HCL Training & Staffing Services Private Limited

FINANCIAL STATEMENT

Year ended 31 March 2018 and 2017

S.R. BATLIBOI & CO. LLP
Chartered Accountants

Golf View Corporate Tower - B
Sector - 42, Sector Road
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Tel : +91 124 464 4000
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INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Training & Staffing Services Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL Training & Staffing Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 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 control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. 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.

S.R. BATLIBOI & CO. LLP * GURUGRAM *

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 purpose 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, 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 Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls 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 dated July 17, 2018 in "Annexure 2" to this report;

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

i. The Company does not have any pending litigations which would impact its financial position;

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

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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 & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Nilangshu Katriar
Partner
Membership Number: 058814
Place of Signature: Gurugram
Date: July 17, 2018

S.R. BATLIBOI & CO. LLP GURUGRAM

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 Training & Staffing Services Private 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) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including duty of custom, income-tax, goods and service tax, provident fund, employees' state insurance, 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. The provisions relating to sales tax, value added tax and duty of excise are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of duty of custom, income-tax, goods and service tax, provident fund, employees' state insurance, 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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(c) According to the information and explanations given to us, there are no dues of of duty of custom, income-tax, goods and service tax, provident fund, employees' state insurance, cess and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(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) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(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 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.

(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 & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 058814
Place of Signature: Gurugram
Date: July 17, 2018

S.R. BATLIBOI & CO. LLP * GURUGRAM *

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HCL TRAINING & STAFFING SERVICES PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of HCL Training & Staffing Services Private Limited ("the Company") as of March 31, 2018 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.

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, 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.

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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, 2018, 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 & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 058814
Place of Signature: Gurugram
Date: July 17, 2018

S.R. BATLIBOI & CO. LLP * GURUGRAM *

HCL Training & Staffing Services Private Limited
Balance Sheet as at 31 March 2018
(All amounts in thousands of ₹)

	Note No.	As at 31 Mar 2018	As at 31 Mar 2017
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	32,122	36,634
(b) Capital work in progress		-	425
(c) Goodwill	2.2	16,000	16,000
(d) Other intangible assets	2.2	3,845	6,626
(e) Financial assets			
(i) Security deposits	2.3	20,656	135
(f) Other non current assets	2.4	3,727	-
(2) Current assets			
(a) Financial assets			
(i) Investments	2.5	353,944	600,614
(ii) Trade receivables	2.6	11,478	59,769
(iii) Cash and cash equivalents	2.7	4,610	35,335
(iv) Others	2.3	435	55,478
(b) Other current assets	2.8	39,934	10,831
(c) Current tax asset (net)		14,719	-
TOTAL ASSETS		**501,470**	**821,847**
II. EQUITY			
(a) Equity share capital	2.9	17,513	17,513
(b) Other equity		322,416	322,598
III. LIABILITIES			
(1) Non - current liabilities			
(a) Provisions	2.10	2,333	2,852
(b) Other non-current liabilities	2.11	-	121
(c) Deferred tax liabilities (net)	2.20	1,282	2,383
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	2.12	33,902	46,613
(ii) Others	2.13	72,151	72,270
(b) Other current liabilities	2.14	51,510	349,700
(c) Provisions	2.10	363	430
(d) Current tax liabilities (net)		-	7,367
TOTAL EQUITY AND LIABILITIES		**501,470**	**821,847**
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 & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 058814

S.R. BATLIBOI & CO. LLP GURUGRAM

Place: Gurugram
Date: 17 July 2018

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

Prahlad Rai Bansal
Director

Anil Kumar Chanana
Director

Place: Noida (UP), India
Date: 17 July 2018

HCL Training & Staffing Services Private Limited
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in thousands of ₹)

