HCL INFOSYSTEMS LTD.

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Tel: +91 120 2520977, 2526518, 2526519 Fax: +91 120 2523791
Registered Office: 806 Siddharth, 96, Nehru Place, New Delhi-110019. India.
Corporate Identity Number - L72200DL1986PLC023955
www.hclinfosystems.com
www.hcl.com

30th May, 2017

To

The Assistant Vice President,
National Stock Exchange of India Limited,
"Exchange plaza"
Bandra-Kurla Complex,
Bandra (East)
Mumbai-400051

To

The Secretary,
BSE Limited,
P.J.Tower
Dalal Street
Fort
Mumbai-400001

Sub: Audited Financial Results for the financial year ended 31st March, 2017 as per Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Symbol: NSE : HCL-INSYS
BSE (For Physical Form): 179
BSE (For Electric Form): 500179

Dear Sirs,

This is further to our letter dated 22nd May, 2017 on the above subject.

In terms of the requirements of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Audited Financial Results of the Company on standalone and consolidated basis for the financial year ended 31st March, 2017 which have been taken on record at the meeting of the Board of Directors of the Company held today.

A declaration regarding the Audit Report with the unmodified opinion pursuant to regulation 33(3)(d) of the SEBI (Listing Obligation and disclosure requirements) (Amendment) regulations, 2016 is also enclosed.

We are arranging to publish the results in the newspapers.

Please acknowledge receipt.

Very Truly Yours,
For HCL Infosystems Limited

HCL INFOSYSTEMS LIMITED

Sushil Kumar Jain
Company Secretary

Encl: As above.

HCL INFOSYSTEMS LIMITED

Audited Financial Results for the year ended March 31, 2017

Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.
CIN - L72200DL1986PLC023955
Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791
Website www.hclinfosystems.com
Email ID: cosec@hcl.com

Statement of Consolidated Results for the year ended March 31, 2017 (Rs. In Lakhs)

	Particulars	Consolidated				
		Unaudited			Audited	
		Three months ended			Year ended (Twelve Months)	Nine Months period Ended
		31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016
1	**Income**					
	Revenue From Operations	82,306	76,464	1,06,913	3,73,753	3,65,623
	Other Income	3,335	3,646	5,164	14,568	13,615
	Total Income	**85,641**	**80,110**	**1,12,077**	**3,88,321**	**3,79,238**
2	**Expenses**					
(a)	Cost of materials consumed	20	13	8	79	8
(b)	Purchase of stock-in-trade	53,282	50,496	73,620	2,50,724	2,60,636
(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	675	182	2,629	5,713	4,113
(d)	Employee benefits expense	12,225	12,859	14,611	54,135	45,826
(e)	Finance costs	4,887	4,920	4,665	19,029	12,569
(f)	Depreciation and amortisation expense	894	1,185	990	3,919	3,198
(g)	Other expenses	20,751	17,036	22,674	77,889	68,074
	Total expenses	**92,734**	**86,691**	**1,19,197**	**4,11,488**	**3,94,424**
3	**Profit / (Loss) before exceptional items and Tax (1 - 2)**	**(7,093)**	**(6,581)**	**(7,120)**	**(23,167)**	**(15,186)**
4	Exceptional Items Loss / (Gain)	6,100	-	7,108	6,100	6,722
5	**Profit / (Loss) before tax (3 - 4)**	**(13,193)**	**(6,581)**	**(14,228)**	**(29,267)**	**(21,908)**
6	Tax expense / (Credit)					
	(a) Current tax	766	156	119	1,131	889
	(b) Deferred tax	(1,548)	(1,664)	1,115	(5,631)	(1,367)
7	**Net Profit / (Loss) for the period (5 + 6)**	**(12,411)**	**(5,073)**	**(15,462)**	**(24,767)**	**(21,430)**
8	Other comprehensive income					
	A (i) Items that will not be reclassified to profit or loss	85	2	4	91	11
	(ii) Income tax relating to items that will not be reclassified to profit or loss	12	1	1	14	3
	B (i) Items that will be reclassified to profit or loss	(226)	(350)	114	(761)	494
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Total other comprehensive income, net of income tax	**(153)**	**(349)**	**117**	**(684)**	**502**
9	**Total comprehensive income for the period (7 + 8)**	**(12,564)**	**(5,422)**	**(15,345)**	**(25,451)**	**(20,928)**
10	Net Profit/(Loss) attributable to:					
	- Shareholders	(12,411)	(5,073)	(15,462)	(24,767)	(21,430)
	- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	Total comprehensive income attributable to:					
	- Shareholders	(12,564)	(5,422)	(15,345)	(25,451)	(20,928)
	- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
11	Paid-up equity share capital (Face value per share in Rs. 2/-)	4,458	4,458	4,458	4,458	4,458
12	Reserve excluding revaluation reserves as per balance sheet of previous accounting year				50,484	75,935
13	Earnings per share (of Rs 2/- each) (not annualised):					
	(a) Basic	(5.6)	(2.3)	(6.9)	(11.1)	(9.6)
	(b) Diluted	(5.6)	(2.3)	(6.9)	(11.1)	(9.6)

