	**97,254**	**77,746**	**108,398**	**175,000**	**230,993**	**410,043**
3	**Profit / (Loss) before exceptional items and tax from continuing operations (1 - 2)**	**(6,174)**	**(6,352)**	**(4,695)**	**(12,526)**	**(8,978)**	**(22,103)**
4	Exceptional Items loss / (gain)	39,000	-	-	39,000	-	5,000
5	**Profit / (Loss) before tax from continuing operations (3 - 4)**	**(45,174)**	**(6,352)**	**(4,695)**	**(51,526)**	**(8,978)**	**(27,103)**
6	Tax expense / (credit)						
	(a) Current tax	60	98	116	158	209	1,131
	(b) Deferred tax expense / (credit)	52	(1,235)	(1,318)	(1,183)	(2,419)	(5,631)
7	**Net Profit / (Loss) for the period from continuing operations (5 - 6)**	**(45,286)**	**(5,215)**	**(3,493)**	**(50,501)**	**(6,768)**	**(22,603)**
8	Profit / (Loss) from discontinued operations	(271)	(297)	(220)	(568)	(515)	(2,164)
9	Tax expense / (credit) of discontinued operations	-	-	-	-	-	-
10	**Net Profit / (Loss) for the period from discontinued operations (8 - 9)**	**(271)**	**(297)**	**(220)**	**(568)**	**(515)**	**(2,164)**
11	**Net Profit / (Loss) for the period (7+ 10)**	**(45,557)**	**(5,512)**	**(3,713)**	**(51,069)**	**(7,283)**	**(24,767)**
12	Other comprehensive income						
	A (i) Items that will not be reclassified to profit or loss	(1)	1	1	-	3	91
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	14
	B (i) Items that will be reclassified to profit or loss	116	116	(185)	232	(185)	(761)
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Total other comprehensive income, net of income tax	**115**	**117**	**(184)**	**232**	**(182)**	**(684)**
13	**Total comprehensive income for the period (11 + 12)**	**(45,442)**	**(5,395)**	**(3,897)**	**(50,837)**	**(7,465)**	**(25,451)**
14	Net Profit/(Loss) attributable to:						
	- Shareholders	(45,557)	(5,512)	(3,713)	(51,069)	(7,283)	(24,767)
	- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	Total comprehensive income attributable to:						
	- Shareholders	(45,442)	(5,395)	(3,897)	(50,837)	(7,465)	(25,451)
	- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
15	Paid-up equity share capital (Face value per share in Rs. 2/-)	4,460	4,458	4,458	4,460	4,458	4,458
16	Reserve excluding revaluation reserves as per balance sheet of previous accounting year						50,484
17	Earnings per share for continuing operations (of Rs 2/- each) (not annualised):						
	(a) Basic	(20.31)	(2.34)	(1.57)	(22.65)	(3.04)	(10.14)
	(b) Diluted	(20.31)	(2.34)	(1.57)	(22.65)	(3.04)	(10.14)
18	Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):						
	(a) Basic	(0.12)	(0.13)	(0.10)	(0.25)	(0.23)	(0.97)
	(b) Diluted	(0.12)	(0.13)	(0.10)	(0.25)	(0.23)	(0.97)
19	Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):						
	(a) Basic	(20.43)	(2.47)	(1.67)	(22.91)	(3.27)	(11.11)
	(b) Diluted	(20.43)	(2.47)	(1.67)	(22.91)	(3.27)	(11.11)

Statement of Consolidated Assets and Liabilities (Rs. In Lakhs)

Particulars	Consolidated	
	Unaudited as at 30.09.2017	Audited as at 31.03.2017
ASSETS		
Non-Current Assets		
Property, plant and equipment	10,789	11,564
Capital work-in-progress	488	142
Goodwill	8,382	47,282
Other intangible assets	266	303
Financial assets		
i. Other financial assets	1,996	4,139
Deferred tax assets (net)	17,776	16,543
Advance income tax asset (net)	17,500	16,054
Other non-current assets	16,544	13,362
Total non-current assets	**73,741**	**109,389**
Current assets		
Inventories	22,350	14,131
Financial assets		
i. Investments	9,174	12,087
ii. Trade receivables	130,079	129,212
iii. Cash and cash equivalents	12,465	13,809
iv. Bank balances other than (iii) above	6,462	5,533
v. Loans	38	60
vi. Other financial assets	14,847	18,755
Other current assets	16,084	10,367
Total current assets	**211,499**	**203,954**
Assets classified as held for sale	**4,611**	**5,060**
Total assets	**289,851**	**318,403**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	4,460	4,458
Other equity	(325)	50,484
Non-controlling interests	(0.00)	(0.00)
Total equity	**4,135**	**54,942**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	32,201	41,316
Provisions	1,560	1,871
Deferred tax liabilities (net)	86	35
Other non-current liabilities	51	69
Total non-current liabilities	**33,898**	**43,291**
Current liabilities		
Financial liabilities		
i. Borrowings	64,156	57,684
ii. Trade payables	106,619	73,697
iii.Other financial liabilities	41,568	42,644
Other current liabilities	24,994	33,079
Provisions	14,036	12,562
Current tax liabilities (net)	400	460
Total current liabilities	**251,773**	**220,126**
Liabilities directly associated with assets held for disposal	**45**	**44**
Total liabilities	**285,716**	**263,461**
Total equity and liabilities	**289,851**	**318,403**

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Segment-wise information

	Particulars	Unaudited			Unaudited		Audited
		Three months ended			Year to Date		Year ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
1.	**Segment Revenue**						
	- Hardware Products and Solutions	4,318	4,043	7,674	8,361	19,923	36,161
	- Services	23,458	21,157	24,993	44,615	49,464	94,583
	- Distribution	61,457	43,873	68,589	105,330	149,029	247,004
	- Learning	86	155	267	241	550	948
	Total	89,319	69,228	101,523	158,547	218,966	378,696
	Less : Intersegment revenue	1,258	805	1,513	2,063	4,257	5,324
	Net Sales / Income from continuing operations	**88,061**	**68,423**	**100,010**	**156,484**	**214,709**	**373,372**
2.	**Segment results (profit / (loss) before tax and Interest from each segment)**						
	- Hardware Products and Solutions	(1,359)	(755)	973	(2,114)	2,450	(569)
	- Services	(40,282)	(1,035)	(1,507)	(41,317)	(3,520)	(10,208)
	- Distribution	502	(265)	145	237	663	710
	- Learning	(194)	(23)	195	(217)	270	279
	Total	(41,333)	(2,078)	(194)	(43,411)	(137)	(9,788)
	Less :						
	i) Interest expense	4,193	4,361	4,785	8,554	9,222	19,029
	ii) Other un-allocable expenditure net off un-allocable (income)	(352)	(87)	(284)	(439)	(381)	(1,714)
	Total Profit / (Loss) before tax from continuing operations	**(45,174)**	**(6,352)**	**(4,695)**	**(51,526)**	**(8,978)**	**(27,103)**
3.	**Segment Assets**						
	- Hardware Products and Solutions	108,732	121,326	149,430	108,732	149,430	123,850
	- Services	39,557	82,959	90,597	39,557	90,597	74,053
	- Distribution	74,037	54,133	36,754	74,037	36,754	44,204
	- Learning	1,279	1,801	5,431	1,279	5,431	2,375
	- Discontinued Operations	4,611	4,844	5,887	4,611	5,887	5,060
	- Unallocated	61,635	56,336	59,403	61,635	59,403	68,861
	Total Assets	**289,851**	**321,399**	**347,502**	**289,851**	**347,502**	**318,403**
4.	**Segment Liabilities**						
	- Hardware Products and Solutions	51,021	56,988	59,053	51,021	59,053	58,537
	- Services	22,582	20,240	24,137	22,582	24,137	22,215
	- Distribution	72,539	51,852	43,404	72,539	43,404	42,739
	- Learning	1,362	1,461	1,902	1,362	1,902	1,595
	- Discontinued Operations	45	43	60	45	60	44
	- Unallocated	138,167	141,286	146,063	138,167	146,063	138,331
	Total Liabilities	**285,716**	**271,870**	**274,619**	**285,716**	**274,619**	**263,461**

Notes

1. After recommendation by the Audit Committee, these results have been approved and taken on record by the Board of Directors at its meeting held on October 25, 2017. The results have been subjected to a limited review by the statutory auditors.

2. HCL Learning Limited has entered into a business transfer arrangement on April 27, 2017 with the to M/s. Everest Edusys and Solutions Private Limited (the "Entity"), for transfer of Digischool Business undertaking. The closure of slump sale transaction is subject to certain conditions listed out in the Business Transfer Agreement. The assets and liabilities attributable to digischool business undertaking has accordingly been categorised as 'held for sale', in accordance with Ind AS 105. The results for the quarter ended September 30, 2017 and earlier periods presented above, attributable to digischool business undertaking, are presented as discontinued operations.

3. Exceptional items include :

Particulars	Unaudited			Unaudited		Audited
	Three months ended			Year to Date		Year ended
	30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
a. Impairment of goodwill for Services business (refer note 4)	39,000	-	-	39,000	-	5,000
Total Loss	39,000	-	-	39,000	-	5,000

4. During the quarter ended 30th September 2017, the Company incurred an impairment charge of Rs 39,000 Lakhs on its goodwill for Services business. As part of its strategy, the Company continues to review and streamline including right size, disengage or winddown of components of its service offerings, segments and geographies. This has led to an impairment of goodwill in current quarter for the services business.

5. Consolidated Results include financial results of HCL Infosystems Limited, and its subsidiaries.

6. Figures for previous periods have been regrouped and rearranged, wherever necessary, to conform with the relevant current period's classification.

Place : Noida
Date : October 25, 2017

B S R & Associates LLP * GURUGRAM * Chartered Accountants

By order of the Board
for HCL Infosystems Limited

Premkumar
Premkumar Seshadri
Executive Vice-Chairman & Managing Director

B S R & Associates LLP

Chartered Accountants

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

Telephone: + 91 124 719 1000
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Review Report to the Board of Directors of HCL Infosystems Limited

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results ("the financial results") of HCL Infosystems Limited (the "Company") for the quarter and six months ended 30 September 2017 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The financial results is the responsibility of the Company's Management and has been approved by the Board of Directors on 25 October 2017. Our responsibility is to issue a report on the financial results based on our review.

2. Attention is drawn to the fact that the figures for the quarter ended 30 June 2017 and 30 September 2016 and for the six months ended 30 September 2016 and for the year ended 31 March 2017 are based on previously issued standalone financial results and annual standalone financial statements that were reviewed/audited by the erstwhile auditors (vide their unmodified limited review report dated 28 October 2016 and 26 July 2017 for the period ended 30 September 2016 and 30 June 2017 respectively, and unmodified audit report dated 30 May 2017 for the year ended 31 March 2017).

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying unaudited financial results prepared in accordance with the applicable Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI circular dated 5 July 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Associates LLP**
Chartered Accountants
ICAI Registration No.: 116231W/W-100024

Manish Gupta
Partner
Membership No.: 095037

Place: Gurugram
Date: 25 October 2017

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

Registered Office :
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

HCL INFOSYSTEMS LIMITED
Unaudited Financial Results for the quarter and six months ended September 30, 2017
Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.
CIN - L72200DL1986PLC023955
Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791
Website www.hclinfosystems.in
Email ID: cosec@hcl.com

Statement of standalone results for the quarter and six months ended September 30, 2017 (Rs. In Lakhs)

	Particulars	Standalone					
		Unaudited			Unaudited		Audited
		Three months ended			Year to Date		Year ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
1	**Income**						
	Revenue from operations	59,374	40,668	63,535	100,042	139,625	226,536
	Other income	1,153	1,089	1,038	2,242	1,975	4,761
	Total Income	60,527	41,757	64,573	102,284	141,600	231,297
2	**Expenses**						
(a)	Cost of materials consumed	-	19	22	19	46	79
(b)	Purchase of stock-in-trade	61,181	43,193	55,316	104,374	125,427	207,806
(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(5,037)	(5,080)	4,131	(10,117)	5,191	3,613
(d)	Employee benefits expense	1,254	1,506	1,542	2,760	3,188	5,811
(e)	Finance costs	2,638	2,621	2,523	5,259	4,766	10,460
(f)	Depreciation and amortisation expense	111	113	121	224	246	480
(g)	Other expenses	1,616	2,137	2,183	3,753	4,153	8,705
	Total expenses	61,763	44,509	65,838	106,272	143,017	236,954
3	**Profit / (Loss) before exceptional items and tax (1 - 2)**	(1,236)	(2,752)	(1,265)	(3,988)	(1,417)	(5,657)
4	Exceptional items loss / (gain)	40,583	1,682	857	42,265	1,908	32,019
5	**Profit / (Loss) before tax (3 - 4)**	(41,819)	(4,434)	(2,122)	(46,253)	(3,325)	(37,676)
6	Tax expense / (credit)						
	(a) Current tax	-	-	10	-	54	631
	(b) Deferred tax expense / (credit)	-	(563)	(383)	(563)	(475)	(2,068)
7	**Net Profit / (Loss) for the period (5 - 6)**	(41,819)	(3,871)	(1,749)	(45,690)	(2,904)	(36,239)
8	Other comprehensive income						
	A (i) Items that will not be reclassified to profit or loss	-	1	-	1	1	8
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	2
	B (i) Items that will be reclassified to profit or loss	-	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Total other comprehensive income, net of income tax	-	1	-	1	1	6
9	**Total comprehensive income for the period (7 + 8)**	(41,819)	(3,870)	(1,749)	(45,689)	(2,903)	(36,233)
10	Paid-up equity share capital (Face value per share in Rs. 2/-)	4,460	4,458	4,458	4,460	4,458	4,458
11	Reserve excluding revaluation reserves as per balance sheet of previous accounting year						57,749
12	Earnings per share (of Rs 2/- each) (not annualised):						
	(a) Basic	(18.75)	(1.74)	(0.78)	(20.49)	(1.30)	(16.26)
	(b) Diluted	(18.75)	(1.74)	(0.78)	(20.49)	(1.30)	(16.26)

Notes

1. After recommendation by the Audit Committee, these results have been approved and taken on record by the Board of Directors at its meeting held on October 25, 2017. The results have been subjected to a limited review by the statutory auditors.

