

HCL Comnet Systems and Services Limited

Financial Statements

Years ended 31 March 2018 and 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Comnet Systems and Services Limited

Report on the Ind AS Financial Statements

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, 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.



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 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 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;



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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 & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Yogesh Midha

Partner

Membership Number: 094941

Place of Signature: Gurugram

Date: July 12, 2018



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) 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 sales tax, value added tax, 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 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 sales tax, value added tax, 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.

- (c) According to the information and explanation given to us, except for following, there are no dues of sales tax, value added tax, 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:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	11,817,864*	2013-14	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	517,245	2014-15	CIT Appeals (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 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

Place of Signature: Gurugram

Date: July 12, 2018



**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 ("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, 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.



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 & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Yogesh Midha

Partner

Membership Number: 094941

Place of Signature: Gurugram

Date: July 12, 2018



HCL Comnet Systems and Services Limited
Balance Sheet as at 31 March 2018
(All amounts in thousands of ₹)

	Note No.	As at 31 March 2018	As at 31 March 2017
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	44,856	51,427
(b) Capital work in progress		-	1,569
(c) Other intangible assets	2.2	750	1,184
(d) Deferred tax assets (net)	2.19	83,067	68,954
(e) Other non-current assets	2.3	4,687	5,289
(2) Current assets			
(a) Financial Assets			
(i) Investments	2.4	87,326	1,03,174
(ii) Trade receivables	2.5	2,72,602	2,61,105
(iii) Cash and cash equivalents	2.6	9,989	18,645
(b) Current tax assets (net)		17,823	14,233
(c) Other current assets	2.7	13,875	8,661
TOTAL ASSETS		5,34,975	5,34,241
II. EQUITY			
(a) Equity share capital	2.8	12,800	12,800
(b) Other equity		1,28,098	1,81,196
III. LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	2.9	557	723
(b) Provisions	2.10	2,842	2,659
(2) Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	2.11	29,932	41,095
(ii) Others	2.12	2,97,618	2,21,709
(b) Provisions	2.10	201	342
(c) Other current liabilities	2.13	62,927	73,717
TOTAL EQUITY AND LIABILITIES		5,34,975	5,34,241

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



[Signature]

Gurugram, India
Date: 12 July 2018

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

[Signature]
Atul Kumar Jain
Director

[Signature]
Nalin Mittal
Director

[Signature]
Gauri Bharadwaj
Company Secretary

Noida (UP), India
Date: 12 July 2018

HCL Comnet Systems and Services Limited
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in thousands of ₹)

	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
I Revenue			
Revenue from operations	2.14	4,42,339	4,35,277
Other income	2.15	42,827	10,394
Total revenue		4,85,166	4,45,671
II Expenses			
Employee benefits expense	2.16	23,351	16,691
Finance costs	2.17	1,615	4,503
Depreciation and amortization expense	2.1 & 2.2	8,511	9,805
Outsourcing costs		27,493	20,517
Other expenses	2.18	4,91,853	3,47,591
Total expenses		5,52,823	3,99,107
III Profit / (loss) before tax		(67,657)	46,564
IV Tax expense			
Current tax		(93)	7,992
Deferred tax charge/(credit)		(14,202)	20,221
Total tax expense	2.19	(14,295)	28,213
V Profit / (loss) for the year		(53,362)	18,351
VI Other comprehensive income			
Defined benefit plan actuarial gains		353	134
Income tax effect		(89)	(34)
Total other comprehensive income		264	100
VII Total comprehensive income		(53,098)	18,451
Earnings per equity share of ₹ 1,280 each			
Basic (in ₹)		(41,689.06)	14,336.72
Diluted (in ₹)		(41,689.06)	14,336.72

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



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

Atul Kumar Jain
Director

Nalin Mittal
Director

Gauri Bharadwaj
Gauri Bharadwaj
Company Secretary

Gurugram, India
Date: 12 July 2018

Noida (UP), India
Date: 12 July 2018

HCL Comnet Systems and Services 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)