Statement of Consolidated Assets and Liabilities (Rs. In Lakhs)

Particulars	Consolidated	
	Audited as at 31.03.2017	Audited as at 31.03.2016
ASSETS		
Non-Current Assets		
Property, plant and equipment	11,570	13,106
Capital work-in-progress	142	201
Goodwill	50,424	56,771
Other intangible assets	1,838	2,872
Intangible assets under development	315	216
Financial Assets		
i. Other Financial Assets	4,139	9,261
Deferred tax assets (net)	16,543	10,964
Advance Income Tax Asset (net)	16,054	11,184
Other non-current assets	13,362	13,023
Total non-current assets	**1,14,387**	**1,17,598**
Current assets		
Inventories	14,131	21,420
Financial assets		
i. Investments	12,087	5,016
ii. Trade receivables	1,29,273	1,55,042
iii. Cash and cash equivalents	13,809	19,891
iv. Bank balances other than (iii) above	5,533	1,922
v. Loans	60	120
vi. Other Financial Assets	18,756	26,530
Other current assets	10,367	9,101
Total current assets	**2,04,016**	**2,39,042**
Total assets	**3,18,403**	**3,56,640**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	4,458	4,458
Other Equity	50,484	75,935
Non-controlling interests	(0.00)	(0.00)
Total Equity	**54,942**	**80,393**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	41,316	52,822
ii. Other financial liabilities	-	1,445
Provisions	1,871	1,983
Deferred tax liabilities (net)	35	73
Other non-current liabilities	69	256
Total non-current liabilities	**43,291**	**56,579**
Current liabilities		
Financial liabilities		
i. Borrowings	57,684	45,363
ii. Trade payables	72,322	80,031
iii.Other financial liabilities	42,663	35,862
Other current liabilities	34,475	45,558
Provisions	12,566	12,754
Current tax liabilities (net)	460	100
Total current liabilities	**2,20,170**	**2,19,668**
Total liabilities	**2,63,461**	**2,76,247**
Total equity and liabilities	**3,18,403**	**3,56,640**

Segment-wise information

	Particulars	Unaudited			Audited	
		Three months ended			Year ended (Twelve Months)	Nine Months period Ended
		31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016
1.	**Segment Revenue**					
	-Hardware Products and Solutions (Net)	10,228	6,010	8,343	36,161	35,730
	- Services (Net)	22,917	23,532	23,933	94,583	74,135
	- Distribution	50,394	47,581	76,442	2,47,004	2,60,912
	- Learning	239	266	474	1,329	1,651
	Total	83,778	77,389	1,09,192	3,79,077	3,72,428
	Less : Intersegment revenue	1,472	925	2,279	5,324	6,805
	Net Sales / Income from Operations	**82,306**	**76,464**	**1,06,913**	**3,73,753**	**3,65,623**
2.	**Segment Results (Profit / (Loss) before Tax and Interest from each segment)**					
	- Hardware Products and Solutions	(2,005)	(1,014)	(1,227)	(569)	263
	- Services	(5,736)	(952)	(1,623)	(10,208)	(3,984)
	- Distribution	47	-	221	710	644
	- Learning	(1,475)	(165)	(7,312)	(1,885)	(7,907)
	Total	(9,169)	(2,131)	(9,941)	(11,952)	(10,984)
	Less :					
	i) Interest Expense	4,887	4,920	4,665	19,029	12,569
	ii) Other un-allocable expenditure net off un-allocable (income)	(863)	(470)	(378)	(1,714)	(1,645)
	Total Profit / (Loss) before Tax	**(13,193)**	**(6,581)**	**(14,228)**	**(29,267)**	**(21,908)**
3.	**Segment Assets**					
	- Hardware Products and Solutions	1,23,850	1,28,713	1,54,891	1,23,850	1,54,891
	- Services	74,053	89,978	94,711	74,053	94,711
	- Distribution	44,204	38,883	49,128	44,204	49,128
	- Learning	7,435	10,198	14,248	7,435	14,248
	Unallocated					
	- Liquid Assets	12,087	12,076	5,016	12,087	5,016
	- Others unallocated	56,774	64,544	38,646	56,774	38,646
	Total Assets	**3,18,403**	**3,44,392**	**3,56,640**	**3,18,403**	**3,56,640**
4.	**Segment Liabilities**					
	- Hardware Products and Solutions	58,537	57,180	70,851	58,537	70,851
	- Services	22,215	23,025	21,550	22,215	21,550
	- Distribution	42,739	34,784	47,076	42,739	47,076
	- Learning	1,639	1,786	2,140	1,639	2,140
	Unallocated					
	- Others unallocated	1,38,331	1,60,113	1,34,630	1,38,331	1,34,630
	Total Segment Liabilities	**2,63,461**	**2,76,888**	**2,76,247**	**2,63,461**	**2,76,247**