2. Exceptional items include :

Particulars	Unaudited			Unaudited		Audited
	Three months ended			Year to Date		Year ended
	30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
a. Impairment of investment in HCL Services Limited	38,000	-	-	38,000	-	25,000
b. Provision against loan given to Subsidiary	2,583	1,682	857	4,265	1,908	7,019
Total (a+b) - (Gain) / Loss	40,583	1,682	857	42,265	1,908	32,019

3. Figures for previous periods have been regrouped and rearranged, wherever necessary, to conform with the relevant current period's classification.

Statement of Standalone Assets and Liabilities (Rs. In Lakhs)

Particulars	Standalone	
	Unaudited as at 30.09.2017	Audited as at 31.03.2017
ASSETS		
Non-current assets		
Property, plant and equipment	7,406	7,649
Capital work-in-progress	-	-
Other intangible assets	20	19
Financial assets		
i. Investments	15,553	53,551
ii. Other financial assets	50	53
Deferred tax assets (net)	7,033	6,470
Advance income tax (net)	1,771	878
Other non-current assets	13,941	10,945
Total non-current assets	45,774	79,565
Current assets		
Inventories	15,989	5,947
Financial assets		
i. Investments	5,557	12,087
ii. Trade receivables	42,065	43,200
iii. Cash and cash equivalents	6,077	6,768
iv. Bank balances other than (iii) above	421	441
v. Loans	66,482	38,902
vi. Others financial assets	1,110	630
Other current assets	11,406	4,594
Total current assets	149,107	112,569
Total assets	194,881	192,134
EQUITY AND LIABILITIES		
Equity		
Equity share capital	4,460	4,458
Other equity	12,086	57,749
Total equity	16,546	62,207
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	14,209	13,411
Provisions	425	533
Total non-current liabilities	14,634	13,944
Current liabilities		
Financial liabilities		
i. Borrowings	62,897	56,828
ii. Trade payables	81,513	40,217
iii.Other financial liabilities	16,039	14,462
Other current liabilities	2,550	3,766
Provisions	702	710
Total current liabilities	163,701	115,983
Total liabilities	178,335	129,927
Total equity and liabilities	194,881	192,134

By order of the Board
for HCL Infosystems Limited

Premkumar

Premkumar Seshadri
Executive Vice-Chairman & Managing Director

B S R & Associates LLP
GURUGRAM
Chartered Accountants

Place : Noida
Date : October 25, 2017

MATERIAL DEVELOPMENTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977 and sub-item B of item X of Part E of the SEBI ICDR Regulations, our unaudited working results on standalone basis for the period between the last date of the balance sheet and the profit and loss account provided to the shareholders, i.e. for Fiscal 2017, and up to the end of the last but one month preceding the date of the Letter of Offer, i.e. August 31, 2017, is set out in the table below:

(in ₹ crore)

Sr. No.	Particulars	Amount
(i)	Sales / turnover (Net)	684.95
(ii)	Other income	16.74
(iii)	**Total Income**	**701.69**
(iv)	Estimated profit (excluding depreciation and taxes)	(44.65)
(v)	Provision for depreciation	1.87
(vi)	Provision for taxes	(5.63)
(vii)	**Estimated net profit / loss**	**(71.11)***

* *Estimated net loss includes an exceptional item loss of ₹ 30.22 crore.*

Material changes and commitments

There are no material changes and commitments, other than as disclosed to the Stock Exchanges since April 1, 2017 till date of the Letter of Offer.

For our Company's week-end prices for the last four weeks; current market price; and highest and lowest prices of Equity Shares during the relevant period, see "***Stock Market Data for Equity Shares***" on page 74.

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Equity Shares are listed on the BSE and NSE. Stock market data for our Equity Shares has been separately disclosed below for the BSE and the NSE.

For the purpose of this section:

- Year is a fiscal year;
- Average price is the average of the daily closing prices of the Equity Shares, for the year, or the month, as the case may be;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, for the year, or the month, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low and average market prices of the Equity Shares recorded on BSE and NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE							
Fiscal Year	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Average (₹)**
2017	January 25, 2017	64.85	25,72,196	June 7, 2016	36.00	2,76,347	47.76
2016	November 27, 2015	66.75	30,37,728	February 12, 2016	30.30	9,97,559	45.82
2015	September 22, 2014	94.50	25,22,058	April 1, 2014	37.75	16,08,805	62.45

Source: www.bseindia.com

NSE							
Fiscal Year	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Average (₹)**
2017	January 25, 2017	64.90	1,26,06,593	June 7, 2016	36.05	6,67,668	47.77
2016	November 27, 2015	66.85	86,12,475	February 12, 2016	30.15	34,42,479	45.82
2015	September 22, 2014	94.50	70,95,789	April 1, 2014	37.00	52,13,144	62.45

Source: www.nseindia.com

The high and low prices and volume of Equity Shares traded on the respective dates on the BSE and NSE during the last six months is as follows:

BSE							
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Average (₹)**
September	September 19, 2017	54.90	17,16,306	September 25, 2017	46.30	4,31,168	49.43

BSE							
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Average (₹)**
August	August 22, 2017	50.50	18,64,036	August 11, 2017	40.10	4,21,154	45.57
July	July 19, 2017	57.80	26,42,987	July 3, 2017	44.65	4,40,791	49.38
June	June 6, 2017	49.35	4,71,162	June 21, 2017	43.45	9,32,835	46.10
May	May 2, 2017	57.50	4,28,798	May 31, 2017	46.40	2,74,988	52.48
April	April 24, 2017	60.95	15,00,006	April 3, 2017	52.05	17,05,759	56.93

Source: www.bseindia.com

NSE							
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Average (₹)**
September	September 19, 2017	55.00	83,50,212	September 25, 2017	46.20	14,73,620	49.45
August	August 22, 2017	50.65	1,07,94,592	August 11, 2017	40.00	13,72,932	45.57
July	July 19, 2017	57.35	1,03,38,089	July 3, 2017	44.65	13,60,051	49.38
June	June 6, 2017	49.40	21,24,346	June 21, 2017	43.40	31,81,112	46.08
May	May 2, 2017	57.45	9,17,172	May 31, 2017	46.30	8,49,791	52.50
April	April 24, 2017	61.00	40,54,423	April 3, 2017	52.25	53,77,879	56.98

Source: www.nseindia.com

Week end closing prices of the Equity Shares for the last four weeks on BSE and NSE are as below:

BSE					
For the week ended on	**Closing Price (₹)**	**Date of High**	**High (₹)**	**Date of Low**	**Low (₹)**
October 27, 2017	46.25	October 25, 2017	49.80	October 27, 2017	45.90
October 20, 2017	47.50	October 16, 2017	49.40	October 19, 2017	47.10
October 13, 2017	48.65	October 10, 2017	51.70	October 13, 2017	48.30
October 6, 2017	50.60	October 6, 2017	51.85	October 4, 2017	46.75

Source: www.bseindia.com

NSE					
For the week ended on	**Closing Price (₹)**	**Date of High**	**High (₹)**	**Date of Low**	**Low (₹)**
October 27, 2017	46.35	October 25, 2017	49.90	October 27, 2017	46.00
October 20, 2017	47.50	October 16, 2017	49.30	October 19, 2017	47.25
October 13, 2017	48.75	October 11, 2017	51.65	October 11, 2017	48.20
October 6, 2017	50.60	October 6, 2017	51.65	October 4, 2017	46.80

Source: www.nseindia.com

The closing market price of the Equity Shares of our Company as on October 30, 2017, the trading day immediately prior to the date of the Letter of Offer, was ₹ 48.10 on the BSE and ₹ 48.10 on the NSE.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following table presents certain accounting and other ratios, on a standalone basis, derived from our Audited Financial Statements included in "***Financial Statements***" beginning on page 72.

Particulars	Year ended March 31, 2017	Year Ended March 31, 2016
EPS		
(a) Basic EPS (excluding extra-ordinary items) (in Rs.)	(16.25)	(8.40)
(b) Diluted EPS (excluding extra-ordinary items) (in Rs.)	(16.25)	(8.40)
Return on Net Worth (excluding extra-ordinary items) (in %)	(58%)	(19%)
Net Asset Value per share (excluding revaluation reserve) (in Rs.)	27.91	44.16

Further, the following table presents certain accounting and other ratios, on a consolidated basis, derived from our Audited Financial Statements included in "***Financial Statements***" beginning on page 72.

Particulars	Year ended March 31, 2017	Year Ended March 31, 2016
EPS		
(a) Basic EPS (excluding extra-ordinary items) (in Rs.)	(11.11)	(9.61)
(b) Diluted EPS (excluding extra-ordinary items) (in Rs.)	(11.11)	(9.61)
Return on Net Worth (excluding extra-ordinary items) (in %)	(46%)	(26%)
Net Asset Value per share (excluding revaluation reserve) (in Rs.)	24.65	36.06

These ratios have been computed as under:

Basic EPS	Net profit after tax attributable to shareholders / Weighted average number of equity shares outstanding at the end of the period/year
Diluted EPS	Net profit after tax attributable to shareholders / Weighted average number of dilutive equity shares outstanding at the end of the period/year
Return on Net Worth (%)	Net profit after tax / Net worth at the end of the period/year x 100
Net Asset Value per share	Net Worth at the end of the period/year / Total number of equity shares outstanding at the end of the period/year

These tables should be read in conjunction with "***Financial Statements***" and "***Risk Factors***" appearing on pages 72 and 12, respectively.

The following tables present the capitalisation statement, on a standalone basis, as per the Audited Financial Statements of our Company:

(in ₹ crore)

Particulars	Pre-Issue as at March 31, 2017	Post-Issue [(2)] as adjusted for Issue Price
Borrowings		
Long term borrowings (including current maturities of long term borrowings)	233.63	233.63
Short Term Borrowings	568.28	568.28
Total Borrowings	801.91	801.91
Shareholder's Fund		
Equity Share Capital	44.58	65.82 [(3)]
Securities premium	720.16	1,198.02 [(3)]
Reserves & Surplus [(1)]	(142.67)	(142.67)

(in ₹ crore)

Particulars	Pre-Issue as at March 31, 2017	Post-Issue [(2)] as adjusted for Issue Price
Total Shareholders' Fund	622.07	1,121.16
Total Borrowings/ Shareholder's Fund (Ratio)	1.29	0.72
Long Term Borrowings (including current maturities of long term borrowings) / Shareholder's Fund (Ratio)	0.38	0.21

(1) *Reserves & Surplus excludes revaluation reserves and securities premium.*
(2) *Assuming full subscription*
(3) *80000 Equity shares of ₹ 2 each issued subsequent to March 31, 2017, at a premium of ₹.35.20 under the 2005 ESBC Plan have not been considered for calculation of post-issue share capital and securities premium amount.*

Further, the following tables present the capitalisation statement, on a consolidated basis, as per the Audited Financial Statements of our Company:

(in ₹ crore)

Particulars	Pre-Issue as at March 31, 2017	Post-Issue[(2)] as adjusted for Issue Price
Borrowings		
Long term borrowings (including current maturities of long term borrowings)	756.57	756.57
Short Term Borrowings	576.87	576.87
Total Borrowings	1333.41	1333.41
Shareholder's Fund		
Equity Share Capital	44.58	65.82 [(3)]
Securities premium	720.16	1,198.02 [(3)]
Reserves & Surplus [(1)]	(215.32)	(215.32)
Total Shareholders' Fund	549.42	1,048.51
Total Borrowings/ Shareholder's Fund (Ratio)	2.43	1.27
Long Term Borrowings (including current maturities of long term borrowings) / Shareholder's Fund (Ratio)	1.38	0.72

(1) *Reserves & Surplus excludes revaluation reserves and securities premium.*
(2) *Assuming full subscription*
(3) *80000 Equity shares of ₹ 2 each issued subsequent to March 31, 2017, at a premium of ₹.35.20 under the 2005 ESBC Plan have not been considered for calculation of post-issue share capital and securities premium amount.*

The Issue Price of ₹ 47 per Rights Equity Share has been decided by the Rights Issue Committee in consultation with the Lead Manager.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as disclosed below, there are no outstanding litigations against our Company and our Subsidiaries including, suits, criminal or civil proceedings and taxation related proceedings that would have a material adverse effect on our operations, financial position or future revenues. In this regard, please note the following:

(i) In determining whether any outstanding litigation against our Company or our Subsidiaries, other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences against our Company or our Subsidiaries, would have a material adverse effect on our operations or financial position or impact our future revenues, the materiality threshold has been determined as per Clause XII (C) in Part E of Schedule VIII of the SEBI ICDR Regulations, which stipulates that disclosure of outstanding litigation is required where (a) the aggregate amount involved in an individual litigation which may have an impact on our future revenues is likely to exceed ₹ 38.83 crore, being 1% of the total revenue of our Company or the aggregate amount involved in an individual litigation which may not have an impact on our future revenues is likely to exceed ₹ 5.49 crore *being 1% of the net worth of our Company, as per the last completed financial year i.e. Fiscal 2017; (b) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in a single case individually may not exceed ₹38.83 crore being 1% of the total revenue of our Company or ₹5.49 crore being 1% of the net worth of our Company, as per the last completed financial year i.e. Fiscal 2017, if similar cases put together collectively exceed such threshold; and*

(ii) Except as disclosed in this section, neither our Company nor our Subsidiaries are involved in any litigation involving issues of moral turpitude or criminal liability, material violations of statutory regulations or proceedings relating to economic offences, which are currently pending or have arisen in the preceding last ten years.