	Equity share capital		Other equity		
	Shares	Share capital	Reserves and Surplus		Total other equity
			Retained earnings	Capital redemption reserve	
Balance as at 1 April 2016	1,280	12,800	1,16,078	46,667	1,62,745
Profit / (loss) for the year	-	-	18,351	-	18,351
Other comprehensive income	-	-	100	-	100
Total comprehensive income for the year	-	-	18,451	-	18,451
Capital redemption reserve	-	-	(26,667)	26,667	-
Balance as at 31 March 2017	1,280	12,800	1,07,862	73,334	1,81,196
Balance as at 1 April 2017	1,280	12,800	1,07,862	73,334	1,81,196
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	-
Capital redemption reserve reversal	-	-	80,000	(80,000)	-
Balance as at 31 March 2018	1,280	12,800	1,28,098	-	1,28,098

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



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

Atul Kumar Jain
Director

Nalin Mittal
Director

Gauri Bharadwaj
Company Secretary

Gurugram, India

Date: 12 July 2018

Noida (UP), India

Date: 12 July 2018

HCL Comnet Systmes and Services Limited

Statement of cash flows

(All amounts in thousands of ₹)

	Year ended 31 March 2018	Year ended 31 March 2017
A. Cash flows from operating activities		
Profit / (loss) before tax	(67,657)	46,564
Adjustment for:		
Depreciation and amortization	8,511	9,805
Profit on sale of property plant and equipment	(33,814)	-
Income on sale of current investments carried at fair value through profit and loss	(8,986)	(3,131)
Interest expenses	75	3,035
Provision for doubtful debts written back (net)	702	3,142
Other non-cash items	(26)	-
Operating profit before working capital changes	(1,01,195)	59,415
Movement in Working Capital		
(Increase) decrease in trade receivables	(12,172)	(81,354)
(Increase) decrease in other financial assets and other assets	(4,915)	(4,763)
Increase (decrease) in trade payables	(11,163)	(4,073)
Increase (decrease) in provisions, other financial liabilities and other liabilities	1,46,897	65,151
Cash generated from operations	17,452	34,376
Direct taxes paid (net of refunds)	(3,497)	(11,846)
Net cash flow from operating activities (A)	13,955	22,530
B. Cash flows from investing activities		
Purchase of investments in securities	(6,29,050)	(3,80,300)
Proceeds from sale of investments in securities	6,53,884	3,60,511
Proceeds from sale of property, plant and equipment	33,885	-
Purchase of fixed assets	(1,104)	(5,064)
Net cash flow from/(used in) investing activities (B)	57,615	(24,853)
C. Cash flows from financing activities		
Loan taken during the year	-	1,00,874
Loan repaid during the year	(151)	(1,00,000)
Redemption of preference shares	(80,000)	-
Interest paid	(75)	(3,054)
Net cash flow used in financing activities (C)	(80,226)	(2,180)
Net increase (decrease) in cash and cash equivalents (A+B+C)	(8,656)	(4,503)
Cash and cash equivalents at the beginning of the year	18,645	23,149
Cash and cash equivalents at the end of the year as per note 2.6	9,989	18,645
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

per Yogesh Midha
Partner
Membership Number: 094941



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

Anil Kumar Jain
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Gauri Bharadwaj
Company Secretary

Gurugram, India
Date: 12 July 2018

Noida (UP), India
Date: 12 July 2018

HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

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 2018 were approved and authorized for issue by the Board of Directors on 12 July 2018.

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)

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, valuation of share-based compensation, 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 initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

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 and equity 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.

Certain assets are measured at fair value on a non-recurring basis. These assets consist primarily of non-financial assets such as goodwill and intangible assets.

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



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

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:

<u>Asset description</u>	<u>Asset life</u> <u>(in years)</u>
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.



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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 under:

<u>Asset description</u>	<u>Asset life (in years)</u>
Software	3

g) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value and present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of the lease are capitalized.