Notes

1. After recommendation by the Audit Committee, these results have been approved and taken on record by the Board of Directors at its meeting held on May 30, 2017. The results for year ended March 31, 2017 have been audited by the statutory auditors.

2. The Indian Accounting Standards (Ind-AS), as notified under the Companies (Indian Accounting Standards) Rules,2015, are applicable to HCL Infosystems Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the accounting period commencing on or after April 1, 2016. According to Ind AS 101 "First time adoption of the Indian Accounting Standards", the transition date for adoption of Ind AS by the Group is July 1, 2015 and hence, the Group has adopted the notified Ind AS effective the transition date.

3 Subsequent to the year-end, the Board of Directors of HCL Learning Limited (the wholly owned subsidiary), in its meeting held on April 27, 2017, approved the slump sale of Digischool Business undertaking (consisting of business of sale of software licenses to K-12 schools), as a going concern to M/s. Everest Edusys and Solutions Private Limited (the "Entity"). Pursuant to this, HCL Learning Limited has entered into a business transfer arrangement with the entity, for transfer of Digischool Business undertaking for a consideration, comprising of Rs.20 Crores in a combination of Cash and Secured Optionally Convertible Debentures and 4,056,738 Equity Shares in the entity (i.e. the combined entity, after transfer of Digischool business undertaking). The closure of slump sale transaction is subject to certain conditions listed out in the Business Transfer Agreement. Subsequent to the closure of the said acquisition, M/s. Everest Edusys and Solutions Private Limited would become an Associate Company of HCL Learning Limited.

4. As required under Section 2(41) of the Companies Act, 2013, during the previous period, the Company and its subsidiaries have changed its accounting period from July – June to April – March. Therefore, previous year results for period ended March 31, 2016 are for nine months as against twelve months for the year ended March 31, 2017 in current year, hence are not comparable.

5. Exceptional items include :

Particulars	Unaudited			Audited	
	Three months ended			Year ended (Twelve Months)	Nine Months period Ended
	31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016
a. (Profit) / Loss on sale of properties	-	-	108	-	(278)
b. Impairment of Goodwill (Refer note 6)	6,100	-	7,000	6,100	7,000
Total (a+b) - (Gain) / Loss	6,100	-	7,108	6,100	6,722

6 Exceptional items for the year and quarter ended March 31, 2017 include impairment charge of Rs. 11 crores (year and quarter ended March 31, 2016: Rs. 70 Crores) and Rs. 50 crores (year and quarter ended March 31, 2016: NIL) for Learning and Services businesses respectively. Impairment in respect to Learning business has been recognised considering the impending transaction of sale of Digischool business undertaking as mentioned in Note 3 above. In respect of Services business, the Company has taken an impairment charge of Rs. 50 crores considering its past business performance in the markets where it operates, changes in the market dynamics, current business strategy and focus areas for the future years.

7 Consolidated Results include financial results of HCL Infosystems Limited, and its subsidiaries.

8 The amounts for the quarter ended March 31, 2017 represent difference between the amounts as per audited year end accounts and the year to date results upto December 31, 2016 which have been subjected to limited review.