Our Company and our Subsidiaries, from time to time, have been and continue to be involved in legal proceedings, arising in the ordinary course of their businesses. These legal proceedings are in the nature of civil as well as tax proceedings and we believe that the number of proceedings in which they is involved is not unusual for companies of their size doing business in India.

It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Company and Subsidiaries shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company or any of our Subsidiaries, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum

All terms defined in a particular litigation are for that particular litigation only.

A. Litigation against our Company and our Subsidiaries

Criminal matters:

1. DDMS, a Subsidiary of our Company, had supplied equipment to Shiv Shakti Trading Company ("**SSTC**"). It accepted signed post-dated cheques (the "**Cheques**") from SSTC as payment for the same, which were dishonoured when deposited in the bank. DDMS thereafter filed a complaint against SSTC for dishonour of the Cheques before the Metropolitan Magistrate, Patiala House, New Delhi. Subsequently, SSTC filed an application, through its proprietor, against five former employees of our Company and DDMS (the "**Accused**") before the Additional Chief Judicial Magistrate No. 19, Deoria District, Uttar Pradesh (the "**Magistrate**") for the registration of a first information report for violation of various provisions of the Indian Penal Code, 1860 *inter alia* relating to criminal breach of trust, cheating and forgery (the "**Application**"). SSTC alleged that the Accused had attempted to present the Cheques for payment in a *mala fide* manner, and had prepared forged documents for the same. The Magistrate, *vide* its order dated February 3, 2014 (the "**Order**") has summoned the Accused to appear before it. The Accused, being aggrieved by the Order, have filed an application before the Allahabad High Court for quashing the Application of SSTC and the Order. The Allahabad High Court, *vide* its order dated May 2, 2014, has directed SSTC to not take any action against the Accused till the next date of listing. The matters are currently pending.

2. The Central Bureau of Investigation (the "**CBI**") had initiated criminal proceedings in 2012 against our Company for alleged violations of certain provisions of the Indian Penal Code, 1860 and the Prevention of Corruption Act, 1988 *inter alia* relating to cheating, criminal breach of trust and bribery, in relation to the alleged misappropriation of funds of National Rural Health Mission ("**NRHM**"). The CBI has alleged irregularities in the conduct of a limited tender floated by M/s Shreeton India Limited ("**SIL**"), a public sector undertaking, for the supply and installation of computers and other peripherals for supply to the state programme management unit of the NHRM (the "**Tender Offer**"), which was awarded to our Company. The Company engaged two vendors, M/s Axis Marketing and M/s Radhey Shyam Enterprises (collectively the "**Vendors**"), who had also participated in the Tender Offer as competitors of our Company, for completion of the Tender Offer. The former managing director of SIL had previously directed its officials to make certain advances to the Vendors, and it is alleged that our Company had engaged the Vendors in order to regularize the same, causing a pecuniary loss of ₹ 2.78 crore to NRHM. The CBI has accordingly filed a charge sheet against our Company and its former vice president on November 20, 2014. The matter is currently pending.

3. M/s Micromate Computers ("**Micromate**") has filed a criminal complaint against our Company, HCL Infotech Limited and several officials of our Company before the Chief Judicial Magistrate, First Class, Kolhapur on May 31, 2014, for violation of various provisions of the Indian Penal Code, 1860 *inter alia* relating to criminal breach of trust, cheating and forgery. Our Company had sought the services of Micromate for technical and manpower support in the fulfilment of a tender floated by the Kolhapur Municipal Corporation for providing necessary digital infrastructure for its e-governance project (the "**Tender**"), which was awarded to our Company. In terms of an agreement entered into between our Company and Micromate, our Company was required to pay Micromate an amount of ₹ 5.43 crore over ten years. Micromate has alleged that despite significant expenditure on its part for completion of the Tender, our Company has refused to pay the agreed sum. The matter is currently pending.

4. Mr. Ajay Srivastav has filed a criminal complaint before the Additional Chief Judicial Magistrate, Allahabad (the "**Magistrate**") against our Company and others (the "**Accused**"), alleging that the Accused have committed the offence of criminal breach of trust under the provisions of the Indian Penal Code, 1860. The Magistrate has issued a summons dated October 16, 2017 to our Company, which was received by our Company on October 31, 2017. The matter is currently pending.

Tax matters:

Direct tax matters

1. The Additional Commissioner of Income tax, Special Range 24, New Delhi (the "**AO**") has issued an assessment order (the "**AO Order**") dated January 31, 2001 against our Company for the assessment year 1998-1999, disallowing exemption from paying income tax on a sum of ₹ 60.82 crore (the "**Termination Payment**") paid to our Company by Hewlett Packard Incorporated ("**HP**") during the sale of its stake in our Company to several shareholders of our Company (the "**Shareholders**"). The Termination Payment was made in order to compensate our Company and other interested persons for the loss of exclusivity in the sale of HP branded computers in India, and the dissolution of non-compete obligations between our Company and Hewlett Packard India Private Limited, a subsidiary of HP in India. Our Company sought to include the Termination Payment in capital receipts, which would not be taxable. However, the AO held that the Termination Payment would be taxable, as it compensates our Company for the termination of a bundle of rights, which forms part of its capital assets, and accordingly placed a demand of ₹ 14.90 crore on our Company. Our Company filed an appeal against the AO Order before the Commissioner of Income Tax (Appeals) which was dismissed on March 31, 2002 (the "**CIT Order**"). Our Company subsequently filed an appeal against the CIT Order before the Income Tax Appellate Tribunal, which in its order dated October 3, 2002 ("**ITAT Order**") held that the right to sell HP computers could not be considered a capital asset, as there was no provision to such effect in the Income Tax Act, 1961 when the Termination Payment was made. Aggrieved by the ITAT Order, the tax authorities filed an appeal against the ITAT Order before the Delhi High Court, which was dismissed in its order dated December 21, 2015 (the "**High Court Order**"). The CIT has filed a special leave petition against the High Court Order before the Supreme Court of India. The matter is currently pending.

2. The Additional Commissioner of Income Tax (the "**AO**"), New Delhi issued a draft assessment order (the "**Draft AO Order**") dated December 27, 2016 against our Company for the assessment year 2013-2014 ("**Assessment Year**"). In terms of its revised returns dated December 30, 2014, our Company had declared a loss of ₹ 110.85 crore for the Assessment Year. The matter was referred to the transfer pricing officer ("**TPO**"), who passed an order dated October 24, 2016, directing the AO to increase the assessable income of our Company by ₹ 5.76 crore on account of certain international transactions between our Company and associated entities. Further, the AO disallowed expenses claimed for the repair and maintenance of fans, tax deduction at source credits for revenue deferred to subsequent years, deductions made on gratuity, bonus and leave salary paid, capital losses claimed on the sale of an undertaking and certain bad debts claimed by our Company. Accordingly, the AO has alleged that our total loss for the Assessment Year is ₹ 40.72 crore. We filed our objections to the Draft AO Order before the Dispute Resolution Panel – 1, New Delhi ("**DRP**") on January 24, 2017. The DRP, *vide* its order dated September 28, 2019, has partially allowed our contentions, and has directed the TPO *inter alia* to make adjustments for working capital to improve comparability and to consider foreign exchange gain/loss while comparing the operating margin of our Company. The matter is currently pending.

Indirect tax matters

1. The Commercial Tax Department of the Government of Rajasthan (the "**Department**") issued four separate demand notices against our Company (the "**Notices**"), demanding a sum aggregating to ₹ 175.25 crore for failure to pay adequate value added tax on the sale of composite packages of mobile phones and accessories during the assessment years 2009-10, 2010-11, 2011-12 and 2012-13. In each of the Notices, the Department has alleged that our Company had incorrectly been applying a single tax rate to composite packages sold by us, which, in addition to mobile phones, contained accessories *inter alia* such as adapters, chargers and batteries. The Department considered such accessories as not inherently being part of the phone, and that a different tax rate is accordingly applicable to them. Aggrieved by the Notices, our Company filed four separate writ petitions against each of the Notices before the Rajasthan High Court ("**High Court**"). The matters are currently pending.

2. Pursuant to an inspection of our place of business, books of account and the tax credit register, the Assistant Commissioner of Commercial Taxes, (Enf)-II, South Zone, Bengaluru (the "**Assistant Commissioner**") issued an endorsement dated November 7, 2016 to our Company ("**Endorsement**"), stating *inter alia* that: (i) our Company was not eligible to claim input tax credit relating to earlier tax periods under the Karnataka Value Added Tax Act, 2003 ("**KVAT Act**"), which we had routinely claimed on purchases from registered local dealers for adjustment against output tax liability; and (ii) that our Company had wrongly calculated input tax credit to be restricted in relation to interstate stock transfer. Based on the findings in the Endorsement, the Department of Commercial Taxes, Karnataka (the "**Department**"), *vide* a notice dated January 9, 2017 (the "**Rectification Notice**"), proposed the reversal of a re-assessment order dated February 25, 2012, which had previously calculated our tax liability. Subsequently, the Department passed an order dated February 9, 2017 (the "**Rectification Order**"), demanding a sum of ₹ 7.57 crore under the KVAT Act. Aggrieved by the Rectification Notice and the Rectification Order, our Company has field a writ petition before the High Court of Karnataka (the "**High Court**") against the State of Karnakata, the Commissioner of Commercial Taxes and the Deputy Commissioner of Commercial Taxes. The High Court, *vide* an order dated March 17, 2017, granted a stay against the Rectification Notice and the Rectification Order. The matter is currently pending.

3. The Directorate of Revenue Intelligence, Delhi Zonal Unit ("**DRI**") issued a show-cause notice dated March 3, 2011 ("**Notice**") against our Company, alleging that additional customs duty aggregating to ₹ 40.47 crore is due on the royalty payed by us to Microsoft Corporation on OEM pre-installation kits ("**OPKs**") imported by our Company, under the provisions of the Customs Act, 1962. Following subsequent scrutiny, *vide* an order-in-original dated April 24, 2015 ("**Order**"), the Commissioner of Customs (Imports) ("**Commissioner**") confirmed the demand made by the DRI, and placed additional interest and penalty on our Company, aggregating to ₹ 83.95 crore. Aggrieved by the Order, our Company filed an appeal against the Commissioner and others before the Customs, Excise and Service Tax Appellate Tribunal ("**CESTAT**"). The CESTAT, *vide* an order dated July 12, 2017, has remanded the matter to the Commissioner for fresh decision. The matter is currently pending.

   In addition, pursuant to an audit conducted by the Central Excise Revenue Audit and subsequent investigation, the Commissioner of Central Excise, Beach Road, Pondicherry ("**Commissioner**") has issued a notice dated October 21, 2010 against our Company, directing us to pay service tax on a royalty of ₹ 214.69

crore paid to the Microsoft Corporation for OPKs between the periods of 2005-06 and 2008-09, aggregating to ₹ 24.73 crore. The matter is currently pending.

4. Pursuant to an investigation of our factory premises in Noida and several records maintained by our Company and subsequent inquiry, the Commissioner, Customs and Central Excise, Meerut (the "**Commissioner**") issued a show-cause-cum-demand notice dated September 28, 1995, demanding a sum of ₹ 6.54 crore under the provisions of the Central Excise Rules, 1944. The Commissioner alleged that our Company was evading excise tax on the sale of automatic data processing machines, by collecting higher amounts through invoices than the price lists declared by us to excise authorities. The matter is currently pending.

5. Pursuant to a special audit of the records of our Company under the provisions of the Central Excise Act, 1944, and subsequent investigation, the Commissioner, Service Tax, Noida (the "**Commissioner**") issued a show-cause notice dated October 23, 2015 against our Company. The Commissioner alleged that an aggregate sum of ₹ 22.84 crore is recoverable towards service tax for certain services allegedly rendered by us, including: (i) services rendered by personnel of our Company to our Subsidiaries in relation to their business; (ii) printing services; (iii) advertising services rendered by us to the Intel Corporation as part of its 'Intel Inside' program; (iv) commercial training and coaching services conducted through the HCL Career Development Center; and (v) services provided by us under 'comprehensive services and maintenance contracts'. The Principal Commissioner, Central Goods and Services Tax Commissionerate, Noida, *vide* an order-in-original dated July 8, 2017, confirmed the demand, and along with applicable penalties, directed our Company to pay an aggregate amount of ₹ 45.70 crore. The matter is currently pending.

6. Pursuant to an audit conducted by the Central Excise Revenue Audit, and subsequent investigation, the Principal Commissioner, Service Tax Commissionerate, Noida ("**Principal Commissioner**") issued a show cause notice dated October 21, 2015 (the "**First Notice**") against our Company, alleging that our Company is liable to pay a sum of ₹ 14.86 crore as service tax in relation to financial leasing services alleged provided by a manufacturing unit of our Company located in Rudrapur, Uttarakhand (the "**Rudrapur Unit**"). The Principal Commissioner alleged that our Company supplied computer hardware and educational content from the Rudrapur Unit to various schools on an equipment leasing or hire-purchase basis, for which we failed to pay service tax. In addition, the Principal Commissioner has issued a show cause notice dated October 23, 2015 (the "**Second Notice**", and together with the First Notice, the "**Notices**") against our Company, alleging that our Company is liable to pay a sum of ₹ 57.30 crore as service tax on lease rental income allegedly generated by the Company. In accordance with a circular of the Central Board of Excise and Customs dated September 29, 2016, the Notices have been transferred to the Commissioner, Central Excise and Service Tax, Audit-II, Ghaziabad.

   Aggrieved by the Notices, our Company filed a writ petition before the High Court of Allahabad ("**Allahabad High Court**") against the Union of India and others. The Allahabad High Court, *vide* an order dated October 4, 2016 (the "**Allahabad Order**"), dismissed the petition. Our Company filed a special leave petition before the Supreme Court of India, challenging the Allahabad Order. The matters are currently pending.