A leased asset is depreciated on a straight line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight line basis over the shorter of the estimated useful life of the asset or the lease term.

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.



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

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:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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.

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:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- 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.



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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)

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.

k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from rendering of services is recognized when the benefits have been transferred to or received by the customer, the price of service is fixed or determinable and collectability is reasonably assured.

The Company derives revenues primarily from:-

i) Infrastructure services

Revenue from bandwidth services is recognized upon actual usage of such services by customers based on either the time for which these services are provided or volume of data transferred or both and excludes goods and service tax. Revenue from maintenance services is recognized relatively over the period of the contract.

Unearned revenue arising in respect of bandwidth services and maintenance services is calculated on the basis of the unutilized period of service at the balance sheet date and represents revenue which is expected to be earned in future periods in respect of these services.

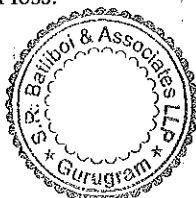
Earnings in excess of billing are classified as unbilled revenue, while billing in excess of earnings are classified as income received in advance.

In case of multiple-deliverable contracts where revenue cannot be allocated to various deliverables in a contract, the entire contract is accounted for as one deliverable and accordingly the revenue is recognized on a proportionate completion method following the performance pattern of predominant services in the contract or is deferred until the last deliverable is delivered.

Revenues are shown net of taxes and applicable discounts and allowances, if any.

ii) Others

Interest income for all debt 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 effective interest rate, 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 finance income in the statement of profit and loss.



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

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



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Notes to financial statements for the year ended 31 March 2018

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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.

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

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



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- o 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
- o 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.



HCL Connet Systems and Services 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. Notes to financial statements

2.1 Property, plant and equipment

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	2,50,917	31,902	223	1,126	3,61,570
Additions	-	1,577	-	-	-	-	1,577
Disposals	23,767	-	-	73	-	-	23,840
Gross block as at 31 March 2018	369	54,843	2,50,917	31,829	223	1,126	3,39,307
Accumulated depreciation as at 1 April 2017	23,713	9,048	2,48,733	28,413	197	39	3,10,143
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	2,48,744	29,970	207	264	2,94,451
Net block as at 31 March 2018	-	39,946	2,173	1,859	16	862	44,856

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

	Buildings	Plant and equipment	Office equipment	Computers	Furniture and fixtures	Vehicles	Total
Gross block as at 1 April 2016	24,136	52,846	2,50,917	30,025	223	-	3,58,147
Additions	-	420	-	1,877	-	1,126	3,423
Disposals	-	-	-	-	-	-	-
Gross block as at 31 March 2017	24,136	53,266	2,50,917	31,902	223	1,126	3,61,570
Accumulated depreciation as at 1 April 2016	22,502	3,545	2,48,646	25,576	187	-	3,00,456
Charge for the year	1,211	5,503	87	2,837	10	39	9,687
Deduction/other adjustments	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2017	23,713	9,048	2,48,733	28,413	197	39	3,10,143
Net block as at 31 March 2017	423	44,218	2,184	3,489	26	1,087	51,427
Net block as at 1 April 2016	1,635	49,301	2,271	4,449	36	-	57,692



HCL Comnet Systems and Services Limited**Notes to financial statements for the year ended 31 March 2018**

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

2.2 Other intangible assets**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

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

	Software	Total
Gross block as at 1 April 2016	13,693	13,693
Additions	1,302	1,302
Disposals	-	-
Gross block as at 31 March 2017	14,995	14,995
Accumulated depreciation as at 1 April 2016	13,693	13,693
Charge for the year	118	118
Deduction/other adjustments	-	-
Accumulated depreciation as at 31 March 2017	13,811	13,811
Net block as at 31 March 2017	1,184	1,184
Net block as at 1 April 2016	-	-



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

2.3 Other non - current assets

	As at	
	31 March 2018	31 March 2017
Unsecured considered good unless otherwise stated		
Capital advances	-	303
Others		
Prepaid expenses	4,687	4,986
	4,687	5,289