		Note No.	Year ended 31 Mar 2018	Year ended 31 Mar 2017
I	**Revenue**			
	Revenue from operations	2.15	495,629	1,238,480
	Other income	2.16	34,617	20,864
	Total income		530,246	1,259,344
II	**Expenses**			
	Employee benefits expense	2.17	145,924	452,841
	Finance costs	2.18	27	312
	Depreciation and amortization expense	2.1 & 2.2	12,805	7,584
	Other expenses	2.19	364,640	293,583
	Total expenses		523,396	754,320
III	**Profit before tax**		6,850	505,024
IV	**Tax expense**	2.20		
	Current tax		8,397	167,531
	Tax related to prior period		954	-
	Deferred tax charge (credit)		(1,429)	2,075
	Total tax expense		7,922	169,606
V	**Profit for the year**		(1,072)	335,418
VI	**Other comprehensive income**			
	Defined benefit plan actuarial gains		1,218	1,068
	Income tax effect		(328)	(308)
VII	**Total other comprehensive income**		890	760
VIII	**Total comprehensive income for the year**		(182)	336,178
	Earnings per equity share of ₹ 10 each	2.27		
	Basic (in ₹)		(0.61)	191.96
	Diluted (in ₹)		(0.61)	191.96
	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 & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 058814

S.R. BATLIBOI & CO. LLP GURUGRAM

Place: Gurugram
Date: 17 July 2018

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

Prahlad Rai Bansal
Director

Anil Kumar Chanana
Director

Place: Noida (UP), India
Date: 17 July 2018

HCL Training & Staffing Services Private Limited

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

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

Statement of changes in equity

	Equity share capital		Other equity
	Shares	Share capital	Reserves and Surplus
			Retained earnings
Balance as at 01 April 2016	1,751,301	17,513	(13,580)
Profit for the year	-	-	335,418
Other comprehensive income	-	-	760
Total comprehensive income for the year	-	-	**336,178**
Balance as at 31 March 2017	**1,751,301**	**17,513**	**322,598**
Balance as at 1 April 2017	**1,751,301**	**17,513**	**322,598**
Loss for the year	-	-	(1,072)
Other comprehensive income	-	-	890
Total comprehensive income for the year	-	-	**(182)**
Balance as at 31 March 2018	**1,751,301**	**17,513**	**322,416**

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

S.R. BATLIBOI & CO. LLP GURUGRAM

per Nilangshu Katriar
Partner
Membership Number: 058814

Place: Gurugram
Date: 17 July 2018

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

Prahlad Rai Bansal
Director

Anil Kumar Chanana
Director

Place: Noida (UP), India
Date: 17 July 2018

HCL Training & Staffing Services Private Limited
Statement of Cash flows

(All amounts in thousands of ₹)

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
A. Cash flows from operating activities		
Profit before tax	6,850	505,024
Adjustment for:		
Depreciation and amortization	12,805	7,584
Income on investments carried at fair value through profit and loss	(28,932)	(12,114)
Interest expenses	9	43
Profit on sale of property, plant and equipment (net)	(230)	-
Other non cash (benefits)/charges	4,092	(1,676)
Operating profit before working capital changes	**(5,406)**	**498,861**
Movement in Working Capital		
(Increase)/decrease in trade receivables	48,291	(5,639)
(Increase)/decrease in other financial assets and other assets	(2,401)	(13,627)
Increase/ (decrease) in trade payables	(12,711)	4,135
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	(296,783)	239,488
Cash generated from operations	**(269,010)**	**723,218**
Direct taxes paid (net of refunds)	(31,437)	(145,533)
Net cash flow from operating activities (A)	**(300,447)**	**577,685**
B. Cash flows from investing activities		
Purchase of investments in securities	(377,500)	(1,147,000)
Proceeds from sale of investments in securities	653,100	558,500
Purchase of property, plant and equipment and intangibles, including capital work in progress and capital advances	(6,729)	(39,867)
Proceeds from sale of property, plant & equipment	860	-
Net cash flow used in investing activities (B)	**269,731**	**(628,367)**
C. Cash flows from financing activities		
Interest paid	(9)	(43)
Net cash flow used in financing activities (C)	**(9)**	**(43)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(30,725)	(50,725)
Cash and cash equivalents at the beginning of the year	35,335	86,060
Cash and cash equivalents at the end of the year as per note 2.7	**4,610**	**35,335**
Summary of significant accounting policies (Note 1)		

As per our report of even date.