9 The reconciliation of net profit or loss reported in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS is given below:

Particulars	Unaudited	Audited
	Three Months Ended	Nine Months Period Ended
	31.03.2016	31.03.2016
Net (Loss) as per Indian GAAP	(13,949)	(25,444)
Add / (Less) : Adjustments		
Impact on account of measurement of revenue at fair value	(3,450)	(5,822)
Recognition of Expected Credit Loss	320	180
Recognition / reversal of deferred tax Assests	(1,346)	608
Unwinding of discounted receivables	2,908	8,811
Others	55	237
Net (Loss) as per Ind AS	**(15,462)**	**(21,430)**
Other comprehensive income	117	502
Total comprehensive income	**(15,345)**	**(20,928)**

10 The reconciliation of Equity reported in accordance with Indian GAAP to Equity in accordance with Ind AS is given below:

Particulars	Audited
	As at
	31.03.2016
Equity as per Indian GAAP	1,00,804
Add / (Less) : Adjustments	
Impact on account of measurement of revenue at fair value	(32,428)
Recognition of Expected Credit Loss	(4,577)
Recognition / reversal of deferred tax	7,359
Unwinding of discounted receivables	8,811
Others	424
Equity as per Ind AS	**80,393**

11 Figures for previous periods have been regrouped and rearranged, wherever necessary, to conform with the relevant current period's classification.

By order of the Board
for HCL Infosystems Limited

Premkumar Seshadri
Executive Vice-Chairman & Managing Director

Place : Noida
Date May 30 , 2017

INDEPENDENT AUDITORS' REPORT

To the Members of HCL Infosystems Limited

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

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

Management's Responsibility for the Consolidated Ind AS Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

Opinion

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

Other Matter

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

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

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

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

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

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

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

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

Annexure A to Independent Auditors' Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

Annexure A to Independent Auditors' Report

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

Annexure A to Independent Auditors' Report

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

Other Matters

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Avijit Mukerji
Partner
Membership Number: 056155

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

HCL INFOSYSTEMS LIMITED

Audited Financial Results for the year ended March 31, 2017

Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.
CIN - L72200DL1986PLC023955
Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791
Website www.hclinfosystems.com
Email ID: cosec@hcl.com

Statement of Standalone Results for the year ended March 31, 2017 (Rs. In Lakhs)

	Particulars	Standalone				
		Unaudited			Audited	
		Three months ended			Year ended (Twelve Months)	Nine Months period Ended
		31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016
1	**Income**					
	Revenue From Operations	46,263	40,648	72,125	2,26,536	2,49,927
	Other Income	1,611	1,176	1,011	4,761	7,316
	Total Income from operations	**47,874**	**41,824**	**73,136**	**2,31,297**	**2,57,243**
2	**Expenses**					
(a)	Cost of materials consumed	20	13	8	79	8
(b)	Purchase of stock-in-trade	44,213	38,166	67,160	2,07,806	2,32,183
(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,238)	(340)	965	3,613	3,123
(d)	Employee benefits expense	1,387	1,236	1,284	5,811	5,487
(e)	Finance costs	2,940	2,754	2,222	10,460	8,152
(f)	Depreciation and amortisation expense	115	119	130	480	412
(g)	Other expenses	2,654	1,898	3,362	8,705	10,184
	Total expenses	**50,091**	**43,846**	**75,131**	**2,36,954**	**2,59,549**
3	**Profit / (Loss) before exceptional items and Tax (1 - 2)**	**(2,217)**	**(2,022)**	**(1,995)**	**(5,657)**	**(2,306)**
4	Exceptional Items Loss / (Gain)	27,995	2,116	13,642	32,019	15,901
5	**Profit / (Loss) before tax (3 - 4)**	**(30,212)**	**(4,138)**	**(15,637)**	**(37,676)**	**(18,207)**
6	Tax expense / (Credit)					
	(a) Current tax	611	(34)	218	631	841
	(b) Deferred tax	(760)	(833)	97	(2,068)	(317)
7	**Net Profit / (Loss) for the period (5 + 6)**	**(30,063)**	**(3,271)**	**(15,952)**	**(36,239)**	**(18,731)**
8	Other comprehensive income					
	A (i) Items that will not be reclassified to profit or loss	6	1	1	8	4
	(ii) Income tax relating to items that will not be reclassified to profit or loss	2	-	-	2	1
	B (i) Items that will be reclassified to profit or loss	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Total other comprehensive income, net of income tax	**4**	**1**	**1**	**6**	**3**
9	**Total comprehensive income for the period (11 + 12)**	**(30,059)**	**(3,270)**	**(15,951)**	**(36,233)**	**(18,728)**
10	Paid-up equity share capital (Face value per share in Rs. 2/-)	4,458	4,458	4,458	4,458	4,458
11	Reserve excluding revaluation reserves as per balance sheet of previous accounting year				57,749	93,982
12	Earnings per share (of Rs 2/- each) (not annualised):					
	(a) Basic	(13.5)	(1.5)	(7.2)	(16.3)	(8.4)
	(b) Diluted	(13.5)	(1.5)	(7.2)	(16.3)	(8.4)