2.4 Financial assets - Investments

	As at	
	31 March 2018	31 March 2017
Current investments		
Unquoted		
Carried at fair value through profit and loss		
Investment in mutual fund	87,326	103,174
	87,326	103,174

2.5 Trade receivable

	As at	
	31 March 2018	31 March 2017
Unsecured considered good	272,602	261,105
Unsecured considered doubtful	24,358	24,161
	296,960	285,266
Provision for doubtful receivables	(24,358)	(24,161)
	272,602	261,105

Note: -

Includes receivable from related parties amounting to ₹ 20,529 thousand (31 March 2017, ₹ 22,437 thousand)

2.6 Cash and bank balances

	As at	
	31 March 2018	31 March 2017
Cash and cash equivalent		
Balance with banks		
- in current accounts	9,989	17,911
Remittances in transit	-	734
	9,989	18,645



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

2.7 Other current assets

	As at	
	31 March 2018	31 March 2017
Unsecured , considered good		
Advances other than capital advances		
Security deposits	314	1,126
Advances to suppliers	6,622	3,965
Others		
Deferred cost	-	2,059
Prepaid expenses	1,031	1,063
Goods & Service Tax Payable	5,383	-
Other advances	525	448
	13,875	8,661
Unsecured , considered doubtful		
Other advances	263	263
Less: Provision for doubtful advances	(263)	(263)
	-	-
	13,875	8,661

2.8 Share capital

	As at	
	31 March 2018	31 March 2017
Authorized		
20,000 (31 March 2017, 20,000) equity shares of ₹ 10,000 each	200,000	200,000
Nil (31 March 2017, 5,500,000) redeemable preference shares of ₹ 100 each	-	550,000
Issued, subscribed and fully paid up		
1,280 (31 March 2017, 1,280) equity shares of ₹ 10,000 each	12,800	12,800
Preference shares classified as debt		
Nil (31 March 2017, 800,000) redeemable preference shares of ₹ 100 each	-	80,000
	12,800	92,800

Terms/rights attached to shares

The Company has two classes of shares:

- i. 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 holder 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.

- ii. Preference shares issued having a par value of ₹100/- each. Each holder of preference shares is entitled to one vote per share as per Section 47(2) of the Companies Act 2013.

These are non-participating in surplus funds and shall be non-convertible into equity shares of the Company and are redeemable on or before 3 years from the date of allotment.

In the event of liquidation of the Company, the holders of preference shares carry preferential rights vis-a vis equity shareholders of the company with respect to payment of dividend and repayment of capital



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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)

The preference shares have been redeemed during the current year at a par value of Rs. 100/-

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

	As at			
	31 March 2018		31 March 2017	
	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

Reconciliation of the number of preference shares classified as debt outstanding at the beginning and at the end of the financial year

	As at			
	31 March 2018		31 March 2017	
	No. of shares	₹ in thousands	No. of shares	₹ in thousands
Number of shares at the beginning	800,000	80,000	800,000	80,000
Add: Shares issued during the year	-	-	-	-
Less: Shares redeemed during the year	800,000	80,000	-	-
Number of shares at the end	-	-	800,000	80,000

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 2018		31 March 2017	
	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: -

	As at			
	31 March 2018		31 March 2017	
	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 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 2017, nil)



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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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 2018	31 March 2017	31 March 2018	31 March 2017
Long term borrowings				
Secured				
Term loan from banks (refer note 1 below)	557	723	166	151
Unsecured				
Loan from related parties				
Preference shares classified as debt (Refer note 2)	-	-	-	80,000
	557	723	166	80,151
Current maturity of long term borrowings disclosed under note 2.12 "Other financial liabilities"	-	-	(166)	(80,151)
	557	723	-	-

Note 1: The Company has availed a term loan of ₹ 723 thousand (31 March 2017, ₹ 874 thousand) secured by hypothecation of gross vehicles of ₹ 1,126 thousand (31 March 2017, ₹ 1,126 thousand) at an interest ranging from 9.15% to 10.26%. The loans are repayable over a period of four years on a monthly basis.