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 058814

S.R. BATLIBOI & CO. LLP GURUGRAM

Place: Gurugram
Date: 17 July 2018

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

Prahlad Rai Bansal
Director

Anil Kumar Chanana
Director

Place: Noida (UP), India
Date: 17 July 2018

ORGANIZATION AND NATURE OF OPERATIONS

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

The financial statements for the year ended 31 March 2018 were approved and authorized for issue by the Board of Directors on _____ 2018.

1. SUMMARY OF 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).

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

a) Certain financial assets and liabilities 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 allowance for uncollectible accounts receivables, income taxes, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, impairment of goodwill, 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.

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GURUGRAM

(c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as financial liability is measured at fair value with changes in fair value recognized in the statement of profit and loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is recognized as capital reserve after reassessing the fair values of the net assets.

(d) Foreign currency and translation

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

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

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit 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.

(e) Fair value measurement

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

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

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

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

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

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

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

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

c) Cost approach – Replacement cost method.

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

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

(f) Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured Revenue is measured at the consideration received, excluding discounts and applicable taxes.

Revenue for the company comprises of :-
- Fee from the candidates for rendering training services, and
- Fee from third parties for placement of company's resources.

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

Service Revenue
Fees from third parties for placement of resources is recognized over the period of rendering services by such resources.

Other Income:
Hostel fees is recovered from students for use of hostel facilities and is recognized over the period of use of such facilities by the students.
Revenue is recognized net of discounts and allowances, value-added tax and service tax, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

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Interest income

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

(g) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the 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 and penalties.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxes which originate during the tax holiday period are reversed after the tax holiday period. For this purpose, reversal of timing differences is determined using first in first out method.

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in the statement of profit and loss

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

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

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

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

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

Asset description	Asset life (in years)
Plant and equipment (including air conditioners)	10
Office equipment	5
Computers	4
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.

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

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

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

Asset description	Asset life (in years)
Software	3

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(j) Leases

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period.

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.

(l) 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.

(m) Retirement and other employee benefits

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

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

In respect to certain employees in India, the Company contributes towards gratuity liabilities to the Gratuity Fund Trust. Trustees of the Company administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law.

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

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

(n) Financial Instruments

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

i. **Financial assets**

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

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 assets at amortized cost
A financial asset is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

Financial assets at Fair Value through Profit and Loss
Any financial assets, 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 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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(o) Earnings per share (EPS)

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

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

(p) *Recently issued accounting pronouncements*

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending the following standards:

Appendix B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration'

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

Ind AS 115, Revenue from Contract with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

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

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Notes to financial statements for the year ended 31 March 2018

(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 2018

	Plant and equipment	Office equipment	Computers	Furniture and fittings	Vehicles	Total
Gross block as at 1 April 2017	2,364	7,101	33,136	768	515	**43,884**
Additions	-	124	5,816	202	-	**6,142**
Disposals	-	885	-	-	515	**1,400**
Gross block as at 31 March 2018	**2,364**	**6,340**	**38,952**	**970**	**-**	**48,626**
Accumulated depreciation as at 1 April 2017	117	1,324	5,289	208	312	**7,250**
Charge for the year	437	1,389	7,870	151	177	**10,024**
Deduction/other adjustments	-	280			489	**770**
Accumulated depreciation as at 31 March 2018	**554**	**2,433**	**13,159**	**359**	**-**	**16,504**
Net block as at 31 March 2018	**1,810**	**3,907**	**25,793**	**611**	**-**	**32,122**

The changes in the carrying value for the year ended 31 March 2017

	Plant and equipment	Office equipment	Computers	Furniture and fittings	Vehicles	Total
Gross block as at 1 April 2016	-	5,244	5,697	768	515	**12,224**
Additions	2,364	1,858	27,439	-	-	**31,660**
Disposals	-	-	-	-	-	**-**
Gross block as at 31 March 2017	**2,364**	**7,101**	**33,136**	**768**	**515**	**43,884**
Accumulated depreciation as at 1 April 2016	-	107	980	81	77	**1,245**
Charge for the year	117	1,217	4,310	128	235	**6,006**
Deduction/other adjustments	-					**-**
Accumulated depreciation as at 31 March 2017	**117**	**1,324**	**5,289**	**208**	**312**	**7,250**
Net block as at 31 March 2017	**2,247**	**5,778**	**27,846**	**560**	**203**	**36,634**

