HCL Comnet Systems and Services Limited

Financial Statements

Years ended 31 March 2019 and 2018

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
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INDEPENDENT AUDITOR'S REPORT
To the Members of HCL Comnet Systems and Services Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of HCL Comnet Systems and Services Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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

S.R. Batliboi & Associates LLP
Gurugram

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that 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 (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Gurugram

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

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

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

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP * Gurugram *

per Yogesh Midha
Partner
Membership Number: 094941
Place of Signature: Gurugram
Date: June 28, 2019

Annexure 1 referred to in paragraph 1 of the section on "Report on Other Legal and Regulatory Requirements" of our report of even date
Re: HCL Comnet Systems & Services Limited (the Company)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under clause 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

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

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the service of Bandwidth, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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Gurugram

(c) According to the information and explanation given to us, except for following, there are no dues of income-tax, goods and service tax, duty of custom, cess and other statutory dues which have not been deposited on account of any dispute:

Name of the Statute	Nature of Dues	Amount in thousands (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	11,818*	2013-14	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	578	2014-15	CIT (A) (New Delhi)
Income Tax Act, 1961	Income Tax	10,526*	2015-16	CIT (A) (New Delhi)

*Total demand has been adjusted with Income tax refund.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company did not have any outstanding loans or borrowing dues in respect of financial institution or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments hence, reporting under clause is not applicable to the Company and hence not commented upon. In our opinion and according to information and explanations given by the management, term loans were applied for the purpose for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

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(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Yogesh Midha
Partner
Membership Number: 094941

S.R. Batliboi & Associates LLP
Gurugram

Place of Signature: Gurugram
Date: June 28, 2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HCL COMNET SYSTEMS AND SERVICES LIMITED

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

We have audited the internal financial controls over financial reporting of HCL Comnet Systems and Services Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control 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. 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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, as amended.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements 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 as specified under section 143(10) of the Companies Act, 2013, as amended, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

S.R. Batliboi & Associates LLP
Gurugram

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, 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 **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Yogesh Midha
Partner
Membership Number: 094941
Place of Signature: Gurugram
Date: June 28, 2019

S.R. Batliboi & Associates LLP
Gurugram

HCL Comnet Systems and Services Limited
Balance Sheet as at 31 March 2019
(All amounts in thousands of ₹)

	Note No.	As at 31 March 2019	As at 31 March 2018
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	40,965	44,856
(b) Capital work in progress		458	-
(c) Other intangible assets	2.2	316	750
(d) Deferred tax assets (net)	2.19	85,751	83,067
(e) Other non-current assets	2.3	4,458	4,687
(2) Current assets			
(a) Financial Assets			
(i) Investments	2.4	124,679	87,326
(ii) Trade receivables	2.5	166,854	272,602
(iii) Cash and cash equivalents	2.6	4,429	9,989
(b) Current tax assets (net)		126,647	17,823
(c) Other current assets	2.7	40,444	13,875
TOTAL ASSETS		595,001	534,975
II. EQUITY			
(a) Equity share capital	2.8	12,800	12,800
(b) Other equity		173,859	128,098
TOTAL EQUITY		186,659	140,898
III. LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	2.9	375	557
(b) Provisions	2.10	1,389	2,842
(2) Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	2.11	20,162	29,932
(ii) Others	2.12	377,229	297,618
(b) Provisions	2.10	513	201
(c) Other current liabilities	2.13	8,674	62,927
TOTAL EQUITY AND LIABILITIES		595,001	534,975
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number : 101049W/E300004
Chartered Accountants

S.R. Batliboi & Associates LLP
Gurugram

per Yogesh Midha
Partner
Membership Number: 094941

Gurugram, India
Date: JUNE 28, 2019

For and on behalf of the Board of Directors
of HCL Comnet Systems and Services Limited

Atul Kumar Jain
Director

Manish Anand
Director

Noida (UP), India
Date: JUNE 28, 2019

HCL Comnet Systems and Services Limited
Statement of Profit and Loss for the year ended 31 March 2019
(All amounts in thousands of ₹)