Note 2: The Company has redeemed the preference shares having a par value of Rs.100/- each during the current year as per the terms and conditions at the time of issuance.

2.10 Provisions

	As at	
	31 March 2018	31 March 2017
Non - Current		
Provision for employee benefits		
Provision for gratuity (Refer note 2.24)	2,101	1,922
Provision for leave benefits	741	737
	2,842	2,659
Current		
Provision for employee benefits		
Provision for gratuity (Refer note 2.24)	72	200
Provision for leave benefits	129	142
	201	342

2.11 Trade payables

	As at	
	31 March 2018	31 March 2017
Trade payables	4,991	9,730
Trade payables-related parties (Refer note 2.25)	24,941	31,365
	29,932	41,095



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

2.12 Other financial liabilities

	As at	
	31 March 2018	31 March 2017
Current		
Carried at amortized cost		
Current maturity of long term borrowings	166	80,151
Deposits from customers	614	-
Others		
Liabilities for expenses	291,145	119,949
Liabilities for expenses – related parties (refer note 2.25)	1,532	16,591
Accrued salaries and benefits		
- Employee bonuses accrued	905	881
- Other employee costs	1,542	1,025
Capital account payables	1,713	3,112
	297,618	221,709

2.13 Other current liabilities

	As at	
	31 March 2018	31 March 2017
Revenue received in advance	53,828	59,962
Other advances		
- Advances received from customers	8,615	6,646
Others		
- Goods and service tax payable	-	6,191
- Withholding and other taxes payable	484	918
	62,927	73,717

2.14 Revenue from operations

	Year ended	
	31 March 2018	31 March 2017
Sale of services		
Bandwidth and other services	442,339	435,277
	442,339	435,277

2.15 Other income

	Year ended	
	31 March 2018	31 March 2017
Income on sale of current investments carried at fair value through profit and loss	8,986	3,131
Profit on sale of property, plant and equipment (refer note below)	33,814	-
Exchange difference (net)	-	146
Provision for doubtful debts written back	-	7,117
Provision no longer required written back (net)	26	-
Miscellaneous income	1	-
	42,827	10,394

Note: Net of loss on sale of property, plant and equipment ₹ 57 thousand (31 March 2017, ₹Nil)



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

2.16 Employee benefits expenses

	Year ended	
	31 March 2018	31 March 2017
Salaries, wages and bonus	21,931	15,585
Contribution to provident fund and other employee funds	1,372	1,028
Staff welfare expenses	48	78
	23,351	16,691

2.17 Finance cost

	Year ended	
	31 March 2018	31 March 2017
Interest		
- Others	75	3,035
Bank charges	1,540	1,468
	1,615	4,503

2.18 Other expenses

	Year ended	
	31 March 2018	31 March 2017
Rent	5,447	3,056
Power and fuel	24,465	14,222
Communication costs	485	238
Travel and conveyance	5,780	6,446
Legal and professional charges	4,028	3,871
License and transponder fee	448,394	308,164
CSR expenditure	928	942
Provision for doubtful debts / bad debts written off	702	10,259
Exchange difference (net)	464	-
Miscellaneous expenses	1,160	393
	491,853	347,591

2.19 Income taxes

	Year ended	
	31 March 2018	31 March 2017
Income tax charged to statement of profit and loss		
Current income tax charge	(93)	7,992
Deferred tax charge (credit)	(14,202)	20,221
	(14,295)	28,213
Income tax charged to other comprehensive income		
Expense (benefit) on re-measurement of defined benefit plans	(89)	(34)
	(89)	(34)