7. Pursuant to an audit of the books of account of our Company under the provisions of the Central Excise Act, 1944 and subsequent investigation, the Commissioner, Service Tax Commissionerate, Noida (the "**Commissioner**") issued a show-cause notice dated April 21, 2016 against our Company. The Commissioner alleged that our Company claimed central value added tax ("**CENVAT**") credits on certain input services, including insurance, transportation, banking, telephone and security services, which were used in relation to both, taxable and tax-exempt output services. Further, it was alleged by the Commissioner that our Company contravened the CENVAT Credit Rules, 2004, by failing to maintain separate accounts for the consumption of such input services in the production of taxable and tax-exempt output services, and utilised all credits obtained accordingly on the payment of service tax applicable to our taxable services. The Commissioner alleged that a sum of ₹ 321.34 be recovered from our Company under the CENVAT Credit Rules, 2004, along with applicable penalties. The matter is currently pending.

8. Pursuant to an audit of our balance sheet for the Fiscal 2010 by the Customs, Central Excise and Service Tax Commissionerate, Puducherry and subsequent investigation, the Commissioner, Service Tax Commissionerate, Noida (the "**Commissioner**") issued a draft show-cause notice dated April 21, 2015 against our Company. The Commissioner alleged *inter alia* that our Company failed to pay service tax on a service income of ₹ 688.39 crore for providing various taxable services in the period between July 2009 and

June 2010, failed to pay service tax in relation to royalties of ₹ 104.59 crore paid to various foreign entities for intellectual property services availed by us, and failed to reverse proportionate central value added tax ("**CENVAT**") credit of ₹ 3.18 lacs availed in an irregular manner. The Commissioner alleged that a sum of ₹ 81.68 crore be recovered from our Company for short payment of service tax, along with applicable interest and penalties, and that a sum of ₹ 3.18 lacs be recovered for non-reversal of CENVAT credits availed by us. The matter is currently pending.

9. Pursuant to an audit of the records of our Company by the Central Audit Unit of the Office of the Commissioner, Co mmercial Taxes, West Bengal, the Senior Joint Commissioner, Commercial Taxes, Baliaghata ("**Commissioner**") issued a demand notice dated July 17, 2017 (the "**Notice**") against our Company, directing us to pay a sum of ₹ 11.20 crore under the provisions of the West Bengal Value Added Tax Act, 2003. The Commissioner *inter alia* treated an interstate sale made by our Company as an unregistered sale to be taxed at the full rate due to the lack of supporting documents and disallowed certain exemptions claimed by our Company due to our failure to produce relevant statutory forms in a timely manner. Aggrieved by the Notice, our Company has filed an appeal before the Commissioner (Appeals), Commercial Taxes, West Bengal. The matter is currently pending.

Civil matters:

1. BDL Gulf FZCO has filed a dispute against our Company and HCL Infosystems MEA FZE, a Subsidiary of our Company before the Dubai Court of First Instance. For details, see "***Outstanding Litigation and Defaults – Litigation filed by our Company and our Subsidiaries – Civil matters***" on page 83.

Actions by Regulatory and Statutory Authorities

1. The Regional Office, Employee's Provident Fund Organisation, Noida ("**EPFO**") has issued a show cause notice dated October 25, 2017 to our Company ("**Notice**"). The EPFO has alleged in the Notice that our Company had failed to produce infor mation and documents requested by its enforcement officers during inspection of the provident fund compliance of our Company, including *inter alia* details of the units of our Company covered under our provident fund registration, salary and wage records, break-up of salary as booked in our balance sheets, and ledger accounts of labour and other charges. In terms of the Notice, our Chairman is required to show cause why he should not be prosecuted under the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. We are currently in the process of compiling information and documents to be provided to the EPFO. The matter is currently pending.

B. Litigation filed by our Company and our Subsidiaries

Criminal matters:

1. Our Company lodged a first information report ("**FIR**") dated October 31, 2011 against certain directors and officers of Comat Technologies Private Limited (collectively the "**Accused**", and the company, the "**Accused Company**") with the Ulsoor police station, Bangalore. The Accused had placed several purchase orders with our Company for the supply of computers and other hardware, and extended two bank guarantees dated November 16, 2010 and March 1, 2011, purportedly from the State Bank of India ("**SBI**" and the bank guarantees, the "**Guarantees**") in favour of our Company as security for payments due to us. The Accused thereafter failed to make payments to our Company, and upon invocation of the Guarantees, SBI informed our Company by way of two letters dated April 28, 2011 that it had not issued the Guarantees. Accordingly, our Company has lodged the FIR for the violation of provisions of the Indian Penal Code, 1860 relating to criminal breach of trust, cheating and forgery. A chargesheet dated September 9, 2016 has been filed by the police before the Chief Metropolitan Magistrate, Bengaluru. In addition to the FIR, our Company has also filed a company petition dated April 18, 2012 before the High Court of Karnataka against the Accused Company, seeking that the Accused Company be wound up for failing to repay the debts owed by it to our Company. The matters are currently pending.

Civil matters:

1. The government of the National Capital Territory of Delhi (the "**Delhi Government**") floated a tender dated April 2, 2009 for the setting up of a secured connection terrestrial trunk radio network ("**TETRA Network**") for use in the Commonwealth Games, 2010 and for a further legacy period of 87 months. While such legacy

period was to commence from the time that the TETRA Network was formally accepted, the Delhi Government issued a pre-bid clarification, stating that payments would be made for use of the TETRA Network before the commencement of the legacy period. The tender was awarded to our Company, pursuant to which our Company entered into a Master Service Agreement dated December 29, 2009 (the "**Agreement**") with the President of India, acting through the Secretary, Department of Information Technology of the Delhi Government. Upon conclusion of the Games, the Delhi Government continued to use the TETRA Network, even though formal acceptance for the same was not given until March 1, 2013. However, several departments of the Delhi Government failed to make any payment for use of the TETRA Network before the commencement of the legacy period. Further, upon commencement of the legacy period, the Delhi Government has withheld some of the payment to be given to our Company, and has ceased to make any payments from December 1, 2012. Our Company thereafter filed an arbitration petition before the Delhi High Court (the "**High Court**"), for the appointment of an arbitrator. The Delhi High Court, *vide* its order dated May 24, 2013, referred all disputes between our Company and the Delhi Government for arbitration before the sole arbitrator, Justice R. C. Lahoti (retired) (the "**Sole Arbitrator**"). Accordingly, our Company filed a claim before the Sole Arbitrator for an aggregate amount of ₹ 44.15 crore, *inter alia* for rental payments for the use of the TETRA Network before and during the legacy period. In response to the claims filed by our Company, the Delhi Government has filed a counterclaim for ₹ 161.34 crore before the Sole Arbitrator, claiming a deficiency in the services provided by our Company, and for amounts expended by the police department of the Delhi Government for deploying manpower during the testing of the TETRA Network. The matter is currently pending.

2. Our Company entered into an agreement dated January 30, 2008 (the "**PAWAN Agreement**") with Punjab State e-Governance Society Services Limited of the Government of Punjab (the "**Society**") for the implementation of the 'PAWAN project', pursuant to which our Company was tasked with the delivery of services, including operational, maintenance and management activities associated therewith for a period of five years, on expiry of which the same would be transferred to the Society. There were various contraventions on part of the Society with regard to its performance of its duties under the PAWAN Agreement, including delays in handing over the site, conducting the final acceptance test and appointing a third party monitoring agency. In addition, the Society delayed several quarterly payments due to our Company, and further deducted liquidated damages of ₹0.97 crore for alleged delay in implementation. Our Company had initiated arbitration proceedings against the Society and others before the sole arbitrator, Justice Ranjit Singh (retired) (the "**Sole Arbitrator**") for the recovery of a sum of ₹ 23.84 crore. The Sole Arbitrator, in his award dated December 28, 2014 (the "**Award**"), partially allowed the claims of our Company, and awarded us a sum of ₹ 6.83 crore. Aggrieved by the award, our Company and the Society have both filed objection petitions before the District and Sessions Judge, Chandigarh, seeking that the Award be set aside. The matters are currently pending.

3. Bharat Sanchar Nigam Limited ("**BSNL**") had floated a tender dated March 13, 2008 *inter alia* for providing an enterprise resource planning system (the "**System**") on a turnkey basis ("**Tender**"), for which the software component was to be provided by a single 'software solution provider' ("**SSP**"). In terms of agreements dated September 2, 2008 and November 6, 2008 (collectively the "**Agreements**"), our Company agreed to bid for the Tender as a primary contractor along with SAP India Private Limited ("**SAP**", and together with our Company, our "**Consortium**"), which would act as the SSP for the System. According to the Agreements, SAP was given the responsibility of ensuring a complete technical solution according to the specifications of the Tender. The Tender was awarded to our Consortium on April 24, 2009. During the execution of the Tender, our Company learned that SAP had not provided the required sub-modules for employee training and recruitment and the same were not incorporated on the System, rendering it incomplete and unfit for delivery to BSNL. Our Company has initiated arbitration proceedings against SAP before a tribunal consisting of Justice Anil Dev Singh (retired), Justice Jaspal Singh (retired) and Justice R. C. Chopra (retired), *inter alia* for delivery of the missing software and licenses. The matter is currently pending.

4. Our Company had successfully bid for a tender floated by the Department of Post ("**DOP**") on July 3, 2013, *inter alia* for the supply of mail operations hardware (the "**Tender Offer**"). While, the validity of our Company's bid for the Tender Offer was till March 31, 2014, the DOP *vide* letters dated March 26, 2014 and April 29, 2014 requested our Company to extend the validity of our bid. Upon our Company expressing

objections to the second such request, the DOP issued a show-cause notice dated May 16, 2014, alleging that our Company had willingly caused delays in the execution of a contract between us and the DOP, and subsequently issued a communication dated November 25, 2014 and a circular dated December 2, 2014, blacklisting our Company and our Subsidiaries for a period of five years (collectively the "**Blacklisting Orders**"). Our Company filed a writ petition before the Delhi High Court praying for a stay on the Blacklisting Orders. The Delhi High Court, *vide* an order dated April 21, 2015, set aside the Blacklisting Orders of the DOP. Thereafter, the DOP issued a second show-cause notice dated August 17, 2015 to our Company (the "**SCN**"). Our Company filed a writ petition before the Delhi High Court, challenging the SCN. The Delhi High Court, *vide* its order dated September 9, 2015, directed the DOP to consider our reply to the SCN, and to give an in-person hearing to our Company. Following the hearing given to our Company, *vide* its communication dated August 3, 2016, the DOP blacklisted our Company and our Subsidiaries for a period of six months, and directed us to make an earnest money deposit of ₹ 1.25 crore with interest at the rate of 18% per annum (the "**Second Blacklisting Order**"). Our Company has challenged the Second Blacklisting Order before the Delhi High Court. The Delhi High Court, *vide* its order dated August 12, 2016 granted stay against the Second Blacklisting Order. The matter is currently pending.

5. Our Company had entered into an agreement dated September 16, 2009 (the "**Agreement**") with Bharat Sanchar Nigam Limited ("**BSNL**") for bundling personal computers ("**Computers**") along with broadband connections provided by BSNL to some of its existing customers (the "**Customers**"). The purchase of Computers by the Customers was to be subsidised by the Universal Service Obligation Fund ("**USOF**") and in terms of the Agreement, BSNL was required to collect the subsidy amount from the USOF and deliver the same to our Company. Additionally, in terms of the Agreement, BSNL was required to collect the money paid by the Customers for the Computers in the form of monthly instalments on behalf of our Company. However, BSNL failed to pay our Company such amounts, with a sum of ₹1.52 crore outstanding from the USOF subsidy due to our Company, and a sum of ₹ 9.15 crore outstanding on account of the monthly instalments to be collected by BSNL from the Customers. BSNL further failed to render accounting data in relation to the USOF subsidy or the Customers. Further, pursuant to an order placed by the Rashtriya Madhyamik Shiksha Abhiyan, Bhopal ("**RMSA**") with BSNL, our Company supplied 673 Computers to RMSA, for which an amount of ₹ 0.29 crore is outstanding for both, the initial payment and subsequent monthly instalments. Subsequently, our Company has initiated arbitration proceedings against BSNL before an arbitral tribunal consisting of Justice G. S. Singhvi (retired), Justice M. K. Sharma (retired) and Dr R. N. Bharadwaj (the "**Tribunal**") on May 27, 2014. Our Company has claimed *inter alia* for the recovery of an aggregate sum of ₹ 10.95 crore, and for accounting data relating to the USOF subsidy and the Customers to be rendered to us. The matter is currently pending.

6. Our Company had successfully bid for a tender dated May 15, 2009 floated by BSNL *inter alia* for the supply, installation and operation of bill printing facilities for a period of seven years. However, the tenders were not evaluated until July 2, 2010, and an 'advance work order' was only made to our Company on December 31, 2010, whereupon our Company submitted a bank guarantee of ₹ 5 crore ("**Guarantee**"). Further, there were several delays on part of BSNL in passing a formal work order (along with the advance work order, the "**Work Orders**") and providing a suitable site for setting up the facility, by which time the value of the rupee had reduced significantly, thereby making the import of equipment uneconomical. There was also a sharp fall in BSNL's subscriber base, which considerably reduced printing volumes, making it difficult to amortize costs of establishing and maintaining the facility. Our Company therefore terminated the Work Orders, prompting BSNL to encashed the Guarantee. Subsequently, our Company has initiated arbitration proceedings against Bharat Sanchar Nigam Limited ("**BSNL**"), before the sole arbitrator, R. N. Bharadwaj (the "**Sole Arbitrator**") on April 29, 2013. Our Company has claimed *inter alia* for ₹ 5 crore for encashment of the Gaurantee and ₹ 16.14 crore for expenses incurred by us in relation to the tender process and lost profits from being prevented from performing our duties. In response to the claims raised by our Company, BSNL has made a counter claim before the Sole Arbitrator for the recovery of a sum of ₹ 198.73 crore, *inter alia* for the man hours spent on making the tender document and the lost savings that would have accrued to BSNL on using the printing facility. The matter is currently pending.