		Note No.	Year ended 31 March 2019	Year ended 31 March 2018
I	**Revenue**			
	Revenue from operations	2.14	465,792	442,339
	Other income	2.15	6,758	42,827
	Total revenue		**472,550**	**485,166**
II	**Expenses**			
	Employee benefits expense	2.16	15,831	23,351
	Finance costs	2.17	838	1,615
	Depreciation and amortization expense	2.1 & 2.2	7,556	8,511
	Outsourcing costs		15,828	27,493
	Other expenses	2.18	373,918	491,853
	Total expenses		**413,971**	**552,823**
III	**Profit / (loss) before tax**		**58,579**	**(67,657)**
IV	**Tax expense**			
	Current tax		15,285	(93)
	Deferred tax charge/(credit)		(2,633)	(14,202)
	Total tax expense	2.19	12,652	(14,295)
V	**Profit / (loss) for the year**		**45,927**	**(53,362)**
VI	**Other comprehensive income**			
	Defined benefit plan actuarial gains/(loss)		(216)	353
	Income tax effect		50	(89)
	Total other comprehensive income/(loss)		**(166)**	**264**
VII	**Total comprehensive income**		**45,761**	**(53,098)**
	Earnings per equity share of ₹ 10,000 each			
	Basic (in ₹)		35,880	(41,689)
	Diluted (in ₹)		35,880	(41,689)
	Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per Yogesh Midha
Partner
Membership Number: 094941

S.R. Batliboi & Associates LLP ★ Gurugram ★

Gurugram, India
Date: JUNE 28, 2019

For and on behalf of the Board of Directors
of HCL Comnet Systems and Services Limited

Atul Kumar Jain
Director

Manish Anand
Director

Noida (UP), India
Date: JUNE 28, 2019

HCL Comnet Systems and Services Limited
Statement of Changes in Equity for the year ended 31 March 2019
(All amounts in thousands of ₹, except share data and as stated otherwise)

	Equity share capital		Other equity		
			Reserves and Surplus		
	Number of Shares	Share capital	Retained earnings	Capital redemption reserve	Total other equity
Balance as at 1 April 2017	1,280	12,800	107,862	73,334	181,196
Profit / (loss) for the year	-	-	(53,362)	-	(53,362)
Other comprehensive income	-	-	264	-	264
Total comprehensive income for the year	-	-	**(53,098)**	-	**(53,098)**
Capital redemption reserve addition	-	-	(6,666)	6,666	-
Balance as at 31 March 2018	**1,280**	**12,800**	**48,098**	**80,000**	**128,098**
Profit / (loss) for the year	-	-	45,927	-	45,927
Other comprehensive income	-	-	(166)	-	(166)
Total comprehensive income for the year	-	-	**45,761**	-	**45,761**
Balance as at 31 March 2019	1,280	**12,800**	93,859	80,000	173,859

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of financial statements

As per our report of even date

FOR S. R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per Yogesh Midha
Partner
Membership Number: 094941

S.R. Batliboi & Associates LLP ★ Gurugram ★

Gurugram, India
Date: JUNE 28, 2019

For and on behalf of the Board of Directors
of HCL Comnet Systems and Services Limited

Atul Kumar Jain
Director

Manish Anand
Director

Noida (UP), India
Date: JUNE 28, 2019

HCL Comnet Systmes and Services Limited
Statement of cash flows
(All amounts in thousands of ₹)

		Year ended 31 March 2019	Year ended 31 March 2018
A. Cash flows from operating activities			
Profit / (loss) before tax		58,579	(67,657)
Adjustment for:			
Depreciation and amortization		7,556	8,511
Profit on sale of property plant and equipment		-	(33,814)
Income on sale of current investments carried at fair value through profit and loss		(6,000)	(8,986)
Interest expenses		59	75
Provision for doubtful debts written off		13,559	702
Other non-cash items		(263)	(26)
Operating profit/(loss) before working capital changes		**73,490**	**(101,195)**
Movement in Working Capital			
(Increase) decrease in trade receivables		92,452	(12,172)
(Increase) decrease in other financial assets and other assets		(31,724)	(4,915)
Increase (decrease) in trade payables		(9,770)	(11,163)
Increase (decrease) in provisions, other financial liabilities and other liabilities		27,816	146,897
Cash generated from operations		**152,264**	**17,452**
Direct taxes paid (net of refunds)		(124,110)	(3,497)
Net cash flow from operating activities	(A)	**28,154**	**13,955**
B. Cash flows from investing activities			
Purchase of investments in securities		(596,500)	(629,050)
Proceeds from sale of investments in securities		565,148	653,884
Proceeds from sale of property, plant and equipment		-	33,885
Purchase of fixed assets		(2,137)	(1,104)
Net cash flow from/(used) in investing activities	(B)	**(33,489)**	**57,615**
C. Cash flows from financing activities			
Loan repaid during the year		(166)	(151)
Redemption of preference shares		-	(80,000)
Interest paid		(59)	(75)
Net cash flow used in financing activities	(C)	**(225)**	**(80,226)**
Net increase (decrease) in cash and cash equivalents (A+B+C)		(5,560)	(8,656)
Cash and cash equivalents at the beginning of the year		9,989	18,645
Cash and cash equivalents at the end of the year as per note 2.6		**4,429**	**9,989**
Summary of significant accounting policies (Note 1)			

As per our report of even date.