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

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 2018	31 March 2017
Profit / (loss) before income tax	(67,657)	46,564
Statutory tax rate in India	25.75%	33.06%
Expected tax expense	(17,422)	15,396
Other permanent differences	239	983
Interest received on income tax refund	-	(2,148)
Additional provision created in books	-	1,608
Reversal of prior year provision	(1,487)	-
Income tax at lower/higher rate	4,682	10,981
Others	(307)	1,393
Total taxes	(14,295)	28,213
Effective income tax rate	-	60.59%

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

	Opening balance	Recognised 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

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

	Opening balance	Recognised in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
Business losses	3,367	(3,367)	-	-
MAT credit entitlement	22,856	(8,809)	-	14,047
Provision for doubtful debts	10,428	(3,699)	-	6,729
Accrued employee costs	1,074	(32)	-	1,041
Depreciation and amortization	22,702	(6,296)	-	16,406
Others	29,049	1,745	-	30,794
Gross deferred tax assets(A)	89,476	(20,458)	-	69,017
Deferred tax liabilities				
Others	267	(237)	34	63
Gross deferred tax liabilities(B)	266	(237)	34	63
Net deferred tax assets (A-B)	89,209	(20,221)	(34)	68,954



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

2.20 Earnings per share

	Year ended	
	31 March 2018	31 March 2017
Net profit(loss) as per statement of profit and loss for computation of EPS	(53,362)	18,351
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	(41,689.06)	14,336.72
- Diluted	(41,689.06)	14,336.72

2.21 Leases

Operating Leases

The Company leases office spaces and accommodation for its employees under operating lease agreements. The lease rental expense relating to real estate recognised in the statement of profit and loss for the year is ₹ 5,447 thousand (31 March 2017, ₹ 3,056 thousand). The escalation amount of non- cancellable operating lease payable in future years and accounted by the company is ₹ Nil (31 March 2017, ₹ Nil)



HCL Connet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

2.22 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	87,326	-	87,326
Trade receivables	-	2,72,602	2,72,602
Cash and cash equivalents	-	9,989	9,989
Total	87,326	2,82,591	3,69,917
Financial liabilities			
Borrowings	-	557	557
Trade payables	-	29,932	29,932
Others (refer note 2.12)	-	2,97,618	2,97,618
Total	-	3,28,107	3,28,107

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	1,03,174	-	1,03,174
Trade receivables	-	2,61,105	2,61,105
Cash and cash equivalents	-	18,645	18,645
Total	1,03,174	2,79,750	3,82,924
Financial liabilities			
Borrowings	-	723	723
Trade payables	-	41,095	41,095
Others (refer note 2.12)	-	2,21,709	2,21,709
Total	-	2,63,527	2,63,527



HCL Connet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

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	87,326	87,326	-	-

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	1,03,174	1,03,174	-	-

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.



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

(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, unbilled revenue, finance lease receivables and investment securities. The cash resources of the Company are invested with mutual funds, banks, financial institutions and corporations 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 and finance lease 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 2018	31 March 2017
Balance at the beginning of the year	24,161	31,278
Additional provision during the year	20,875	14,053
Deductions on account of write offs and collections	(20,678)	(21,170)
Balance at the end of the year	24,358	24,161

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 2018					
Borrowings	166	182	199	176	723
Total	166	182	199	176	723
As at 31 March 2017					
Borrowings	80,151	166	182	375	80,874
Total	80,151	166	182	375	80,874



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

2.23 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 2018	31 March 2017
Employer's contribution to Employee's State Insurance	192	36
Employer's contribution to Employee's Pension Scheme	404	282
Total	596	318

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 2018	31 March 2017
Current service cost	216	333
Past service cost	119	-
Interest cost	153	154
Net benefit expense	488	487

Balance sheet

	Year ended	
	31 March 2018	31 March 2017
Defined benefit obligation	2,173	2,122
Fair value of plan assets	-	-
Less: Unrecognized past service cost	-	-
Net plan liability	2,173	2,122
Current defined benefit obligation	72	200
Non-current defined benefit obligation	2,101	1,922