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HCL Training & Staffing Services Private Limited
Notes to financial statements for the year ended 31 March 2018

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2.2 Goodwill & other intangible assets

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

	Goodwill	Software	Total
Gross block as at 1 April 2017	16,000	8,286	**24,286**
Additions	-	-	-
Disposals	-	-	-
Gross block as at 31 March 2018	**16,000**	**8,286**	**24,286**
Accumulated depreciation as at 1 April 2017	-	1,660	**1,660**
Charge for the year	-	2,781	**2,781**
Deduction/other adjustments	-	-	-
Accumulated depreciation as at 31 March 2018	-	**4,441**	**4,441**
Net block as at 31 March 2018	**16,000**	**3,845**	**19,845**

The changes in the carrying value for the year ended 31 March 2017

	Goodwill	Software	Total
Gross block as at 1 April 2016	16,000	4,056	**20,056**
Additions	-	4,230	**4,230**
Disposals	-	-	-
Gross block as at 31 March 2017	**16,000**	**8,286**	**24,286**
Accumulated depreciation as at 1 April 2016	-	81	**81**
Charge for the year	-	1,578	**1,578**
Deduction/other adjustments	-	-	-
Accumulated depreciation as at 31 March 2017	-	**1,660**	**1,660**
Net block as at 31 March 2017	**16,000**	**6,626**	**22,626**

2.3 Financial assets - others

	As at	
	31 Mar 2018	**31 Mar 2017**
Non - current		
Carried at amortized cost		
Security deposits	-	135
Security deposits- related party (refer note 2.21)	20,656	-
	20,656	135
Current		
Carried at amortized cost		
Unbilled revenue	-	55,478
Security deposits	435	-
	435	**55,478**

2.4 Other Non Current Assets

	As at	
	31 Mar 2018	**31 Mar 2017**
Prepaid Expenses	1,551	-
Prepaid Expenses - related party (refer note 2.21)	2,176	-
	3,727	-

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Notes to financial statements for the year ended 31 March 2018

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

2.5 Financial assets - investments

	As at	
	31 Mar 2018	31 Mar 2017
Current		
Carried at fair value through profit and loss		
Unquoted investment		
Investment in mutual fund	353,944	600,614
Aggregate amount of current investments	**353,944**	**600,614**

2.6 Trade receivable

	As at	
	31 Mar 2018	31 Mar 2017
Unsecured considered good	11,478	59,769
Unsecured considered doubtful	-	-
	11,478	**59,769**
Provision for doubtful receivables	-	-
	11,478	**59,769**

Note:-

1. Includes receivables from related parties amounting to ₹ 10,534 thousand (31 March 2017 ₹ 37,864 thousand).

2.7 Cash and bank balances

	As at	
	31 Mar 2018	31 Mar 2017
Cash and cash equivalent		
Balance with banks		
- in current accounts	4,610	35,335
	4,610	**35,335**

2.8 Other current assets

	As at	
	31 Mar 2018	31 Mar 2017
Unsecured , considered good		
Advances other than capital advances		
Security deposits	2,745	-
Advances to employees	316	1,546
Advances to suppliers	2,103	4,214
Other receivables - related parties (refer note 2.21)	4,677	406
Others		
Prepaid expenses	7,362	4,598
Prepaid expenses - related parties (refer note 2.21)	2,176	-
TDS receivables	3,697	-
Goods and service tax receivables	16,858	67
	39,934	10,831
Unsecured , considered doubtful		
Advances other than capital advances		
Advances to employees	590	291
Others		
Goods and service tax receivables	4,092	-
Less: Provision for other current assets	(4,682)	(291)
	-	-
	39,934	**10,831**