FOR S. R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number : 101049W/E300004
Chartered Accountants

S.R. Batliboi & Associates LLP Gurugram

per Yogesh Midha
Partner
Membership Number: 094941

Gurugram, India
Date: JUNE 28, 2019

For and on behalf of the Board of Directors
of HCL Comnet Systems and Services Limited

Atul Kumar Jain
Director

Manish Anand
Director

Noida (UP), India
Date: JUNE 28, 2019

ORGANIZATION AND NATURE OF OPERATIONS

HCL Comnet Systems & Services Limited ('hereinafter referred to as the "Company"') is primarily engaged in providing a range of IT enabled services. The Company was incorporated under the provisions of the Companies Act applicable in India in December 1993, having its registered office at 806, Sidharth,96, Nehru Place, New Delhi-110019. The Company leverages an extensive offshore infrastructure and professionals to deliver Bandwidth and other services.

The financial statements for the year ended 31 March 2019 were approved and authorized for issue by the Board of Directors on 28 June 2019.

1. Significant accounting policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time.) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable to the financial statements.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, accrual of warranty costs, income taxes, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

c) Foreign currency and translation

The financial statements of the Company are presented in Indian Rupee (₹) which is also the Company's functional currency. For each foreign operation, the Company determines the functional currency which is its respective local currency.

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

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initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

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

d) Fair value measurement

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

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

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

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

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

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

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

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

c) Cost approach – Replacement cost method.

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

e) Property, plant and equipment

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

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Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

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

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

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

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

Asset description	Asset life (in years)
Buildings	20
Plant and equipment (including air conditioners, electrical installations)	10
Office equipment	5
Computers	4-5
Furniture and fixtures	7
Vehicles	5

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

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

f) Intangible assets

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

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

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

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

Asset description	Asset life (in years)
Software	3

g) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

h) Impairment of non financial assets

Intangible assets and property, plant and equipment

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

i) Borrowing costs

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

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

j) Financial instruments

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

i. Financial assets

All financial assets are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial assets (other than financial assets at fair value through profit and loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date.

Cash and short-term deposits
Cash and short-term deposits in the balance sheet comprise cash in banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Financial instruments at amortized cost
A financial instrument is measured at the amortized cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Financial instrument at Fair Value through Other Comprehensive Income (OCI)
A financial instrument is classified and measured at fair value through OCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent solely payments of principal and interest.

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

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

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

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

ii. **Financial liabilities**

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

The Company's financial liabilities include trade payables, borrowings including bank overdrafts and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

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

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

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k) Revenue recognition

Adoption of new accounting principles

Effective 1 April 2018, the Company has adopted Ind AS 115 using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information is not restated in the financial statement. The adoption of the standard did not have any material impact to the financial statements of the Company.

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

Revenue related to contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably being company control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Incentive revenues, volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

l) Retirement and other employee benefits

i. Provident fund: Employees of the Company receive benefits under the provident fund, a defined benefit plan. The employee and employer each make monthly contributions to the plan. A portion of the contribution is made to the provident fund trust managed by the Company or Government administered provident fund; while the balance contribution is made to the Government administered pension fund. For the contribution made by the Company to the provident fund trust managed by the Company, the Company has an obligation to fund any shortfall on the yield of the Trust's investments over the administered interest rates. The liability is actuarially determined (using the projected unit credit method) at the end of the year. The funds contributed to the Trust are invested in specific securities as mandated by law and generally consist of federal and state government bonds, debt instruments of government-owned corporations and other eligible market securities.

ii. In respect of superannuation, a defined contribution plan for applicable employees, the Company contributes to a scheme administered on its behalf by an insurance company and such contributions for each year of service rendered by the employees are charged to the statement of profit and loss. The Company has no further obligations to the superannuation plan beyond its contributions.

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

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

v. State Plans: The contribution to State Plans, a defined contribution plan namely Employee State Insurance Fund and Employees' Pension Scheme for the Company are charged to the statement of profit and loss.

m) Taxation

Income tax expense comprises current and deferred income tax.

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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n) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit attributable to equity holders by the weighted average number of equity shares outstanding during the year.