7. On January 30, 2013, HCL Infosystems MEA FZE, a Subsidiary of our Company ("**HCL Dubai**") entered into a Distribution Agreement dated January 30, 2013 with BDL Gulf FZCO ("**BDL**", and such agreement the "**Agreement**"), in terms of which, BDL was appointed an exclusive distributor of our products. In terms

of an Authorised Service Provider Agreement dated May 1, 2013, HCL Dubai further agreed to provide maintenance and technical support for the equipment distributed by BDL. HCL Dubai filed a petition before the Dubai Court of First Instance ("**First Court**") for recovery of a sum of AED 13.74 million from BDL ("**Dubai Civil Litigation**"), alleging that BDL had failed to pay such amount, which was due for goods supplied to it. BDL filed a counterclaim against our Company for the recovery of a sum of AED 6.04 million, for the value of goods returned by it, sums expended by it for advertising our products and due to the reduction of the price of our products. The First Court, *vide* an order dated January 28, 2015, appointed an expert accountant (the "**Expert**") to examine the matter, who found that no amount was owed to HCL Dubai, and that instead, an amount of AED 4.85 million was owed by it to BDL. *Vide* an order dated April 21, 2016 (the "**Order**"), the First Court rejected the claims of HCL Dubai, and awarded a sum of AED 5.21 million to BDL. Aggrieved by the order, HCL Dubai filed an appeal before the Dubai Court of Appeal, challenging the findings of the First Court and the Expert.

Further, BDL filed a dispute before the Dubai Court of First Instance ("**Second Court**") against our Company and HCL Dubai, for recovery an amount of AED 15.3 million *inter alia* for sums expended by it in the promotion of our products, damages arising from our failure to provide technical support, spare parts and software, and loss of profits and reputation resulting from the same. BDL further sought damages arising from the deposit of AED 13.74 million with the First Court, pursuant to the Dubai Civil Litigation, and for other expenses incurred by it that regard. The matter was referred to an expert accountant, who submitted a report dated December 23, 2015 to the Second Court, stating that an amount of AED 0.57 million is payable by HCL Dubai and our Company to BDL. *Vide* its order dated June 21, 2017, the Second Court directed HCL Dubai to pay a sum of 0.43 AED, along with an interest of 9% per annum to BDL. Aggrieved by the order, HCL Dubai and BDL have both filed an appeal before the Dubai Court of Appeal, challenging the findings of the Second Court.

These matters are currently pending.

GOVERNMENT AND OTHER APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are required for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

Further, except as mentioned in this section, as on the date of this Letter of Offer, there are no material pending regulatory and government approvals and no pending renewals of licenses or approvals in relation to the activities undertaken by our Company, or in relation to the Issue.

I. Material approvals for which applications have been made by our Company and our Subsidiaries, but are currently pending grant

Set out below are the details of the material approvals for which applications have been made and are currently pending grant from the relevant government authority.

1. Application dated June 11, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'Aaj ki chaahat main hai kal ki life' under the Copyright Act, 1957.

2. Application dated June 11, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'Me Tablet Live Free' under the Copyright Act, 1957.

3. Application dated March 27, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'HHTMate' under the Copyright Act, 1957.

4. Application dated May 22, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'UI & Launcher' under the Copyright Act, 1957.

5. Application dated May 22, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'Queue Busting' under the Copyright Act, 1957.

6. Application dated September 12, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'BancMate Report Writing' under the Copyright Act, 1957.

7. Application dated September 12, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'BancMate Virsion Control' under the Copyright Act, 1957.

8. Application dated September 12, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'BancMate Access Right CBS' under the Copyright Act, 1957.

9. Application dated September 12, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'HrMate Bilingual Menu' under the Copyright Act, 1957.

10. Application dated September 12, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'HrMate Finger Print Attendance' under the Copyright Act, 1957.

11. Application dated September 12, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'Smartcard Print Mate' under the Copyright Act, 1957.

12. Application dated September 12, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'HCL KIOSK Browser' under the Copyright Act, 1957.

13. Application dated September 12, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'HCL KIOSK Content Management Tool' under the Copyright Act, 1957.

14. Application dated October 31, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'Tefilla KPI Manipulator' under the Copyright Act, 1957.

15. Application dated October 31, 2012 to the Registrar of Copyrights, New Delhi for the registration of the

copyright of our Company over 'Tefilla Notification System' under the Copyright Act, 1957.

16. Application dated October 31, 2012 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'Tefilla Enterprise Trap Formatter' under the Copyright Act, 1957.

17. Application dated January 16, 2013 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'BancMate Common Address Window' under the Copyright Act, 1957.

18. Application dated January 16, 2013 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'Fixed Asset Module' under the Copyright Act, 1957.

19. Application dated January 16, 2013 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'HrMate Adhc Report Writer' under the Copyright Act, 1957.

20. Application dated January 16, 2013 to the Registrar of Copyrights, New Delhi for the registration of the copyright of our Company over 'HrMate Condition Builder' under the Copyright Act, 1957.

21. Application dated August 10, 2009 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Me' for classes 9, 16 and 37 under the Trade Marks Act, 1999.

22. Application dated May 24, 2011 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'My Edu Tab' for classes 9, 16 and 41 under the Trade Marks Act, 1999.

23. Application dated May 24, 2011 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'My Learning Studio' for class and 41 under the Trade Marks Act, 1999.

24. Application dated August 3, 2011 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'digicampus' for classes 16 and 41 under the Trade Marks Act, 1999.

25. Application dated August 3, 2011 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Xcelerate' for classes 16 and 41 under the Trade Marks Act, 1999.

26. Application dated August 3, 2011 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Career ACE' for classes 16 and 41 under the Trade Marks Act, 1999.

27. Application dated August 3, 2011 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Learning Studio' for classes 16 and 41 under the Trade Marks Act, 1999.

28. Application dated June 15, 2011 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Infiniti Global Line' for class 9 under the Trade Marks Act, 1999.

29. Application dated June 15, 2012 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Beanstalk B all u can B' for class 9 under the Trade Marks Act, 1999.

30. Application dated June 15, 2012 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'WINBee Pro' for class 9 under the Trade Marks Act, 1999.

31. Application dated June 20, 2012 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Power+' for class 9 under the Trade Marks Act, 1999.

32. Application dated Decmber 20, 2012 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'My Edu World' for classes 9, 16 and 41 under the Trade Marks Act, 1999.

33. Application dated December 20, 2012 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Infiniti' for class 9 under the Trade Marks Act, 1999.'

34. Application dated December 20, 2012 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Busybee' for class 9 under the Trade Marks Act, 1999.

35. Application dated December 20, 2012 to the Registrar of Trade Marks, New Delhi for the registration of a

trademark of our Company over 'Ezeebee' for class 9 under the Trade Marks Act, 1999.

36. Application dated February 21, 2013 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Career Development Centre' for classes 9, 16 and 41 under the Trade Marks Act, 1999.

37. Application dated February 21, 2013 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'EasySchool' for classes 9, 16 and 41 under the Trade Marks Act, 1999.

38. Application dated February 21, 2013 to the Registrar of Trade Marks, New Delhi for the registration of a trademark of our Company over 'Touch (Multi-Brand Services)' for classes 16 and 37 under the Trade Marks Act, 1999.

II. Material approvals which have expired and for which renewal applications have been made by our Company and our Subsidiaries

As on the date of this Letter of Offer, there are no material approvals which have expired.

III. Material approvals which have expired and for which renewal applications are yet to be made by our Company and our Subsidiaries

As on the date of this Letter of Offer, there are no material approvals which have expired.

IV. Material approvals for which no application has been made by our Company and our Subsidiaries

Our Company is yet to apply to applicable authorities for registrations and consents to operate under the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974 for two of our service centres located in New Delhi and one of our service centres located in Mumbai.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at its meeting held on August 29, 2017 pursuant to Section 62 of the Companies Act, 2013. The Issue Price of ₹ 47 per Rights Equity Share has been determined by the Board and the Rights Entitlement is 10 Rights Equity Share for every 21 fully paid-up Equity Shares held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approvals from the BSE and the NSE under Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in the Issue pursuant to their letters, both dated October 26, 2017.

Prohibition by RBI, SEBI or other governmental authorities

Our Company, our Promoters, the members of the Promoter Group, our Directors, persons in control of our Company and persons in control of our Corporate Promoter have not been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, our Directors or the persons in control of our Company are or were associated as promoters, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors are associated with the securities market in any manner. Further, SEBI has not initiated action against any entity with which the Directors are associated.

Neither our Company, our Promoters, relatives of our Individual Promoter, Group Companies nor our Directors are or have been classified as a wilful defaulter by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI. Accordingly, no disclosures have been made pursuant to the requirements of Regulation 4(6) read with Part G of Schedule VIII of the SEBI ICDR Regulations.

RBI Approval for Renunciation

Our Company, *vide* letter dated August 23, 2017, has applied to the RBI for seeking approval for the following:

Rights entitlement renounced by a shareholder	Rights entitlement renounced in favour of
(a) resident in India	any person resident outside India (other than OCB)
(b) resident outside India	any person resident in India
(c) resident outside India	any resident outside India (other than OCB)

In all the above cases, our Company will ensure that the equity shares allotted will be at the issue price as may be decided by our Company in consultation with the Lead Manager.

The RBI pursuant to letter dated October 13, 2017, conveyed its approval of Rights Entitlement renounced by and to, person / entities outside India / resident in India subject to adherence to Regulation 6 of the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 dated May 3, 2000, as amended from time to time ("**FEMA 20**") and Paragraph 3.1 of the RBI circular dated May 3, 2000, bearing reference number A.P. (DIR Series) Circular No. 38.

In terms of Regulation 6 of FEMA 20, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

Compliance with Part E of Schedule VIII of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information with the Stock Exchanges in compliance with the Listing Agreements and/or the provisions of the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

2. The reports, statements and information referred to in sub-clause (a) above are available on the websites of BSE and NSE or on a common e-filing platform specified by SEBI.

3. Our Company has an investor grievance handling mechanism which includes meeting of the Stakeholders Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI ICDR Regulations, disclosures in this Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI ICDR Regulations.

Eligibility for the Issue

The Equity Shares of our Company are presently listed on the BSE and NSE. We are eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Compliance with Regulation 4(2) of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2), to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to this Issue. Our Company has chosen BSE as the Designated Stock Exchange for the Issue.

Compliance with Regulation 10 of the SEBI ICDR Regulations

Our Company satisfies the following conditions specified in Regulation 10 and accordingly, our Company is eligible to make this Issue by way of a ‘fast track issue’:

1. the Equity Shares have been listed on BSE and NSE, each being a recognised stock exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of this Letter of Offer;

2. the average market capitalisation of the public shareholding of our Company is more than ₹ 250 crore;

3. the annualised trading turnover of the Equity Shares during the six calendar months immediately preceding the month of date of this Letter of Offer with the Designated Stock Exchange has been at least two percent of the weighted average number of Equity Shares available as free float during such six months’ period;

4. our Company has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of the date of this Letter of Offer;

5. our Company has been in compliance with the Listing Agreements and/or the provisions of the SEBI Listing Regulations, as applicable, for a period of at least three years immediately preceding the date of this Letter of Offer;

6. there are no auditor qualifications, reservations or adverse remarks made by out Statutory Auditors on the audited accounts of our Company for Fiscal 2017.

7. there is neither any show-cause notice issued nor any prosecution proceedings initiated by SEBI or pending against our Company or our Promoter or whole-time Directors as of the date of this Letter of Offer;

8. Our Company or our Promoter or the members of the Promoter Group or our Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI in the three years immediately preceding the date of this Letter of Offer;

9. the entire shareholding of the Promoter Group is held in dematerialised form as on the date of this Letter of Offer;

10. the Promoter and members of the Promoter Group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of any renunciation within the Promoter Group or for the purpose of complying with minimum public shareholding norms prescribed under Rule 19A of the SCRR;

11. the Equity Shares have not been suspended from trading as a disciplinary measure during the last three years immediately preceding the date of this Letter of Offer; and

12. the annualised delivery based trading turnover of the Equity Shares during the six calendar months immediately preceding the month of date of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the weighted average number of Equity Shares during such six months' period;

13. there is no conflict of interest between the Lead Manager and our Company or our Group Companies in accordance with applicable regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER, AXIS CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, AXIS CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED OCTOBER 31, 2017, WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE

CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELLINFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID;

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE. THE ISSUE IS NOT UNDERWRITTEN;

(5) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE;

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE;

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT THE AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE;

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. THE MEMORANDUM OF ASSOCIATION OF THE COMPANY DOES NOT SEGREGATE BETWEEN THE 'MAIN OBJECTS' AND 'OTHER OBJECTS.' THE ACTIVITIES THAT ARE CARRIED OUT AND HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION;

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009;

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE - COMPLIED WITH;

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION - COMPLIED WITH

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE;

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. - COMPLIED WITH;

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY - COMPLIED WITH;

(16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI – NOT APPLICABLE FOR A RIGHTS ISSUE;

(17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT

<u>OF RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH INDIAN ACCOUNTING STANDARD 24, IN THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THIS LETTER OF OFFER, AND AS CERTIFIED BY SHIROMANY TYAGI & CO., CHARTERED ACCOUNTANTS, BY WAY OF A CERTIFICATE DATED OCTOBER 28, 2017</u>;

(18) WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) - <u>NOT APPLICABLE;</u>

(19) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY - <u>COMPLIED WITH</u>;

(20) WE CONFIRM THAT THE COMPANY IS ELIGIBLE TO MAKE FAST TRACK ISSUE IN TERMS OF REGULATION 10 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION, BY THE COMPANY, HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER - <u>COMPLIED WITH</u>;

(21) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE, UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN – <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>;

(22) WE CONFIRM THAT THE ABRIDGED LETTER OF OFFER PREPARED IN CONNECTION WITH THE ISSUE CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 - <u>COMPLIED WITH</u>;

(23) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE EQUITY SHARES OF THE COMPANY - <u>COMPLIED WITH</u>;

(24) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISO TO SUB-REGULATION (4) OF REGULATION 32 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, THE CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE LETTER OF OFFER – <u>NOT APPLICABLE</u>.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Manager shall make all information available to the Eligible Shareholders and no selective or additional information would be available for a section of the Eligible Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in New Delhi, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE.