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HCL Training & Staffing Services Private Limited

Notes to financial statements for the year ended 31 March 2018

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

2.9 Share Capital

	As at	
	31 Mar 2018	31 Mar 2017
Authorized		
2,000,000 (31 March 2017 : 2,000,000) equity shares of ₹ 10 each	20,000	20,000
Issued, subscribed and fully paid up		
1,751,301 (31 March 2017 : 1,751,301) equity shares of ₹ 10 each	17,513	17,513

Terms/ rights attached to equity shares

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

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

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

	As at			
	31 Mar 2018		31 Mar 2017	
	No. of shares	₹ in thousands	No. of shares	₹ in thousands
Number of shares at the beginning	1,751,301	17,513	1,751,301	17,513
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	1,751,301	17,513	1,751,301	17,513

Shares held by holding/ultimate holding company:

	As at	
	31 Mar 2018	31 Mar 2017
HCL Comnet Limited, the holding company (including its nominee)		
1,751,301 (31 March 2018), Nil (31 March 2017) equity shares of ₹ 10	17,513	-
HCL Technologies Limited, the holding company (including its nominee)		
Nil (31 March 2018), 1,751,301 (31 March 2017) equity shares of ₹ 10	-	17,513

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

Name of the shareholder	As at			
	31 Mar 2018		31 Mar 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
17,51,301 Equity shares of ₹ 10 each fully paid				
HCL Comnet Limited, the holding Company (including its nominee)	1,751,301	100%	-	-
HCL Technologies Limited, the holding Company (including its nominee)	-	-	1,751,301	100%

During the year, entire share capital of the company has been acquired by HCL Comnet Limited for a purchase consideration of ₹ 23,500 thousands.

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

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

Capital management

The primary objective of the 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.

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HCL Training & Staffing Services Private Limited
Notes to financial statements for the year ended 31 March 2018

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

2.10 Provisions

	As at	
	31 Mar 2018	31 Mar 2017
Non - Current		
Provision for employee benefits		
Provision for gratuity	1,206	1,431
Provision for leave benefits	1,127	1,421
	2,333	**2,852**
Current		
Provision for employee benefits		
Provision for gratuity	32	67
Provision for leave benefits	331	363
	363	**430**

2.11 Other non-current liabilities

	As at	
	31 Mar 2018	31 Mar 2017
Payable to employee	-	121
	-	**121**

2.12 Trade payables

	As at	
	31 Mar 2018	31 Mar 2017
Trade payables	7,487	6,798
Trade payables-related parties (refer note 2.21)	26,415	39,815
	33,902	**46,613**

2.13 Other financial liabilities

	As at	
	31 Mar 2018	31 Mar 2017
Current		
Carried at amortized cost		
Accrued salaries and benefits		
Employee bonuses accrued	1,473	2,757
Other employee costs	2,924	2,873
Others		
Liabilities for expenses	67,744	63,953
Liabilities for expenses-related parties (refer note 2.21)	10	1,675
Capital accounts payables	-	1,012
	72,151	**72,270**

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2.14 Other current liabilities

	As at	
	31 Mar 2018	31 Mar 2017
Advance from students	10,039	86,221
Revenue received in advance	32,199	255,345
Revenue received in advance - related parties (refer note 2.21)	4,843	-
Withholding and other taxes payable	4,429	8,134
	51,510	**349,700**

2.15 Revenue from operations

	Year ended	
	31 Mar 2018	31 Mar 2017
Training Revenue	495,629	944,059
Service Revenue	-	294,421
	495,629	**1,238,480**

2.16 Other income

	Year ended	
	31 Mar 2018	31 Mar 2017
Hostel Fee	3,501	6,753
Interest income	1,955	-
Provisions no longer required written back (net)	-	1,967
Income on investments carried at fair value through profit and loss		
- Gains on fair value changes on mutual funds	6,528	5,270
- Profit on sale of mutual funds	22,403	6,844
Exchange differences	-	30
Profit on sale of property, plant & equipment	230	-
	34,617	**20,864**