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

o) **Provisions**

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

p) **Recently issued accounting pronouncements**

Ind AS 116 – Leases

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

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

2. Notes to financial statements

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2019

	Buildings	Plant and equipment	Office equipment	Computers	Furniture and fixtures	Vehicles	Total
Gross block as at 1 April 2018	369	54,843	250,917	31,829	223	1,126	339,307
Additions	-	-	-	3,231	-	-	3,231
Disposals	369	-	-	1,328	-	-	1,697
Gross block as at 31 March 2019	**-**	**54,843**	**250,917**	**33,732**	**223**	**1,126**	**340,841**
Accumulated depreciation as at 1 April 2018	369	14,897	248,744	29,970	207	264	294,451
Charge for the year	-	5,850	8	1,029	10	225	7,122
Deduction/other adjustments	369	-	-	1,328	-	-	1,697
Accumulated depreciation as at 31 March 2019	**-**	**20,747**	**248,752**	**29,671**	**217**	**489**	**299,876**
Net block as at 31 March 2019	**-**	**34,096**	**2,165**	**4,061**	**6**	**637**	**40,965**

The changes in the carrying value for the year ended 31 March 2018

	Buildings	Plant and equipment	Office equipment	Computers	Furniture and fixtures	Vehicles	Total
Gross block as at 1 April 2017	24,136	53,266	250,917	31,902	223	1,126	361,570
Additions	-	1,577	-	-	-	-	1,577
Disposals	23,767	-	-	73	-	-	23,840
Gross block as at 31 March 2018	**369**	**54,843**	**250,917**	**31,829**	**223**	**1,126**	**339,307**
Accumulated depreciation as at 1 April 2017	23,713	9,048	248,733	28,413	197	39	310,143
Charge for the year	409	5,849	11	1,573	10	225	8,077
Deduction/other adjustments	23,753	-	-	16	-	-	23,769
Accumulated depreciation as at 31 March 2018	**369**	**14,897**	**248,744**	**29,970**	**207**	**264**	**294,451**
Net block as at 31 March 2018	**-**	**39,946**	**2,173**	**1,859**	**16**	**862**	**44,856**
Net block as at 1 April 2017	**423**	**44,218**	**2,184**	**3,489**	**26**	**1,087**	**51,427**

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HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2019

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

2.2 Other intangible assets

The changes in the carrying value for the year ended 31 March 2019

	Software	Total
Gross block as at 1 April 2018	14,995	**14,995**
Additions	-	-
Disposals	-	-
Gross block as at 31 March 2019	**14,995**	**14,995**
Accumulated depreciation as at 1 April 2018	14,245	**14,245**
Charge for the year	434	**434**
Deduction/other adjustments	-	-
Accumulated depreciation as at 31 March 2019	**14,679**	**14,679**
Net block as at 31 March 2019	**316**	**316**

The changes in the carrying value for the year ended 31 March 2018

	Software	Total
Gross block as at 1 April 2017	14,995	**14,995**
Additions	-	-
Disposals	-	-
Gross block as at 31 March 2018	**14,995**	**14,995**
Accumulated depreciation as at 1 April 2017	13,811	**13,811**
Charge for the year	434	**434**
Deduction/other adjustments	-	-
Accumulated depreciation as at 31 March 2018	**14,245**	**14,245**
Net block as at 31 March 2018	**750**	**750**
Net block as at 1 April 2017	**1,184**	**1,184**

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HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2019

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

2.3 Other non- current assets

	As at	
	31 March 2019	**31 March 2018**
Unsecured considered good unless otherwise stated		
Others		
Prepaid expenses	4,458	4,687
	4,458	**4,687**

2.4 Financial assets - investments

	As at	
	31 March 2019	**31 March 2018**
Current investments		
Unquoted		
Carried at fair value through profit & loss		
Investment in mutual fund	124,679	87,326
	124,679	**87,326**

2.5 Trade receivable

	As at	
	31 March 2019	**31 March 2018**
Unsecured, considered good	178,396	281,528
Trade receivable which have significant increase in credit risk	23,263	11,629
Trade receivable-credit impaired	2,847	3,803
	204,506	**296,960**
Impairment allowance for bad and doubtful debts		
-Unsecured, considered Good	(11,542)	(8,926)
-Trade receivable which have significant increase in credit risk	(23,263)	(11,629)
-Trade receivable-credit impaired	(2,847)	(3,803)
	166,854	**272,602**

Note:-

1. Includes receivables from related parties amounting to ₹ Nil (31 March 2018, ₹ 18,918 Thousand)

2.6 Cash and bank balances

	As at	
	31 March 2019	**31 March 2018**
Cash and cash equivalent		
Balance with banks		
- in current accounts	4,429	9,989
	4,429	**9,989**

2.7 Other current assets

	As at	
	31 March 2019	**31 March 2018**
Unsecured , considered good		
Advances other than capital advances		
Security deposits	33	314
Advances to suppliers	3,754	6,622
Others		
Prepaid expenses	933	1,031
Prepaid Expenses-related parties(Refer note 2.25)	149	-
Goods and service tax receivable	-	5,383
Other Receivables-related parties(Refer note 2.25)	35,069	-
Other advances	505	525
	40,444	13,875
Unsecured , considered doubtful		
Other advances	-	263
Less: Provision for doubtful advances	-	(263)
	-	-
	40,444	**13,875**

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2.8 Share capital

	As at	
	31 March 2019	31 March 2018
Authorized		
20,000 (31 March 2018, 20,000) equity shares of ₹ 10,000 each	200,000	200,000
5,500,000(31 March 2018, 5,500,000) redeemable preference shares of ₹ 100 each	550,000	550,000
Issued, subscribed and fully paid up		
1,280 (31 March 2018, 1,280) equity shares ₹ 10,000 each	12,800	12,800

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹10,000/-. Each holder of equity shares is entitled to one vote per share.