Statement of Standalone Assets and Liabilities (Rs. In Lakhs)

Particulars	Standalone	
	Audited as at 31.03.2017	Audited as at 31.03.2016
ASSETS		
Non-Current Assets		
Property, plant and equipment	7,649	8,148
Capital work-in-progress	-	25
Other intangible assets	19	4
Financial Assets		
i. Investments	53,551	77,751
ii. Other Financial Assets	53	56
Deferred tax assets (net)	6,470	4,404
Advance Income Tax (Net)	878	1,930
Other non-current assets	10,945	9,317
Total non-current assets	**79,565**	**1,01,635**
Current assets		
Inventories	5,947	9,576
Financial Assets		
i. Investments	12,087	5,016
ii. Trade receivables	43,200	30,223
iii. Cash and cash equivalents	6,768	9,439
iv. Bank balances other than (iii) above	441	494
v. Loans	38,902	59,884
vi. Others Financial Assets	630	469
Other current assets	4,594	3,479
Total current assets	**1,12,569**	**1,18,580**
Total assets	**1,92,134**	**2,20,215**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	4,458	4,458
Other Equity	57,749	93,982
Total Equity	**62,207**	**98,440**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	13,411	10,670
ii. Other financial liabilities		532
Provisions	533	476
Total non-current liabilities	**13,944**	**11,678**
Current liabilities		
Financial liabilities		
i. Borrowings	56,828	42,353
ii. Trade payables	39,187	43,407
iii.Other financial liabilities	14,462	15,107
Other current liabilities	4,796	8,732
Provisions	710	498
Total current liabilities	**1,15,983**	**1,10,097**
Total liabilities	**1,29,927**	**1,21,775**
Total equity and liabilities	**1,92,134**	**2,20,215**

Notes

1. After recommendation by the Audit Committee, these results have been approved and taken on record by the Board of Directors at its meeting held on May 30, 2017. The results for year ended March 31, 2017 have been audited by the statutory auditors.

2. The Indian Accounting Standards (Ind-AS), as notified under the Companies (Indian Accounting Standards) Rules,2015, are applicable to HCL Infosystems Limited (the "Company") for the accounting period commencing on or after April 1, 2016. According to Ind AS 101 "First time adoption of the Indian Accounting Standards", the transition date for adoption of Ind AS by the Company is July 1, 2015 and hence, the Company has adopted the notified Ind AS effective the transition date.

3. The amounts for the quarter ended March 31, 2017 represent difference between the amounts as per audited year end accounts and the year to date results upto December 31, 2016 which have been subjected to limited review.

4. As required under Section 2(41) of the Companies Act, 2013, during the previous period, the Company has changed its accounting period from July – June to April – March. Therefore, previous year results for period ended March 31, 2016 are for nine months as against twelve months for the year ended March 31, 2017 in current year, hence are not comparable.

5. Exceptional items include :

Particulars	Unaudited			Audited	
	Three months ended			Year ended (Twelve Months) 31.03.2017	Nine Months period Ended 31.03.2016
	31.03.2017	31.12.2016	31.03.2016		
a. Impairment of investment in HCL Learning Limited	-	-	12,200	-	12,200
b. Impairment of investment in HCL Services Limited	25,000			25,000	
c. Provision against Loan given to Subsidiary	2,995	2,116	1,334	7,019	3,979
d. (Profit) / Loss on sale of properties	-	-	108		(278)
Total (a+b+c+d) - (Gain) / Loss	**27,995**	**2,116**	**13,642**	**32,019**	**15,901**