Disclaimer Clause of BSE

As required, a copy of the Letter of Offer was submitted to the BSE. The disclaimer clause as intimated by the BSE to us is as under:

"BSE Limited (the "Exchange") has given, *vide* its letter dated October 26, 2017 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or

- Warrant that the Company's securities will be listed or will continue to be listed on the Exchange; or

- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Disclaimer Clause of NSE

As required, a copy of the Letter of Offer was submitted to the NSE. The disclaimer clause as intimated by the NSE to us is as under:

"As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/23618 dated October 26, 2017 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Selling Restrictions

The distribution of this Letter of Offer and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Shareholders of our Company and will dispatch this Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Shareholders who have provided an Indian address. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other material relating to our Company, the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI.

Accordingly, the Rights Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, in whole or in part, to any other person or published, in whole or in part, for any purpose.

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully in "***Notice to Overseas Shareholders***" on page 7 there are certain restrictions regarding the Rights Entitlements and Rights Equity Shares that affect certain Eligible Shareholders.

The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States (as defined in Regulation S) or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S).

In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

The Rights Entitlements and Rights Equity Shares are being offered and sold only to persons who are outside the United States (as defined in Regulation S) and are not "U.S. persons" (as defined in Regulation S), nor persons acquiring for the account or benefit of "U.S. persons" (as defined in Regulation S), in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the Rights Entitlements or Rights Equity Shares are deemed to have made the representations included elsewhere in this Letter of Offer.

Rights Equity Shares and Rights Entitlements Offered and Sold in this Issue

Each investor acquiring the Rights Entitlements or Rights Equity Shares, by its acceptance of this Letter of Offer and of the Rights Entitlements or Rights Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of this Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

(1) the investor is authorised to consummate the purchase of the Rights Entitlements or Rights Equity Shares in compliance with all applicable laws and regulations;

(2) the Rights Entitlements and Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered, sold, pledged or otherwise transferred in or into the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the investor is purchasing the Rights Entitlements or Rights Equity Shares in an "offshore transaction" within the meaning of Regulation S;

(4) the investor and the person, if any, for whose account or benefit the purchaser is acquiring the Rights Entitlements or Rights Equity Shares, was located outside the United States (as defined in Regulation S) at each time (i) the offer was made to it and (ii) when the buy order for such Rights Entitlements or Rights Equity Shares was originated;

(5) the investor is not subscribing for the Rights Entitlements or Rights Equity Shares with a view to the offer, sale, allotment, exercise, resale, renouncement, pledge, transfer, delivery, directly or indirectly, of any such Rights Entitlements or Rights Equity Shares into the United States (as defined in Regulation S); and

(6) the investor agrees that neither the investor, nor any of its affiliates, nor any person acting on behalf of the investor or any of its affiliates, has been offered the Rights Entitlements of Rights Equity Shares by means of any "directed selling efforts" as defined in Regulation S.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations. Further, in terms of Regulation 6(4) of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, file a copy of this Letter of Offer with SEBI, located at 5th Floor, Bank of Baroda Building, 16 Sansad Marg, New Delhi 110 001.

Issue Related Expenses

The expenses of the Issue payable by our Company include brokerage, fees and reimbursement to the Lead Manager, Auditor, legal advisors, Registrar, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses and will be met out of the Issue Proceeds.

The total expenses of the Issue are estimated to be ₹ 3.67 crore. For details, see "***Objects of the Issue***" on page 55.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations.

Our Company has a Stakeholders' Relationship Committee which currently comprises of Ms. Sangeeta Talwar, Mr. Premkumar Seshadri and Mr. Dhirendra Singh. The broad terms of reference include redressal of investors' complaints pertaining to share / debenture transfers, non-receipt of annual reports, interest / dividend payments, issue of duplicate certificates etc. Our Company has been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are generally disposed of within 7 days from the date of receipt of the complaint.

Status of outstanding investor complaints in relation to our Company

As on the date of this Letter of Offer, there were no outstanding investor complaints in relation to our Company.

Investor Grievances arising out of the Issue

Our Company's investor grievances arising out of the Issue will be handled by Alankit Assignments Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar provides for retention of records with the Registrar for a period of at least three years from the last date of dispatch of Allotment Advice/ demat credit/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar or the SCSB in case of ASBA Applicants giving full details such as folio number / demat account number, name and address, contact telephone / cell numbers, email id of the first Applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar to the Issue for attending to routine grievances will be 7 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

Registrar to the Issue

Alankit Assignments Limited
205 – 208, Anarkali Complex
Jhandewalan Extension
New Delhi 110 055
Telephone: +91 (11) 4254 1627, 4254 1953
Facsimile: +91 (11) 4154 3474
Email: rta@alankit.com
Investor Grievance Email: hclinfo_rights@alankit.com
Website: www.alankit.com
Contact Person: Ravi Garg, R S. Maurya
SEBI Registration No.: INR000002532

Investors may contact the Compliance Officer at the below mentioned address and/ or Registrar to the Issue at the above mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/ share certificates/ demat credit/ refund orders etc.

Mr. Sushil Kumar Jain
E-4, 5, 6, Sector XI,
Noida, Uttar Pradesh 201 301
Telephone: +91 (120) 2526 490
Facsimile: +91 (120) 2523 791

Email: cosec@hcl.com

SECTION VIII: ISSUE INFORMATION

TERMS OF THE ISSUE

This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. The Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer.

OVERVIEW

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the Composite Application Form, the Split Application Form, the Memorandum of Association and Articles of Association of our Company, and the provisions of the Companies Act, FEMA, the guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of securities issued by the Government of India and other statutory and regulatory authorities from time to time, approvals, if any from the RBI or other regulatory authorities, the SEBI Listing Regulations and terms and conditions as stipulated in the allotment advice or security certificate.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Applicants, Non-Institutional Investors (including all companies or body corporates) and other Applicants whose application amount exceeds ₹ 2,00,000, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/ 2009/30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. Further, all QIBs and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 2,00,000. All Retail Individual Investors complying with the conditions prescribed under the SEBI Circular dated December 30, 2009, may optionally apply through the ASBA process, provided they are eligible ASBA investors. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) Investors whose application amount is less than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. See "***Terms of the Issue – Procedure for Application***" on page 106.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues / rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

Renouncees

All rights/obligations of the Eligible Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

This Issue to our Eligible Shareholders with a right to renounce is being made pursuant to a resolution passed by Board of Directors on August 29, 2017.

Pursuant to an application made by our Company, the RBI has issued a letter dated October 13, 2017 approving the renunciation of rights entitlement by and to persons/entities resident outside India.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of the Letter of Offer / Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Company is making the issue of Equity Shares on a rights basis to the Eligible Shareholders and the Letter of Offer/Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/Abridged Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be in the United States and in any other restricted jurisdiction.

PRINCIPAL TERMS OF THE ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹ 2.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ 47 per Rights Equity Share (including a premium of ₹ 45 per Rights Equity Share).

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to Eligible Shareholders in the ratio of 10 Rights Equity Shares for every 21 fully paid-up Equity Shares held on the Record Date.

Terms of Payment

Full amount of ₹ 47 per Rights Equity Share is payable on application.

The payment towards each Equity Share offered will be applied as under:

(a) ₹ 2 towards share capital; and

(b) ₹ 45 towards securities premium account.

A separate cheque/demand draft/pay order must accompany each application form.

All payments should be made by cheque/demand draft/pay order drawn on any bank, (including a cooperative bank), which is situated at and is a member or a sub-member of the bankers clearing house located at the center where the CAF is accepted. Outstation cheques /money orders/postal orders will not be accepted and CAFs accompanied by such cheque/money orders/postal orders are liable to be rejected. The Registrar to the Issue will not accept any payments against applications, if such payments are made in cash.

Pursuant to the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest scheme has been withdrawn and accordingly, payment through Stockinvest will not be accepted in the Issue.

Where an applicant has applied for additional Rights Equity Shares and is allotted lesser number of Rights Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 (fifteen) days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Shareholders in the ratio of 10 Rights Equity Share for every 21 fully paid-up Equity Shares held as on the Record Date. For Rights Equity Shares being offered in this Issue, if the shareholding of any of the Eligible Shareholders is less than 21 Equity Shares or not in the multiple of 21 fully paid-up Equity Shares, the fractional entitlement of such Eligible Shareholders shall be ignored in the computation of the Rights Entitlement. However, Eligible Shareholders whose fractional entitlements are being ignored as above would be given preference in the Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares over and above their Rights Entitlement, if any.

Those Eligible Shareholders holding less than three Equity Shares, that is, holding up to two Equity Shares and therefore entitled to 'zero' Rights Equity Shares under this Issue shall be dispatched a CAF with zero entitlement. Such Eligible Shareholders are entitled to apply for additional Rights Equity Shares and would be given preference in the Allotment of one additional Rights Equity Share if, such Eligible Shareholders have applied for the additional Rights Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Eligible Shareholder holds one or two Equity Shares, he will be entitled to zero Rights Equity Shares on a rights basis. He will be given a preference for Allotment of one additional Rights Equity Share if he has applied for the same.

Ranking

The Rights Equity Shares being issued shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects including dividends.

Mode of payment of dividend

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of Equity Shares proposed to be issued

Our existing Equity Shares are currently listed and traded on BSE and NSE under the ISIN INE236A01020. The fully paid-up Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of SEBI Circular No. CIR/MRD/DP/21/2012 dated August 2, 2012, be Allotted under a temporary ISIN shall be frozen till the time final listing/ trading approval is granted by the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading.

The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

The Rights Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within seven Working Days of finalization of Basis of Allotment. Our Company has received in-principle approval from BSE by way of a letter no. DCS/RIGHTS/SV/IP-RT/2305/2016-17 and from NSE by way of a letter no. NSE/LIST/23618, both dated October 26, 2017.

Our Company will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by BSE and/or NSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, that is, the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

Subscription to the Issue by the Promoter and the Promoter Group

Our Promoter and Promoter Group (holding Equity Shares) have confirmed that they intend to subscribe to their Rights Entitlement in full in the Issue. Further, HCLC, our Corporate Promoter, and VSPL, an entity forming part of our Promoter Group, *vide* their letters, both dated October 24, 2017, have also confirmed that over and above their rights entitlement, they intend to (i) subscribe to any additional Rights Equity Shares in the Issue; and (ii) subscribe to the unsubscribed portion in the Issue, if any.

Such subscription of Equity Shares over and above the Rights Entitlement of VSPL and HCLC, if allotted, may result in an increase in its shareholding. However, the acquisition of additional Rights Equity Shares by VSPL and HCLC shall not result in a change of control of the management of our Company and shall not result in breach of minimum public shareholding requirement in accordance with Regulation 38 of the SEBI Listing Regulations read with Rule 19 (2) and Rule 19A of SCRR.

For further details of under subscription and Allotment to the Promoter, see "***Terms of the Issue – Basis of Allotment***" on page 123.

Rights of the Equity Shareholder

Subject to applicable laws, Equity Shareholders shall have the following rights:

1. Right to receive dividend, if declared;

2. Right to attend general meetings and exercise voting powers, unless prohibited by law;

3. Right to vote on a poll either in person or by proxy;

4. Right to receive offers for Rights Equity Shares and be allotted bonus shares, if announced;

5. Right to receive surplus on liquidation;

6. Right of free transferability of shares; and

7. Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one (1) Equity Share. In case an Eligible Shareholder holds Rights Equity Shares in physical form, our Company would issue to the Allottees one certificate for the Rights Equity Shares allotted to each folio ("**Consolidated Certificate**"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Eligible Shareholder.

Joint Holders

Where two or more persons are registered as the holders of any Rights Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013. An Eligible Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Shareholders who are individuals, a sole Eligible Shareholder or the first named Eligible Shareholder, along with other joint Eligible Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Shareholder or all the joint Eligible Shareholders, as the case may be, shall become entitled to the Rights Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of death of the original Eligible Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered Eligible Shareholder. Where the nominee is a minor, the Eligible Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Rights Equity Shares, in the event of death of the said Eligible Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Rights Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Rights Equity Shares are held by more than one person jointly, the nominee shall become entitled to all the rights in the Rights Equity Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Corporate Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or

2. to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the Rights Equity Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Equity Shareholder.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Rights Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Rights Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with our Company, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio.

In case the Allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

All notices to the Eligible Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, and one Hindi national daily newspaper with wide circulation will be sent by post to the registered address of the Eligible Shareholders in India or the Indian address provided by the Equity Shareholders from time to time.

Offer to Non Resident Eligible Equity Shareholders/Investors

As per Regulation 6 of Notification No. FEMA 20/2000-RB dated May 3, 2000, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional securities. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. **The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only.** If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original shares against which Rights Equity Shares are issued on rights basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities.

Procedure for Application

The CAF for the Rights Equity Shares offered as part of the Issue would be printed for all Eligible Shareholders. In case the original CAF is not received by the Eligible Shareholder or is misplaced by the Eligible Shareholder, the Eligible Shareholder may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and address. In case the signature of the Eligible Shareholders does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. Eligible Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Shareholders violates any of these requirements, they shall face the risk of rejection of both applications.