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

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

	As at			
	31 March 2019		31 March 2018	
	No. of shares	₹ in Thousands	No. of shares	₹ in Thousands
Number of shares at the beginning	1,280	12,800	1,280	12,800
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	1,280	12,800	1,280	12,800

Equity shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of equity shares issued by the Company, shares held by its holding company are as below:-

	As at			
	31 March 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
HCL Technologies Limited				
Equity shares of ₹ 10,000 each fully paid	1,280	100%	1,280	100%

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

Name of the shareholder	As at			
	31 March 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 10,000 each fully paid				
HCL Technologies Limited, the holding company	1,280	100%	1,280	100%

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

There were no bonus shares issued, no shares issued for consideration other than cash and no shares bought back during the year (31 March 2018 Nil).

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

Capital management

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

2.9 Borrowings

	Non-current		Current	
	As at		As at	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Long term borrowings				
Secured				
Term loan from banks(Refer Note 1 below)	375	557	182	166
	375	**557**	**182**	**166**
Current maturity of long term borrowings disclosed under Note 2.12 "Other financial liabilities"	-	-	**(182)**	**(166)**
	375	557	-	-

Note 1 :The Company has availed a term loan of ₹ 557 thousand (31 March 2018, ₹ 723 thousand) secured by hypothecation of gross vehicles of ₹ 1,126 thousand (31 March 2018, ₹ 1,126 thousand) at an interest ranging from 10.4% to 8.5%. The loans are repayable over a period of three years on a monthly basis.

2.10 Provisions

	As at	
	31 March 2019	31 March 2018
Non - current		
Provision for employee benefits		
Provision for gratuity (Refer note 2.24)	1,011	2,101
Provision for leave benefits	378	741
	1,389	**2,842**
Current		
Provision for employee benefits		
Provision for gratuity (Refer note 2.24)	363	72
Provision for leave benefits	150	129
	513	**201**

2.11 Trade payables

	As at	
	31 March 2019	31 March 2018
Trade payables	17,910	4,991
Trade payables-related parties(Refer note 2.25)	2,252	24,941
	20,162	**29,932**

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2.12 Other financial liabilities

	As at	
	31 March 2019	31 March 2018
Current		
Carried at amortized cost		
Current maturities of long term borrowings	182	166
Deposits from customers	-	614
Liabilities for expenses	356,597	291,145
Liabilities for expenses-related parties (Refer note 2.25)	14,948	1,532
Accrued salaries and benefits		
- Employee bonuses accrued	1,162	905
- Other employee costs	1,075	1,542
Capital accounts payables	3,265	1,713
	377,229	**297,618**

2.13 Other current liabilities

	As at	
	31 March 2019	31 March 2018
Contract Liabilities (previous year: revenue received in advance)	3,639	53,828
Other Advances		
- Advances received from customers	-	8,615
Others		
- Goods and service tax payable	4,818	-
- Withholding and other taxes payable	217	484
	8,674	**62,927**

2.14 Revenue from operations

	Year ended	
	31 March 2019	31 March 2018
Sale of services		
Bandwidth and other services	465,792	442,339
	465,792	**442,339**

Disaggregate Revenue Information

The disaggregated revenue from contracts with the customers for the year ended 31 March 2019 by contract type

	Year ended 31 March 2019
Fixed price	465,792
	465,792
Geography wise	
India	465,792
	465,792

Remaining performance obligations

As at 31 March 2019, the company does not have any amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was after exclusions of below:
a) Contracts for which we recognize revenues based on the right to invoice for services performed,
b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation,or
c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

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

2.14 Revenue from operations(continued)

Contract balances

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

The company does not have any contract assets as on 1 April 2018.

Contract liablities : A contract liability arises when there is excess billing over the revenue recognized (also referred to as deferred revenue).

The below table discloses the significant movement in contract liabilities :

	Contract liabilities
Balance as at 1 April 2018	53,828
Additional amounts billed but not recognized as revenue	1,693
Deduction on account of revenues recognized during the year	(51,882)
Balance as at 31 March 2019	**3,639**

Deferred contract cost : Deferred contract cost represents the contract fulfilment cost and cost for obtaining the contract.The company does not have any deferred contract cost as on 31 March 2019.