6. The reconciliation of net profit or loss reported in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS is given below:

Particulars	Unaudited Three Months Ended 31.03.2016	Audited Nine Months Ended 31.03.2016
Net (Loss) as per Indian GAAP	(17,917)	(21,027)
Add / (Less) : Adjustments		
Reversal of Impairment of long term investments	2,618	3,459
Recognition of Expected Credit Loss	(400)	(777)
(Expense)/Credit of deferred tax	(322)	(407)
Others	69	21
Net Profit / (Loss) as per Ind AS	**(15,952)**	**(18,731)**
Other comprehensive income	-	3
Total comprehensive income	**(15,952)**	**(18,728)**

7. The reconciliation of Equity reported in accordance with Indian GAAP to Equity in accordance with Ind AS is given below:

Particulars	Audited As at 31.03.2016
Equity as per Indian GAAP	1,22,691
Add / (Less) : Adjustments	
Impairment of long term investments	(24,242)
Recognition of Expected Credit Loss	(1,076)
Recognition / reversal of deferred tax	980
Others	87
Equity as per Ind AS	**98,440**

8. Figures for previous periods have been regrouped and rearranged, wherever necessary, to conform with the relevant current period's classification.

By order of the Board
for HCL Infosystems Limited

Premkumar Seshadri
Executive Vice-Chairman & Managing Director

Place : Noida
Date May 30 , 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HCL Infosystems Limited

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

1. We have audited the accompanying standalone financial statements of HCL Infosystems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

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

Other Matter

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

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

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

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

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

(e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

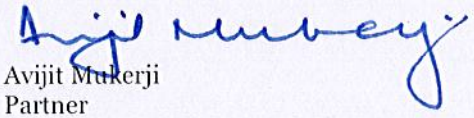
i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone Ind AS financial statements – Refer Note 29 and 42;

ii. The Company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2017;

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

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 54.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Avijit Mukerji
Partner
Membership Number: 056155

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

Annexure A to Independent Auditors' Report

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

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

1. We have audited the internal financial controls over financial reporting of HCL Infosystems Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

Annexure A to Independent Auditors' Report

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

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

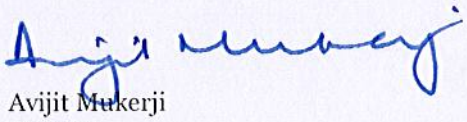
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Avijit Mukerji
Partner
Membership Number: 056155

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

Annexure B to Independent Auditors' Report
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of HCLI Infosystems Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2017

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(b) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company, except for the immovable property mentioned below.

Particulars	Gross Block	Net Block
Land and Building, Ambattur, Chennai	5.58 Crores	3.24 Crores

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. (a) The Company has granted unsecured loans, to one company covered in the register maintained under Section 189 of the Act.

(b) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

(d) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of value added tax and employees' state insurance and is regular in depositing undisputed statutory dues, including sales tax, service tax, provident fund, income tax,

duty of customs, duty of excise and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax, duty of customs as at March 31, 2017 which have not been deposited on account of a dispute. The particulars of dues of income tax, sales tax, value added tax and duty of excise as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In crores)	Amount deposited (Rs. In crores)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act,1961	Income Tax	3.00	-	2011-12	CIT (Appeal)
Income Tax Act,1961	Income Tax	0.77	-	2012-13	CIT (Appeal)
Income Tax Act,1961	Income Tax	2.41	-	2004-05 2005-06 2006-07	Assessing Officer/ Income Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	99.65	7.49	2002-2014	CESTAT / Commissioner (Appeals)
Haryana Sales Tax,1973	Sales Tax	0.20	-	2012-2013	Assessing Authority
Maharashtra Value Added Tax Act, 2002	Sales Tax	2.76	0.68	2005-2012	Joint Commissioner Appeal
M.P. Value Added Tax Act,2002	Sales Tax	0.25	0.17	2011-2014	Joint Commissioner Appeal
Jharkhand Value Added Tax Act,2005	Sales Tax	0.59	0.04	2011-2012	Joint Commissioner Appeal
Bihar Value Added Tax Act, 2005	Sales Tax	9.64	5.26	2006-2007 2008-2015	Joint Commissioner Appeal
Orissa Value Added Tax Act, 2004	Sales Tax	0.17	0.01	2012-2014	Honorable High Court of Orissa/ Deputy commissioner Appeal (Bhubaneswar)
Karnataka Value Added Tax Act, 2003	Sales Tax	9.07	0.94	2006-2012	Deputy commissioner Appeal/ Honorable High Court of Karnataka/Tribunal
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	0.27	0.20	2006-2007 2008-2009	Deputy commissioner Appeal (Hyderabad)