Please note that QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) Investors whose application amount is less than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;

Part B: Form for renunciation of Equity Shares;

Part C: Form for application of Equity Shares by Renouncee(s); and

Part D: Form for request for Split Application Forms.

Option available to the Eligible Shareholder

The CAFs will clearly indicate the number of Rights Equity Shares that the Eligible Shareholder is entitled to.

The Eligible Shareholder can:

1. apply for his Rights Entitlement of Equity Shares in full;

2. apply for his Rights Entitlement of Equity Shares in part (without renouncing the other part);

3. apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Rights Equity Shares;

4. apply for his Rights Entitlement in full and apply for additional Rights Equity Shares; and

5. renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the Application Money payable to the Banker to the Issue or any of the collection centres as mentioned on the reverse of the CAFs before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard. Investors at centres not covered by the collection branches of the Banker to the Issue can send their CAFs together with the cheque payable at par or a demand draft payable at New Delhi to the Registrar to the Issue by registered post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager or the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in the transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "***Terms of the Issue – Mode of Payment for Resident Investors***" and "***Terms of the Issue – Mode of Payment for Non-Resident Investors***" on page 112 and 113 respectively.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "***Terms of the Issue – Basis of Allotment***" on page 123.

Further, under the Foreign Exchange Regulations currently in force in India, transfers of shares between Non-Residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required.

Due to the aforementioned factors FPIs, FVCIs, multilateral and bilateral institutes intending to apply for additional Rights Equity Shares or intending to apply for Rights Equity Shares renounced in their favour shall be required to obtain prior approval from the appropriate regulatory authority.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Renouncee(s) applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares by indicating the details of additional Rights Equity Shares applied in place provided for additional Equity Shares in Part C of CAF.

Where the number of additional Rights Equity Shares applied for exceeds the number of Rights Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the Rights Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors); (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorised under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, the Eligible Shareholders may not renounce in favour of "U.S. Persons" (as defined in Regulation S) or persons or entities which would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

The RBI has, pursuant to its letter dated October 13, 2017, conveyed its approval for the renunciation of Rights Entitlement by, and to, persons resident in India and persons resident outside India in the Issue, subject to adherence of Regulation 6 of FEMA 20/2000-RB dated May 2, 2000, as amended.

In terms of Regulation 6 of Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, erstwhile Overseas Corporate Bodies (OCBs) have been derecognised as an eligible class of Investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the Eligible Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of erstwhile OCB(s).

The RBI has, however, clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that erstwhile OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities in terms of Regulation 5(1) of RBI Notification No. 20/ 2000-RB dated May 3, 2000 under the FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of the RBI if the investment is through the automatic route on case by case basis. Equity Shareholders renouncing their rights in favour of erstwhile OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Corporate Office, the erstwhile OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be the conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Equity Shares in Part 'C' of the CAF for the purpose of Allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Rights Equity Shares in favour of any other person.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renouncees without assigning any reason thereof.

Procedure for renunciation

To renounce all the Rights Equity Shares offered to an Eligible Shareholder in favour of one Renouncee

If you wish to renounce your Rights Entitlement indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either: (i) accept this offer in part and renounce the balance; or (ii) renounce your entire Rights Entitlement in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as provided herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company/ Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the Application Money in full.

Change and/or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three including you, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(All joint holders must sign in the same sequence)*
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part A, including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares *(All joint holders must sign in the same sequence)*
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D *(all joint holders must sign in the same sequence)* requesting for SAFs. Send the CAF to the Registrar so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. (ii) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Rights Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person *(Joint Renouncees are considered as one)*.	Fill in and sign Part B *(all joint holders must sign in the same sequence)* indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C *(all joint Renouncees must sign)*

Sr. No.	Option Available	Action Required
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

1. Options (3), (4) and (5) will not be available for Equity Shareholders applying through ASBA process.

2. Part 'A' of the CAF must not be used by any person(s) other than the Eligible Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.

3. Request for each SAF should be made for a minimum of one Rights Equity Share or, in each case, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.

4. Request by the Investor for the SAFs should reach the Registrar to the Issue on or before November 21, 2017.

5. Only the Eligible Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.

6. SAFs will be sent to the Eligible Shareholders by post at the Applicant's risk.

7. Eligible Shareholders may not renounce in favour of persons or entities who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

8. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares.

9. While applying for or renouncing their Rights Entitlement, all joint Eligible Shareholders must sign the CAF and in the same order and as per specimen signatures recorded with our Company/ Depositories.

10. *Non-Resident Eligible Shareholders:* Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares allotted as a part of this Issue shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of Share Certificates, etc. In case a Non-Resident or NRI Eligible Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

11. Applicants must write their CAF number at the back of the cheque / demand draft.

12. The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Eligible Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within seven days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilise the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of either original CAF or both the applications.

Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper (Non-ASBA)

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque drawn on a bank payable at par, pay order/demand draft, net of bank and postal charges and the Investor should send the same by registered post directly to the Registrar to the Issue. See "***Terms of the Issue – Modes of Payment***" on page 112. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE***" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholder including joint holders, in the same order and as per specimen recorded with our Company /Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being HCL Infosystems Limited;

2. Name and Indian address of the Eligible Shareholder including joint holders;

3. Registered Folio Number/ DP and Client ID No.;

4. Number of Equity Shares held as on Record Date;

5. Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;

6. Allotment option preferred - physical or demat form, if held in physical form;

7. Number of Rights Equity Shares entitled to;

8. Number of Rights Equity Shares applied for;

9. Number of additional Rights Equity Shares applied for, if any;

10. Total number of Equity Shares applied for;

11. Total amount paid at the rate of ₹ 47 per Rights Equity Share;

12. Particulars of cheque/ demand draft;

13. Savings/ current account number and name and address of the bank where the Eligible Shareholder will be depositing the refund order. In case of Equity Shares held in dematerialised form, the Registrar shall obtain the bank account details from the information available with the Depositories;

14. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;

15. If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account;

16. Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company/Depositories); and

17. Additionally, all such Applicants are deemed to have accepted the following:

    *"I/ We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933 ("***Securities Act***") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to*

the territories or possessions thereof ("**United States**"*) or to, or for the account or benefit of a "U.S. Person" as defined in Regulation S under the US Securities Act ("***Regulation S***"). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that neither our Company, nor the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company have reason to believe is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by me/us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. I/We satisfy, and each account for which I/we am/are acting satisfies, all suitability standards for Investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

I/ We acknowledge that our Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Eligible Shareholder without any interest thereon. In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue at www.alankit.com/rta.aspx.

Last date for Application

The last date for submission of the duly filled in CAF or the plain paper application is November 21, 2017. The Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF or the plain paper application together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose of the Equity Shares hereby offered, as provided under "***Terms of the Issue – Basis of Allotment***" on page 123.

Modes of Payment

Investors are advised to use CTS cheques to make payment. Investors are cautioned that CAFs accompanied by non-CTS cheques are liable to be rejected.

Mode of payment for Resident Investors

1. All cheques / demand drafts accompanying the CAF should be drawn in favour of "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE – R***" crossed 'A/c Payee only' and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue;

2. Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with an account payee cheque drawn on a bank payable at par, pay order/demand draft for the full application amount, net of bank and postal charges drawn in favour of "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE – R***", crossed 'A/c Payee only' and payable at par, directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The envelope should be superscribed "***HCL INFOSYSTEMS LIMITED – RIGHTS ISSUE***". Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the application by Non-Resident Investor, the following conditions shall apply:

1. Individual Non-Resident Indian Applicants who are permitted to subscribe for Rights Equity Shares by applicable local securities laws can obtain application forms from the following address:

   Registrar to the Issue

   Alankit Assignments Limited
   205 – 208, Anarkali Complex
   Jhandewalan Extension
   New Delhi 110 055
   Telephone: +91 (11) 4254 1627, 4254 1953
   Facsimile: +91 (11) 4154 3474
   Email: rta@alankit.com
   Investor Grievance Email: hclinfo_rights@alankit.com
   Website: www.alankit.com
   Contact Person: Ravi Garg, R S. Maurya
   SEBI Registration No.: INR000002532

   Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

2. Applications will not be accepted from Non-Resident Indian in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.

3. All non-resident investors should draw the cheques/ demand drafts for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.

4. Non-Resident Investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE - R***", crossed 'A/c Payee only' payable at par, in case of non-resident shareholder applying on non-repatriable basis and in favour of "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE – NR***", crossed 'A/c Payee only' payable at par, in case of non-resident shareholder applying on repatriable basis, directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The envelope should be superscribed "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE***". Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

5. Payment by Non-Residents must be made by demand draft, pay order/cheque or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

1. By Indian Rupee drafts purchased from abroad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

2. By cheque/draft drawn on an NRE or FCNR Account; or

3. By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at par;

4. FIIs/ FPIs registered with SEBI must utilise funds from special non-resident rupee account;

5. Non-Resident Investors with repatriation benefits should draw the cheques/ demand drafts in favour of "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE – NR***", crossed 'A/c Payee only' for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue;

6. Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO account as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

1. As far as Non-Residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account or Rupee draft purchased out of NRO Account maintained elsewhere in India. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.

2. Non-Resident Investors without repatriation benefits should draw the cheques/demand drafts in favour of "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE – R***", crossed 'A/c Payee only' for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue;

3. Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

4. An Eligible Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income Tax Act.

- In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

- The CAF duly completed together with the amount payable on application must be deposited with the Banker to the Issue indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- In case of an application received from Non-Residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Application by ASBA Investors

Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, our Company, its Directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI Circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors (iii) Investors whose application amount is less than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self-Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Equity Shares in the Issue through the ASBA Process is only available to the Eligible Shareholders of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;

- have not renounced his/her Rights Entitlements in full or in part;

- are not a Renouncee;

- are applying through a bank account maintained with SCSBs; and

- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue under the ASBA process

ASBA Investors may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of payment under the ASBA process

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with eligibility conditions prescribed under the SEBI circular SEBI /CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process.

A Retail Individual Investor applying for a value of up to ₹ 2,00,000, can participate in the Issue either through the ASBA process or non-ASBA process.

Options available to the Eligible Shareholders applying under the ASBA Process

The summary of options available to the Investors is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF *(All joint holders must sign in the same sequence)*
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares *(All joint holders must sign in the same sequence)*

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Additional Equity Shares

An Eligible Shareholder is eligible to apply for additional Equity Shares over and above the number of Equity Shares that such an Eligible Shareholder is entitled to, provided that the Eligible Shareholder is eligible to apply for the Equity Shares under applicable law and has applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "***Terms of the Issue – Basis of Allotment***" on page 123. If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Application on Plain Paper under the ASBA process

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. Eligible Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE***" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholders including joint holders, in the same order and as per the specimen recorded with our Company /Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of Issuer, being HCL Infosystems Limited;
2. Name and Indian address of the Eligible Shareholder including joint holders;
3. Registered Folio Number/ DP and Client ID No.;
4. Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
5. Number of Equity Shares held as on Record Date;
6. Number of Rights Equity Shares entitled to;

7. Number of Rights Equity Shares applied for;

8. Number of additional Rights Equity Shares applied for, if any;

9. Total number of Rights Equity Shares applied for;

10. Total amount paid at the rate of ₹ 47 per Rights Equity Share;

11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;

12. In case of Non-Resident Investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

13. Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;

14. Signature of the Eligible Shareholders to appear in the same sequence and order as they appear in our records; and

15. Additionally, all such Applicants are deemed to have accepted the following:

    *"I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933 ("**Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof ("**United States**") or to or for the account or benefit of a 'U.S. Person' as defined in Regulation S under the US Securities Act ("**Regulation S**"). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that neither our Company, nor the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who, our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company have reason to believe is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

    I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by me/us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. I/We satisfy, and each account for which I/we am/are acting satisfies, all suitability standards for Investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence.

    I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

    I/ We acknowledge that our Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Option to receive Equity Shares in Dematerialised Form

ELIGIBLE SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN

DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Investors applying under the ASBA Process

1. Please read the instructions printed on the respective CAF carefully.

2. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer or Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

3. The CAF/ plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue (assuming that such Banker to the Issue is not an SCSB), to our Company or Registrar or Lead Manager to the Issue.

4. All Applicants, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the Income Tax Act, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors**.

5. All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/demand draft/pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

6. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company /or Depositories.

7. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company / Depositories. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

8. All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.

9. Only the person or persons to whom the Rights Equity Shares have been offered and not Renouncee(s) shall be eligible to participate under the ASBA process.

10. Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.

11. Only the Eligible Shareholders holding shares in demat are eligible to participate through ASBA process.

12. Eligible Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

13. Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non- Institutional Investors (iii) Investors whose application amount is less than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

14. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

15. Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

16. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under "***Terms of the Issue – Application on Plain Paper (non - ASBA)***" and *"**Terms of the Issue – Application on Plain Paper under the ASBA process**"* on pages 111 and 117 respectively.

Do's:

1. Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under "***Terms of the Issue – Application on Plain Paper under the ASBA process***" on page 117.

2. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialised form only.

3. Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

4. Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

5. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

6. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

7. Except for CAFs submitted on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income Tax Act.

8. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

9. Ensure that the Demographic Details are updated, true and correct, in all respects.

10. Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

Don'ts:

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

2. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

3. Do not pay the amount payable on application in cash, by money order, pay order or by postal order.

4. Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Banker to the Issue (assuming that such Banker to the Issue is not an SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

5. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

6. Do not apply if the ASBA Account has been used for five Applicants.

7. Do not apply through the ASBA Process if you are not an ASBA Investor.

8. Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "***Terms of the Issue - Grounds for Technical Rejections for non-ASBA Investors***" on page 130, applications under the ABSA Process are liable to be rejected on the following grounds:

1. Application on a SAF.

2. Application for Allotment of Rights Entitlements or additional Rights Equity Shares which are in physical form.

3. DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

4. Sending an ASBA application on plain paper to a person other than a SCSB.

5. Sending CAF to Lead Manager / Registrar / Banker to the Issue (assuming that such Banker to the Issue is not an SCSB) / to a branch of an SCSB which is not a Designated Branch of the SCSB / Company.