2.15 Other income

	Year ended	
	31 March 2019	31 March 2018
Income on investments carried at fair value through profit and loss		
- Gains on fair value changes on mutual funds	692	(265)
- Profit on sale of mutual funds	5,308	9,251
Profit on sale of property, plant and equipments	-	33,814
Exchange differences (net)	494	-
Provisions no longer required written back (net)	263	26
Miscellaneous income	1	1
	6,758	**42,827**

Note : Net of loss on sale of property, plant and equipment ₹ Nil(31 March 2018 ₹ 57 thousand)

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

2.16 Employee benefits expense

	Year ended	
	31 March 2019	**31 March 2018**
Salaries, wages and bonus	15,380	21,931
Contribution to provident fund and other employee funds	424	1,372
Staff welfare expenses	27	48
	15,831	**23,351**

2.17 Finance cost

	Year ended	
	31 March 2019	**31 March 2018**
Interest		
- loan from bank	59	75
Bank charges	779	1,540
	838	**1,615**

2.18 Other expenses

	Year ended	
	31 March 2019	**31 March 2018**
Rent	4,367	5,447
Power and fuel	14,933	24,465
Communication costs	629	485
Travel and conveyance	3,559	5,780
Legal and professional charges	1,216	4,028
License and transponder fee	331,768	448,394
CSR expenditure	-	928
Provision for doubtful debts/ bad debts written off	13,559	702
Exchange differences (net)	-	464
Miscellaneous expenses	3,887	1,160
	373,918	**491,853**

2.19 Income taxes

	Year ended	
	31 March 2019	**31 March 2018**
Income tax charged to statement of profit and loss		
Current income tax charge	15,285	(93)
Deferred tax charge (credit)	(2,633)	(14,202)
	12,652	**(14,295)**
Income tax charged to other comprehensive income		
Expense (benefit) on re-measurements of defined benefit plans	50	(89)
	50	**(89)**

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Notes to financial statements for the year ended 31 March 2019

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

	Year ended	
	31 March 2019	31 March 2018
Profit before income tax	58,579	(67,657)
Statutory tax rate in India	27.82%	25.75%
Expected tax expense	16,297	(17,422)
Other permanent differences	587	239
Income tax at lower / higher rate	(4,700)	4,682
Reversal of prior year provision	389	(1,487)
Others	79	(307)
Total taxes	**12,652**	**(14,295)**
Effective income tax rate	**21.60%**	**-**

Components of deferred tax assets and liabilities as on 31 March 2019

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
Business losses	5,783	(5,783)	-	-
MAT credit entitlement	15,534	(1,946)	-	13,588
Provision for doubtful debts	6,401	4,073	-	10,474
Accrued employee costs	1,009	(339)	-	670
Depreciation and amortization	13,142	(1,315)	-	11,827
Others	41,476	8,146	-	49,622
Gross deferred tax assets (A)	**83,345**	**2,836**	**-**	**86,181**
Deferred tax liabilities				
Others	278	202	(50)	430
Gross deferred tax liabilities (B)	**278**	**202**	**(50)**	**430**
Net deferred tax assets (A-B)	**83,067**	**2,633**	**50**	**85,751**

Components of deferred tax assets and liabilities as on 31 March 2018

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
Business losses	-	5,783	-	5,783
MAT credit entitlement	14,047	1,487	-	15,534
Provision for doubtful debts	6,729	(328)	-	6,401
Accrued employee costs	1,041	(32)	-	1,009
Depreciation and amortization	16,406	(3,264)	-	13,142
Others	30,794	10,682	-	41,476
Gross deferred tax assets (A)	**69,017**	**14,328**	**-**	**83,345**
Deferred tax liabilities				
Others	63	126	89	278
Gross deferred tax liabilities (B)	**63**	**126**	**89**	**278**
Net deferred tax assets (A-B)	**68,954**	**14,202**	**(89)**	**83,067**

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

2.20 Earnings per share

	Year ended	
	31 March 2019	31 March 2018
Net profit(loss) as per statement of profit and loss for computation of EPS	45,927	(53,362)
Weighted average number of shares outstanding in calculating basic EPS	1,280	1,280
Weighted average number of shares outstanding in calculating dilutive EPS	1,280	1,280
Nominal value of equity shares (in ₹)	10,000	10,000
Earnings per equity share (in ₹)		
- Basic	35,880	(41,689)
- Diluted	35,880	(41,689)

2.21 Leases

The Company leases office spaces and accommodation for its employees under operating lease agreements. The lease rental expense relating to leased premises recognised in the statement of profit and loss for the year is ₹ 4,367 thousand (31 March 2018, ₹ 5,447 thousand). The escalation amount of non- cancellable operating lease payable in future years and accounted by the company is ₹ Nil (31 March 2018, ₹Nil)