Punjab General Sales Tax Act, 1948	Sales Tax	0.12	0.03	2007-2008	Deputy commissioner Appeals Punjab
Jammu & Kashmir Value Added Tax Act, 2005	Sales Tax	2.71	0.04	2007-2008 2008-2009	Deputy Commissioner Appeals Jammu
The Uttarakhand Value Added Tax Act-2005	Sales Tax	-	0.37	2012-2013	Assessing Officer
Kerala General Sales Tax Act, 1963	Sales Tax	0.58	0.22	2007-2008 2008-2009 2009-2010 2010-2011 2011-2012 2013-2014 2014-2015 2016-2017	Commercial Tax Officer
Rajasthan Sales Tax Act, 1994	Sales Tax	178.17	71.67	2008-2015	Deputy Commissioner (Appeals) of Commercial Tax Jaipur / Tax board Commercial Tax Jaipur / Tax board / Commercial Tax Jaipur / Hon'ble Rajasthan High Court
West Bengal Sales Tax Act, 1994	Sales Tax	13.97	1.26	2005-2006 2007-2012 2013-2014	Board of Sales Tax Kolkata / Sales Tax Tribunal, Kolkata / Additional Commissioner (Appeals) of Sales Tax Kolkata
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	0.59	6.64	2004-2005 2006-2008 2009-2016	Commercial Tax Officer Chennai / Deputy Commissioner (Appeals) of Sales Tax Chennai
Delhi Sales Tax Act, 1975	Sales Tax	16.71	0.27	2003-2004 2005-2006 2007-2014	Tribunal of Sales Tax Delhi / Deputy Commissioner (Appeals) of Sales Tax Delhi/ Assistant Commissioner Sales Tax
U.P. Value Added Tax Act-2008	Sales Tax	20.35	6.32	2007-2016	Tribunal Commercial Tax, Noida/ Additional

					Commissioner (Appeals) of Commercial Tax/ Noida / Hon'ble High court Allahabad
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	0.83	0.57	2003-2007	Tribunal Commercial Tax, Noida/ Additional Commissioner (Appeals) of Commercial Tax/ Noida / Hon'ble High court Allahabad

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has not paid/ provided for managerial remuneration- Refer Note-52 to the financial statements. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

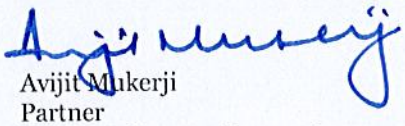
xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act..

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Avijit Mukerji
Partner
Membership Number: 056155

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

HCL INFOSYSTEMS LTD.

Corporate Office: E-4, Sector 11, NOIDA 201 301, U.P., India
Tel: +91 120 2520977, 2526518, 2526519 Fax: +91 120 2523791
Registered Office: 806 Siddharth, 96, Nehru Place, New Delhi-110019. India.
Corporate Identity Number - L72200DL1986PLC023955
www.hclinfosystems.com
www.hcl.com

30th May, 2017

To

The Assistant Vice President,
National Stock Exchange of India Limited,
"Exchange plaza"
Bandra-Kurla Complex,
Bandra (East)
Mumbai-400051

To

The Secretary,
BSE Limited,
P.J.Tower
Dalal Street
Fort
Mumbai-400001

Sub: Declaration on Auditors' Report with Unmodified Opinion under Regulation 33 (3) (d) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) regulations, 2016.

Symbol: **NSE : HCL-INSYS**
BSE (For Physical Form): 179
BSE (For Electric Form) : 500179

Dear Sirs,

We hereby declare that M/s Price Waterhouse, Chartered Accountants (FRN – 301112E), Statutory Auditors of the Company have issued audit report with unmodified opinion on Annual Financial results for the financial year ended 31st March, 2017.

You are requested to kindly take the same on record.

Yours Faithfully,

For HCL Infosystems Limited

(Premkumar Seshadri)
Executive Vice-Chairman
& Managing Director

HCL INFOSYSTEMS LIMITED

(S G Murali)
Group CFO