2.17 Employee benefits expense

	Year ended	
	31 Mar 2018	31 Mar 2017
Salaries, wages and bonus	118,891	351,939
Contribution to provident fund and other employee funds	16,640	57,097
Staff welfare expenses	10,393	43,805
	145,924	**452,841**

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Notes to financial statements for the year ended 31 March 2018

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

2.18 Finance cost

	Year ended	
	31 Mar 2018	31 Mar 2017
Interest		
-others	9	43
Bank charges	18	269
	27	312

2.19 Other expenses

	Year ended	
	31 Mar 2018	31 Mar 2017
Rent	51,559	23,511
Power and fuel	18,635	20,223
Insurance	76	71
Repairs and maintenance		
- Plant and machinery	314	3,078
- Buildings	16,279	14,684
- Others	15,108	7,113
Communication costs	862	2,711
Travel and conveyance	15,362	29,116
Recruitment, training, development and business promotion expense	106,615	98,271
Legal and professional charges	16,960	14,825
Outsourcing costs	17,158	7,554
Printing and stationery	5,284	6,517
Rates and taxes	14,901	12
CSR expenditure	4,914	-
Exchange differences (net)	5	-
Stipend Fees	79,026	64,071
Miscellaneous expenses	1,582	1,826
	364,640	293,583

2.20 Income taxes

	Year ended	
	31 Mar 2018	31 Mar 2017
Income tax charged to statement of profit and loss		
Current income tax charge	8,397	167,531
Tax related to prior period	954	-
Deferred tax charge (credit)	(1,429)	2,075
	7,922	169,606
Income tax charged to other comprehensive income		
Expense (benefit) on re-measurements of defined benefit plans	328	308
	328	308

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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 Mar 2018	31 Mar 2017
Profit before income tax	6,850	505,024
Statutory tax rate in India	27.55%	34.61%
Expected tax expense	**1,887**	**174,779**
Benefit of last year losses	-	(2,809)
Income tax at lower / higher rate	-	432
Tax related to prior years	954	-
Permanent differences	4,790	-
Others	291	(2,796)
Total taxes	**7,922**	**169,606**
Effective income tax rate	115.65%	33.58%

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				
Provision for doubtful debts / advances	84	1,219	-	1,303
Accrued employee costs	917	1,240	-	2,157
Amount disallowable u/s 40a(ia)	3,025	1,290	-	4,315
Gross deferred tax assets (A)	**4,026**	**3,749**	**-**	**7,775**
Deferred tax liabilities				
Depreciation and amortization	4,581	617	-	5,198
Unrealized gain on mutual funds	1,520	1,762	-	3,282
Others	308	(59)	328	577
Gross deferred tax liabilities (B)	**6,409**	**2,320**	**328**	**9,057**
Net deferred tax liabilities (B-A)	**2,383**	**(1,429)**	**328**	**1,282**

Components of deferred tax assets and liabilities as on 31 March 2017

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
Provision for doubtful debts / advances	-	84	-	84
Accrued employee costs	-	917	-	917
Amount disallowable u/s 40a(ia)	-	3,025	-	3,025
Gross deferred tax assets (A)	**-**	**4,026**	**-**	**4,026**
Deferred tax liabilities				
Depreciation and amortization	-	4,581	-	4,581
Unrealized gain on mutual funds	-	1,520	-	1,520
Others	-	-	308	308
Gross deferred tax liabilities (B)	**-**	**6,101**	**308**	**6,409**
Net deferred tax liabilities (B-A)	**-**	**2,075**	**308**	**2,383**

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Notes to financial statements for the year ended 31 March 2018
(All amounts in thousands of ₹ except share data and as stated otherwise)

2.21 Related Party Transactions
List of related parties and relationship:

(i) Ultimate holding Company : HCL Technologies Limited (with effect from March 23, 2018)

(ii) Holding Company : HCL Comnet Limited (with effect from March 23, 2018)
HCL Technologies Limited (upto March 22, 2018)