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

2.22 Financial instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2019 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	124,679	-	124,679
Trade receivables	-	166,854	166,854
Cash and cash equivalents	-	4,429	4,429
Total	**124,679**	**171,283**	**295,962**
Financial liabilities			
Borrowings	-	375	375
Trade payables	-	20,162	20,162
Others (refer note 2.12)	-	377,229	377,229
Total	**-**	**397,766**	**397,766**

The carrying value of financial instruments by categories as at 31 March 2018 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	87,326	-	87,326
Trade receivables	-	272,602	272,602
Cash and cash equivalents	-	9,989	9,989
Total	**87,326**	**282,591**	**369,917**
Financial liabilities			
Borrowings	-	557	557
Trade payables	-	29,932	29,932
Others (refer note 2.12)	-	297,618	297,618
Total	**-**	**328,107**	**328,107**

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Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis as at 31 March 2019 and the basis for that measurement is as below:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	124,679	124,679	-	-

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

The following table discloses the assets and liabilities measured at fair value on a recurring basis as at 31 March 2018 and the basis for that measurement:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	87,326	87,326	-	-

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

Valuation methodologies

Quoted market prices in active markets are available for investments in securities and, as such, these investments are classified within Level 1.

Investments: The Company's investments consist primarily of investment in debt linked mutual funds. Fair values of investment securities classified as fair value through profit and loss are determined using quoted prices for identical assets or liabilities in active markets and are classified as Level 1. Fair value of term deposits with banks and corporates is determined using observable markets' inputs and is classified as Level 2.

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

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

(b) Financial risk management

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

(i) Interest rate risk

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

Credit risk

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

The customers of the Company are primarily corporations based in India and accordingly trade receivables are concentrated in the respective countries. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables.

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

	As at	
	31 March 2019	31 March 2018
Balance at the beginning of the year	24,358	24,161
Additional provision during the year	18,183	20,875
Deductions on account of write offs and collections	(4,624)	(20,678)
Effect of Foreign Exchange	(265)	-
Balance at the end of the year	**37,652**	**24,358**

Liquidity risk

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

Maturity profile of the Company's non-derivative long term financial liabilities based on contractual payments is as below:

	Year 1 (Current)	Year 2	Year 3	Year 4-5	Total
As at 31 March 2019					
Borrowings	182	199	176	-	557
Total	**182**	**199**	**176**	**-**	**557**
As at 31 March 2018					
Borrowings	166	182	199	176	723
Total	**166**	**182**	**199**	**176**	**723**

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

2.23 Segment reporting

In the opinion of the management, services comprising only of bandwidth services under a license from Department of Telecommunications, Government of India is the only business segment of the Company and the Company operates in a single geographical segment and hence there are no reportable segments as envisaged in Ind AS notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules. Accordingly, no disclosure for segment reporting has been included in the financial statements.

2.24 Employee benefits

A. Defined contribution plans and state plans

The Company has calculated the various benefits provided to employees as given below:
Employer's contribution to Employee State Insurance
Employer's contribution to Employee Pension Scheme

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

	Year ended	
	31 March 2019	31 March 2018
Employer's contribution to Employee's State Insurance	135	192
Employer's contribution to Employee's Pension Scheme	295	404
Total	**430**	**596**

B. Defined benefit plans

a) Gratuity
b) Employer's contribution to provident fund

Gratuity

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

Statement of profit and loss

	Year ended	
	31 March 2019	31 March 2018
Current service cost	(380)	216
Past service cost	-	119
Interest cost	175	153
Net benefit expense	(205)	**488**

Balance sheet

	Year ended	
	31 March 2019	31 March 2018
Defined benefit obligation	1374	2,173
Fair value of plan assets	-	-
Less: Unrecognized past service cost	-	-
Net plan liability	**1374**	**2,173**
Current defined benefit obligation	363	72
Non-current defined benefit obligation	1011	2,101

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Changes in present value of defined benefit obligation

	Year ended	
	31 March 2019	**31 March 2018**
Opening defined benefit obligations	2,173	2,122
Current service cost	(380)	216
Past service cost	-	119
Interest cost	175	153
Re-measurement gains/(losses) in OCI		
Actuarial changes arising from changes in demographic assumptions	36	(27)
Actuarial changes arising from changes in financial assumptions	59	(133)
Experience adjustments	121	(192)
Benefits paid	(810)	(85)
Closing defined benefit obligations	**1,374**	**2,173**

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

	Year ended	
	31 March 2019	**31 March 2018**
Discount rate	7.5%	8.10%
Estimated rate of salary increase	7%	7%
Employee turnover	32%	31%
Expected rate of return on assets	NA	NA