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

Changes in present value of defined benefit obligation

	Year ended	
	31 March 2018	31 March 2017
Opening defined benefit obligations	2,122	1,963
Current service cost	216	333
Past service cost	119	-
Interest cost	153	154
Re-measurement gains/(losses) in OCI		
Actuarial changes arising from changes in demographic assumptions	(27)	89
Actuarial changes arising from changes in financial assumptions	(133)	(76)
Experience adjustments	(192)	(147)
Business combinations	-	-
Benefits paid	(85)	(194)
Closing defined benefit obligations	2,173	2,122

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

	Year ended	
	31 March 2018	31 March 2017
Discount rate	8.10%	7.60%
Estimated rate of salary increase	7%	7%
Employee turnover	31%	23%
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 increase / decrease in key actuarial assumptions by 50 basis points:

	Discount rate	Salary escalation rate
Impact of increase	(121)	131
Impact of decrease	130	(123)

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 2018 as follows:-

Year ending 31 March,	Cash flows
- 2019	131
- 2020	214
- 2021	79
- 2022	78
- 2023	70
- Thereafter	15,896

The weighted average duration of these cash flows is 11.59 years.



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

(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 2018.

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

	As at	
	31 March 2018	31 March 2017
Government of India bond yield	7.70%	7.05%
Remaining term of maturity	6.44 years	6.71 years
Expected guaranteed interest rate	8.55%	8.65%

During the year ended 31 March 2018, the Company has contributed ₹ 287 thousand (31 March 2017, ₹222 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



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

(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	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Outsourcing cost	-	-	130	5,835	-	253	130	6,089
Payment for use of facilities	15,413	16,290	12,726	-	-	-	28,139	16,290
Interest expenses	-	3,018	-	-	7	-	7	3,018
Reimbursement of expenses	-	1,427	-	-	-	-	-	1,427
Loan taken	-	1,00,000	-	-	-	-	-	1,00,000
Repayment of loan taken	-	1,00,000	-	-	-	-	-	1,00,000

Outstanding balances	Holding Company		Fellow subsidiaries		Significant influence		Total	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Trade receivables	15,360	1,576	3,559	20,861	-	-	18,918	22,437
Trade payables	10,389	2,418	14,552	28,947	-	-	24,941	31,365
Liabilities for expense	-	15,861	1,525	730	7	-	1,532	16,591



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

2.26 Commitments and contingent liabilities

	As at	
	31 March 2018	31 March 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)	-	-
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 2018.

2.27 Payment to auditors

	Year ended	
	31 March 2018	31 March 2017
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 as at any time during the period from 1 April 2017 to 31 March 2018 to enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" is ₹ Nil (31 March 2017, ₹ Nil)

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

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 ₹928 thousand (31 March 2017, ₹ 942 thousand) and the amount spent during the year is ₹ 928 thousand (31 March 2017, ₹ 942 thousand)



HCL Comnet Systems and Services Limited

Notes to financial statements for the year ended 31 March 2018

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

3. Previous year comparatives

The Company has changed its presentation from ₹ in absolute to ₹ in thousands and accordingly amounts less than ₹ 0.50 thousand are rounded off to Nil.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration Number:101049W/E300004

Chartered Accountants



Per Yogesh Midha

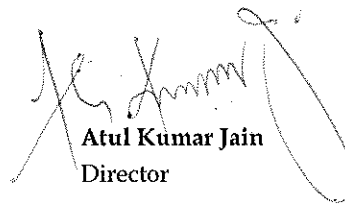
Partner

Membership Number: 094941



For and on behalf of the directors of

HCL Comnet Systems and Services Limited



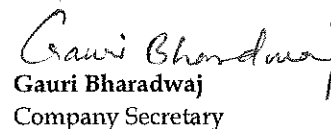
Atul Kumar Jain

Director



Nalin Mittal

Director



Gauri Bharadwaj

Company Secretary

Gurugram, India

Date: 12 July 2018

Noida (UP), India

Date: 12 July 2018