(iii) Other related parties with whom transactions have taken place during the current year:
Significant Influence : HCL IT City Lucknow Private Limited
SSN College of Engineering
HCL Talentcare Private Ltd
HCL Avitas Private Limited

Transactions with related parties during the normal course of business	Ultimate holding company		Holding company		Significant influence	
	Year ended		Year ended		Year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Training revenue	-	-	-	-	35,537	-
Interest income	-	-	-	-	1,955	-
Professional services/other services rendered	-	294,421	-	-	-	-
Payment for use of facilities	27,083	31,395	-	-	40,880	-
Other Expenses	-	-	-	-	778	-

Outstanding balances	Ultimate holding company		Holding company		Significant influence	
	As at		As at		As at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Trade receivables	6,459	37,807	57	57	4,018	-
Security deposit	-	-	-	-	20,656	-
Prepaid expenses	-	-	-	-	4,352	-
Other receivables	903	-	-	-	3,774	406
Trade payables	26,415	39,815	-	-	-	-
Revenue received in advance	-	-	-	-	4,843	-
Liabilities for Expenses	-	-	-	-	10	1,675

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

2.22 Employee benefits

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

A. Defined contribution plans and state plans

Employer's contribution to Employees State Insurance
Employer's contribution to Employees Provident Fund
Employer's contribution to Employee Pension Scheme

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

	Year ended	
	31 Mar 2018	31 Mar 2017
Employer's contribution to Employees State Insurance	181	254
Employer's contribution to Employees Provident Fund	1,874	10,494
Employer's contribution to Employee's Pension Scheme	1,620	1,693
Total	**3,675**	**12,441**

B. Defined benefit plans

Gratuity

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

Statement of profit and loss

	Year ended	
	31 Mar 2018	31 Mar 2017
Current Service cost	1,135	3,830
Interest cost (net)	101	275
Net benefit expense	**1,236**	**4,104**

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

2.22 Employee benefits (continued)

Balance Sheet

	As at	
	31 Mar 2018	31 Mar 2017
Defined benefit obligations	1,238	1,498
Fair value of plan assets	-	-
	1,238	1,498
Less: Unrecognized past service cost	-	-
Net plan liability	**1,238**	**1,498**
Current defined benefit obligations	32	67
Non-current defined benefit obligations	1,206	1,431

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

	Year ended	
	31 Mar 2018	31 Mar 2017
Opening defined benefit obligations	1,498	3,435
Current service cost	1,135	3,830
Interest cost	101	275
Re-measurement (gains) losses in OCI		-
Actuarial changes arising from changes in demographic assumptions	14	(376)
Actuarial changes arising from changes in financial assumptions	(72)	(695)
Experience adjustments	(1,160)	2
Transfer of employees (adjustment)	-	-
Benefits paid	(278)	(4,973)
Closing defined benefit obligations	**1,238**	**1,498**

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

	As at	
	31 Mar 2018	31 Mar 2017
Discount rate	7.60%	6.85%
Estimated Rate of salary increases	7.00%	7.00%
Employee Turnover	22.00%	23.00%
Expected rate of return on assets	NA	NA

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

Discount rate and future salary escalation rate are the key actuarial assumptions to which the defined benefit obligations are particularly sensitive. The following table summarizes the impact on defined benefit obligations as at 31 March 2018 arising due to an increase / decrease in key actuarial assumptions by 50 basis points:

	Discount rate	Salary escalation rate
Impact of increase	(44)	47
Impact of decrease	47	(45)

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

2.22 Employee benefits (continued)

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

The defined benefit obligations are expected to mature after 31 March 2018 as follows:

Year ending 31 March ,	Cash flows
- 2018	43
- 2019	108
- 2020	383
- 2021	581
- 2022	693
- Thereafter	15,518

The weighted average duration of the payment of these cash flows is 7.41 years.