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

Discount rate and future salary escalation rate are the key actuarial assumptions to which the defined benefit obligations are particularly sensitive. The following table summarizes the impact on defined benefit obligations as at 31 March 2019 arising due to increase / decrease in key actuarial assumptions by 50 basis points:

	Discount rate	**Salary escalation rate**
Impact of increase	(49)	53
Impact of decrease	53	(49)

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

The defined benefit obligations are expected to mature after 31 March 2019 as follows:-

Year ending 31 March,	**Cash flows**
- 2020	372
- 2021	201
- 2022	191
- 2023	121
- 2024	110
- Thereafter	5571

The weighted average duration of these cash flows is 7.52 years.

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

Employer's contribution to provident fund

The Company contributes to HCL Comnet Systems and Services Limited and HCL Comnet Limited Employee Trust which is maintained jointly by HCL Comnet Systems and Services Limited and HCL Comnet Limited. The disclosure of plan assets cannot be provided as the plan assets are not attributable to its participants. The actuary has provided a valuation and based on the assumption mentioned below there is no shortfall as at 31 March 2019.

Assumptions used in determining the present value of obligations of interest rate guarantee under the Deterministic Approach.

	As at	
	31 March 2019	**31 March 2018**
Government of India bond yield	6.85%	7.70%
Remaining term of maturity	6.35 years	6.44 years
Expected guaranteed interest rate	8.65%	8.55%

During the year ended 31 March 2019, the Company has contributed ₹ 199 thousand (31 March 2018, ₹ 287 thousand) towards employer's contribution to provident fund.

2.25 Related party transactions

a) Holding Company

- HCL Technologies Limited

b) Related parties with whom transactions have taken place during the year

Fellow Subsidiaries

- HCL Comnet Limited

Significant influence

- HCL Avitas Private Limited

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

Transactions with related parties during the normal course of business	Holding Company		Fellow subsidiaries		Significant influence		Total	
	Year ended		Year ended		Year ended		Year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Outsourcing cost	-	-	-	130	-	-	-	**130**
Reimbursement of expenses	74	-	-	-	-	-	**74**	-
Payment for use of facilities	14,933	15,413	2,586	12,726	-	-	**17,519**	**28,139**
Other expenses	-	-	-	-	8	7	**8**	**7**

Outstanding balances	Holding Company		Fellow subsidiaries		Significant influence		Total	
	As at		As at		As at		As at	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade receivables	-	15,360	-	3,559	-	-	-	**18,918**
Other Receivable	116	-	34,953	-	-	-	**35,069**	-
Prepaid Expenses	149	-	-	-	-	-	**149**	-
Trade payables	398	10,389	1,854	14,552	-	-	**2,252**	**24,941**
Liabilities for expense	14,933	-	-	1,525	15	7	**14,948**	**1,532**

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

2.26 Commitments and contingent liabilities

	As at	
	31 March 2019	31 March 2018
i) Capital and other commitments		
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	4,850	-
ii) Contingent liabilities	-	-
	-	-

The Company is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. Certain of these matters include speculative and frivolous claims for substantial or indeterminate amount of damages. The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgement is required to determine both probability and the estimated amount. The Company reviews these provisions at least quarterly and adjust these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and updated information. The Company believe that the amount or estimated range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of operations, or cash flows with respect to loss contingencies for legal and other contingencies as of 31 March 2019.

2.27 Payment to auditors

	Year ended	
	31 March 2019	31 March 2018
As auditors		
Statutory audit fee	400	400
Tax audit fee	100	100
	500	**500**

2.28 Micro and small enterprises

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

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Principal	Interest	Principal	Interest
Amount due to Vendor	264	-	-	-
Principal amount paid beyond the appointed date	-	-	-	-
Interest under normal credit terms				
Accrued and unpaid during the year	-	-	-	-
Total interest payable	-	3		
Accrued and unpaid during the year	-	3	-	-

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

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2.29 Corporate social responsibility

As required by the Companies Act 2013, the gross amount required to be spent by the Company on CSR activities is Nil (31 March 2018, ₹ 928 thousand) and the amount spent during the year is ₹ Nil (31 March 2018, ₹ 928 thousand).

As per our report of even date

FOR S. R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number : 101049W/E300004
Chartered Accountants

S.R. Batliboi & Associates LLP * Gurugram *

per Yogesh Midha
Partner
Membership Number: 094941

Gurugram, India
Date: JUNE 28, 2019.

For and on behalf of the Board of Directors
of HCL Comnet Systems and Services Limited

Atul Kumar Jain
Director

Manish Anand
Director

Noida (UP), India
Date: JUNE 28, 2019