6. Renouncee applying under the ASBA Process.

7. Submission of more than five CAFs per ASBA Account.

8. Insufficient funds are available with the SCSB for blocking the amount.

9. Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

10. Account holder not signing the CAF or declaration mentioned therein.

11. CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" as defined in Regulation S and does not have a registered address (and is not otherwise located) in the United States (as defined in Regulation S) or any restricted jurisdiction and is authorised to acquire the rights and the securities in compliance with all applicable laws and regulations.

12. CAFs which have evidence of being executed in/dispatched from any restricted jurisdiction or executed by or for the account or benefit of a "U.S. person" (as defined in Regulation S).

13. QIBs, Non-Institutional Investors and other Eligible Shareholders applying for Rights Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialised form and is not a renouncer or a Renouncee not applying through the ASBA process.

14. The application by an Eligible Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.

15. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

16. Submitting the GIR instead of the PAN.

17. An Eligible Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

18. Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

19. Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

20. If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

21. Failure to provide a copy of the requisite RBI approval in relation to renunciation by non-resident ASBA Applicants.

22. Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

Depository account and bank details for Investors applying under the ASBA Process

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Investors such as address, bank account details for printing on refund orders and occupation (Demographic Details). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account

to the extent Rights Equity Shares are not allotted to such Investor. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Underwriting

This Issue shall not be underwritten.

Issue Schedule

Issue Opening Date	**:**	November 14, 2017
Last date for receiving requests for SAFs	**:**	November 21, 2017
Issue Closing Date	**:**	November 28, 2017

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, CAF, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Rights Equity Shares in the following order of priority:

1. Full Allotment to those Eligible Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Rights Equity Shares renounced in their favour, in full or in part.

2. Investors whose fractional entitlements are being ignored and Eligible Shareholders with Zero entitlement would be given preference in Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Share. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after Allotment under (1) above. If number of Rights Equity Shares required for Allotment under this head is more than the number of Rights Equity Shares available after Allotment under (1) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

3. Allotment to the Eligible Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to their Rights Entitlement, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (1) and (2) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

4. Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (1), (2) and (3) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

5. Allotment to any other person that the Board of Directors as it may deem fit provided there is surplus available after making Allotment under (1), (2), (3) and (4) above, and the decision of the Board in this regard shall be final and binding.

After taking into account Allotment to be made under (1) to (4) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Subscription to the Issue by the Promoter and Promoter Group

Our Promoter and Promoter Group (holding Equity Shares) have confirmed that they intend to subscribe to their Rights Entitlement in full in the Issue. Further, HCLC, our Corporate Promoter, and VSPL, an entity forming part of our Promoter Group, *vide* their letters, both dated October 24, 2017, have also confirmed that over and above their rights entitlement, they intend to (i) subscribe to any additional Rights Equity Shares in the Issue; and (ii) subscribe to the unsubscribed portion in the Issue, if any.

Such subscription of Equity Shares over and above the Rights Entitlement of VSPL and HCLC, if allotted, may result in an increase in its shareholding. However, the acquisition of additional Rights Equity Shares by VSPL and HCLC shall not result in a change of control of the management of our Company and shall not result in breach of minimum public shareholding requirement in accordance with Regulation 38 of the SEBI Listing Regulations read with Rule 19 (2) and Rule 19A of SCRR.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Investors;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ Share Certificates/ demat credit and/or letters of regret along with refund order or credit the allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("**NACH**") **(**except where Investors have not provided the details required to send electronic refunds), or such other mode as may be mutually agreed upon between our Company, the Registrar and the Lead Manager.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding Rights Equity Share certificates will be kept ready within two months from the date of Allotment thereof under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the Rights Equity Share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's registered address in India or the Indian address provided by the Eligible Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

In the case of Non-Resident Shareholders or Investors who remit their application money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-Resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank and postal charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non-Resident Shareholders or Investors.

The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription, would be done through any of the following modes:

1. NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. National Electronic Fund Transfer ("**NEFT**") - Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit - Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

4. RTGS - If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors, the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non- residents

Where applications are accompanied by Indian rupee drafts purchased abroad, refunds will be made in the Indian rupees based on the U.S. Dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. Dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ Share Certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within the timeline prescribed under applicable law. In case our Company issues Allotment advice, the respective Share Certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for Share Certificates.

Option to receive Rights Equity Shares in Dematerialised Form

Investors shall be allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement with NSDL on April 18, 2007 which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL on April 3, 2007 which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Allottees who have opted for Rights Equity Shares in dematerialised form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a Depository Participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor’s depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor’s depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/or dematerialised form should be made. If such CAFs are made, the CAFs for physical Rights Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Rights Equity Shares sought in demat and balance, if any, will be allotted in physical Rights Equity Shares. Eligible Shareholders of our Company holding Equity Shares in physical form may opt to receive Rights Equity Shares in the Issue in dematerialised form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the electronic form is as under:

1. Open a beneficiary account with any Depository Participant *(care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our*

Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Investors who have already opened such beneficiary account(s) need not adhere to this step.*

2. For Eligible Shareholders already holding Equity Shares of our Company in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company / Depositories.

3. The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-a-vis such information with the Investor's Depository Participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's Depository Participant.

4. If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Equity Shares in physical form.

5. The Rights Equity Shares allotted to Applicants opting for issue in dematerialised form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar to the Issue but the Applicant’s Depository Participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant’s depository account.

6. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

7. Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.

8. Dividend or other benefits with respect to the Equity Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

General instructions for non-ASBA Investors

1. Please read the instructions printed on the CAF carefully.

2. Applicants that are not QIBs or are not Non - Institutional Investor or those whose application money is less than ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.

3. Application should be made on the printed CAF, provided by our Company except as mentioned under “***Terms of the Issue – Application on Plain Paper (non - ASBA)***” and *“**Terms of the Issue – Application on Plain Paper under the ASBA process**”* on page 111 and 117, respectively and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

4. The CAF together with the cheque/demand draft should be sent to the Banker to the Issue or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected.

5. Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the Income Tax Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

6. Investors holding Equity Shares in physical form are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details is liable to be rejected.

7. All payment should be made by cheque/demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

8. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF or the plain paper application as per the specimen signature recorded with our Company.

9. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be furnished again. In case these papers are sent to any other entity, besides the Registrar to the Issue, or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.

10. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company /Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor’s name and all communication will be addressed to the first Investor.

11. Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including regulations relating to FPIs, in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of Share Certificates, etc. In case an NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States (as defined in Regulation S), or in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.

12. All communication in connection with application for the Rights Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment

in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialised form.

13. SAFs cannot be re-split.

14. Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

15. Investors must write their CAF number at the back of the cheque /demand draft.

16. Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

17. A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be liable to be rejected. The Registrar will not accept payment against application if made in cash.

18. No receipt will be issued for application money received. The Banker to the Issue / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

19. The distribution of the Letter of Offer and issue of Rights Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Rights Equity Shares.

20. Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors

1. Check if you are eligible to apply, that is, you are an Eligible Shareholder on the Record Date.

2. Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in.

3. In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be allotted in the dematerialised form only.

4. Ensure that your Indian address is available to our Company and the Registrar and Transfer Agent, in case you hold Equity Shares in physical form or the Depository Participant, in case you hold Equity Shares in dematerialised form.

5. Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF.

6. Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form.

7. Ensure that you mention your PAN allotted under the Income Tax Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts.

8. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

9. Ensure that the demographic details are updated, true and correct, in all respects.

Don’ts for non-ASBA Investors

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

2. Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.

3. Do not pay the amount payable on application in cash, by money order or by postal order.

4. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

5. Do not submit Application accompanied with stockinvest.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the Application Money payable.

2. Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialised holdings) or the Registrar and Transfer Agent (in the case of physical holdings).

3. Age of Investor(s) not given (in case of Renouncees).

4. Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value.

5. In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.

6. If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.

7. CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Letter of Offer.

8. CAFs not duly signed by the sole/joint Investors.

9. CAFs/ SAFs by erstwhile OCBs not accompanied by a copy of an RBI approval to apply in this Issue.

10. CAFs accompanied by stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand drafts.

11. In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.

12. CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a “U.S. person” (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States (as defined in Regulation S) or any restricted jurisdictions and is authorised

to acquire the Rights Entitlements and Rights Equity Shares in compliance with all applicable laws and regulations.

13. CAFs which have evidence of being executed in/dispatched from restricted jurisdictions.

14. CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided.

15. CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.

16. In case the GIR number is submitted instead of the PAN.

17. Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

18. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

19. Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000, not through ASBA process.

20. Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

21. If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

22. Non – ASBA applications made by QIBs and Non – Institutional Investors.

23. Failure to provide a copy of the requisite RBI approval in relation to renunciation by non-resident non-ASBA Applicants.

Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer or the CAF.

Procedure for Application by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made. Applications made by asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Procedure for Application by FPIs

In terms of the FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of the Company's post-Issue equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of the Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of the Company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions, which may be specified by the Government from time to time. An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three (3) years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or subaccount has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the FPI Regulations. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Procedure for Applications by AIFs, FVCIs and VCFs

The VCF Regulations and the FVCI Regulations prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the AIF Regulations prescribe, amongst other things, the investment restrictions on AIFs.

As per the VCF Regulations and FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as category I AIFs, as defined in the AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the FEMA Regulations. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Rights Equity Shares for an amount exceeding ₹ 200,000 shall mandatorily make use of ASBA facility.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

> "*Any person who:*
>
> *(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
>
> *(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
>
> *(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*
>
> *shall be liable for action under section 447*".

Section 447 of the Companies Act provides for punishment for fraud which *inter alia* states punishment of imprisonment for a term which shall not be less than six months but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

Dematerialised dealing

Our Company has entered into agreements dated April 18, 2007 and March 26, 2007 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE236A01020.

Payment by stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest Scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Banker to the Issue / Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within the timelines prescribed under applicable law. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law. For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

1. All monies received out of the Issue shall be transferred to a separate bank account;

2. Details of all monies utilised out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

3. Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested; and

4. Our Company may utilise the funds collected in the Issue only after the Basis of Allotment is finalised.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Rights Equity Shares are to be listed will be taken within seven Working Days of finalisation of Basis of Allotment.

3. The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company.

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.

6. No further issue of securities affecting our Company's Equity Share Capital shall be made till the securities issued/ offered through this Letter of Offer are listed or till the application money are refunded on account of non-listing, under-subscription etc.

7. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

8. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the Basis of Allotment.

9. At any given time, there shall be only one denomination for the Equity Shares of our Company.

10. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

11. Our Company shall utilise the funds collected in the Issue only after finalisation of the Basis of Allotment.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in "***Risk Factors***" on page 12.

2. All enquiries in connection with this Letter of Offer or CAF and requests for SAFs must be addressed quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Shareholder as mentioned on the CAF and superscribed "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE – R***" or "***HCL INFOSYSTEMS LIMITED - RIGHTS ISSUE – NR***", as applicable, on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

   Registrar to the Issue

   Alankit Assignments Limited
   205 – 208, Anarkali Complex
   Jhandewalan Extension
   New Delhi 110 055
   Telephone: +91 (11) 4254 1627, 4254 1953
   Facsimile: +91 (11) 4154 3474
   Email: rta@alankit.com
   Investor Grievance Email: hclinfo_rights@alankit.com
   Website: www.alankit.com
   Contact Person: Ravi Garg, R S. Maurya
   SEBI Registration No.: INR000002532

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Consolidated FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries / departments of the Government of India and the RBI. The Union Cabinet has recently approved phasing out the

FIPB, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments.

Subsequently, the DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the "**Competent Authority**") for the grant of *post facto* approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority.

The GoI has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office between 10 a.m. and 5 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated October 31, 2017 between our Company and the Lead Manager.

2. Registrar Agreement dated October 24, 2017 between our Company and the Registrar to the Issue.

3. Escrow Agreement dated October 27, 2017 amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended.

2. Certificate of incorporation and fresh certificate of incorporation pursuant to change of name of our Company.

3. Certificate of commencement of business of our Company dated July 29, 1986.

4. Letter of Offer dated April 12, 1994 issued by our Company in relation to the offer of 49,64,536 equity shares of ₹ 10 each on rights basis to the shareholders of our Company.

5. Resolution of our Board dated August 29, 2017 approving the Issue.

6. Resolution of the Rights Issue Committee dated October 20, 2017 finalising the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.

7. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager, Banker to the Issue, Legal Advisor to the Issue and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.

8. Annual Reports of our Company for Fiscal 2017, 2016, 2015, 2014 and 2013.

9. The statement of special tax benefits dated October 23, 2017 from Shiromany Tyagi & Co.

10. In-principle approvals issued by BSE and NSE, both dated October 26, 2017, under Regulation 28 of the SEBI Listing Regulations.

11. RBI approval letter for the renunciation of Rights Entitlement by, and to, persons resident in India and persons resident outside India, dated October 13, 2017.

12. Due diligence certificate dated October 26, 2017, addressed to SEBI from the Lead Manager.

13. Tripartite Agreement dated April 18, 2007 between our Company, the Registrar to our Company and NSDL.

14. Tripartite Agreement dated March 26, 2007 between our Company, the Registrar to our Company and CDSL.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Name	Signature
Nikhil Sinha, *Non Executive Chairman*	
Premkumar Seshadri *Executive Vice-Chairman and Managing Director*	
V N Koura *Non Executive Director*	
Dilip Kumar Srivastava *Non Executive Director*	
Pawan Kumar Danwar *Non Executive Director*	
Ritu Arora *Independent Director*	
Sangeeta Talwar, *Independent Director*	
Dhirendra Singh *Independent Director*	
Kaushik Dutta *Independent Director*	

Date: October 31, 2017
Place: New Delhi

Deputy Chief Financial Officer