2.23 Financial instruments

(a) Financial assets and liabilities

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	353,944	-	353,944
Trade receivables	-	11,478	11,478
Cash and cash equivalents	-	4,610	4,610
Others (refer note 2.3)	-	21,091	21,091
Total	353,944	37,179	391,123
Financial liabilities			
Trade payables	-	33,902	33,902
Others (refer note 2.13)	-	72,151	72,151
Total	-	106,053	106,053

The carrying value of financial instruments by categories as at 31 March 2017 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	600,614	-	600,614
Trade receivables	-	59,769	59,769
Cash and cash equivalents	-	35,335	35,335
Others (refer note 2.3)	-	55,478	55,478
Total	600,614	150,582	751,196
Financial liabilities			
Trade payables	-	46,613	46,613
Others (refer note 2.13)	-	72,270	72,270
Total	-	118,883	118,883

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(All amounts in thousands of ₹ unless stated otherwise)

2.23 Financial instruments (continued)

Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis as at 31 March, 2018 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	353,944	353,944	-	-

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, 2017 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	600,614	600,614	-	-

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

Valuation methodologies

Investments: The Company's investments consist primarily of investment in mutual funds which are 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.

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

The Company assessed that fair value of cash and cash equivalets, trade receivables, trade payables 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 ₹ unless stated otherwise)

2.23 Financial instruments (continued)

(b) Credit risk

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

The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables.

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

	As at	
	31 Mar 2018	31 Mar 2017
Balance at the beginning of the year	-	1,967
Additional provision during the year	-	-
Deductions on account of write offs and collections	-	(1,967)
Balance at the end of the year	**-**	**-**

2.24 Corporate social responsibility

As required by the Companies Act, 2013, the gross amount required to be spent by the Company on CSR activities is ₹ 4,914 thousands (previous year: Nil) and the amount spent is ₹ 4,914 thousands (previous year : Nil).

2.25 Commitments and contingent liabilities

	As at	
	31 Mar 2018	31 Mar 2017
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)	1,616	1,728
	1,616	**1,728**

2.26 Payment to auditors

	Year ended	
	31 Mar 2018	31 Mar 2017
Audit fees	800	800
	800	**800**

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2.27 Earnings per share

The computation of earnings per share is as follows:

	Year ended	
	31 Mar 2018	31 Mar 2017
Net profit as per statement of profit and loss for computation of EPS	(1,072)	335,418
Weighted average number of equity shares outstanding in calculating Basic EPS	1,751,301	1,751,301
Nominal value of equity shares (in ₹)	10.00	10.00
Earnings per equity share (in ₹)		
- Basic	(0.61)	191.96
- Diluted	(0.61)	191.96

2.28 Leases

Operating lease: Company as lessee

The Company's significant leasing arrangements are in respect of operating leases for office spaces. Total lease rental recognised as expense during the period amounting to ₹ 45,577 thousands (31 March 2017: ₹ 17,084 thousands). Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	Year ended	
	31 Mar 2018	31 Mar 2017
Not later than one year	42,204	9,540
Later than one year and not later than 5 years	33,629	8,475
	75,834	**18,015**

2.29. Segment information

The Company's business falls within a single primary business and geographical segment i.e. imparting technical training & education to the candidates and to carry on recruitment & placement for such candidates to other business or commercial entities. Accordingly, pursuant to Ind AS 108 on 'Operating Segments', notified under section 211(3C) of the Companies Act, 1956 read with Rule 7 of the Companies (Accounts) Rules 2014, Section 133 of the Companies Act, 2013, segment information is not required to be disclosed.

2.30. 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 Mar 2018		For the year ended 31 Mar 2017	
	Principal	Interest	Principal	Interest
Amount due to vendors	-	-		-
Principal amount paid beyond the appointed date	-	-	-	-
Interest under normal credit terms -				
Accrued and unpaid during the year	-	-	-	-
Total interest payable -				
Accrued and unpaid during the year	-	-	-	-

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

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3. Previous year comparatives

The Company has changed its presentations from " ₹ in absolute amount" to " ₹ in thousands" and accordingly, amounts less than ₹ 0.50 thousands are rounded off to Nil.

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 058814

Place: Gurugram
Date: 17 July 2018

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

Prahlad Rai Bansal
Director

Anil Kumar Chanana
Director

Place: Noida (UP), India
Date: 17 July 2018