

# Price Waterhouse

Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF HCL LEARNING LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of HCL Learning Limited ("the Company"), which comprise the Balance Sheet as at June 30, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the 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 financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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, 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.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these 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 standards and matters which are required to be included in the audit report.
5. We conducted our audit 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 financial statements.

#### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 June 30, 2015, and its loss and its cash flows for the year ended on that date.



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**Report on Other Legal and Regulatory Requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as 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 a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on June 30, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) 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 June 30, 2015 on its financial position in its financial statements – Refer Note 26.
    - ii. The Company has long-term contracts as at June 30, 2015 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at June 30, 2015.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended June 30, 2015.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

  
Avijit Mukerji  
Partner  
Membership Number: 056155

Place: Gurgaon  
Date: August 20, 2015

## Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of HCL Learning Limited on the financial statements as of and for the year ended June 30, 2015

- 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.
- ii. The Company is in the business of providing educational content and rendering training services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, 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 income-tax and service-tax which have not been deposited on account of any dispute. The particulars of dues of sales tax as at June 30, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs./Crores)	Amount deposited under protest (Rs./Crores)	Period to which the amount relates	Forum where the dispute is pending
Kerala General Sales Tax Act, 1963	Sales Tax	0.38	-	2013-2014	Dy. Commissioner Commercial Tax Kochi



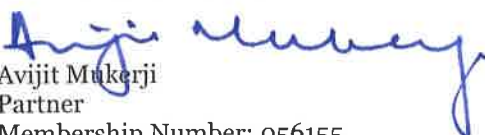
**Annexure to Independent Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of HCL Learning Limited on the financial statements for the year ended June 30, 2015  
Page 2 of 2

- (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. As the Company is registered for a period less than five years, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. 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 dues to any financial institution or bank or debenture holders as at the balance sheet date.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xii. 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 on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

Place: Gurgaon  
Date: August 20, 2015

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

  
Avijit Mukerji  
Partner

Membership Number: 056155

HCL Learning Limited  
Balance Sheet as at 30 June, 2015

	Notes	As at 30.06.2015 ₹/Lacs	As at 30.06.2014 ₹/Lacs
<b>Equity and Liabilities:</b>			
<b>Shareholders' funds</b>			
Share capital	2	5.00	5.00
Reserves and surplus	3	(2,994.79)	(508.60)
		(2,989.79)	(503.60)
<b>Non-current liabilities</b>			
Long-term borrowings	4	989.05	1,233.73
Other long-term liabilities	5	90.51	1,116.13
Long-term provisions	6	22.14	26.60
		1,101.70	2,376.46
<b>Current liabilities</b>			
Short-term borrowings	7	2,509.30	2,859.05
Trade payables	8	797.26	2,130.77
Other current liabilities	9	12,388.32	12,536.90
Short-term provisions	10	130.06	290.79
		15,824.94	17,617.51
<b>Total Equity and Liabilities</b>		<b>13,936.85</b>	<b>19,490.37</b>
<b>Assets:</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	11	56.39	109.81
- Intangible assets	11	3,484.40	4,193.75
- Capital work-in-progress		-	71.65
Long-term loans and advances	12	45.04	18.28
Other non-current assets	13	5,601.18	8,625.03
		9,187.01	13,018.52
<b>Current assets</b>			
Inventories	14	-	583.72
Trade receivables	15	1,233.53	1,586.90
Cash and bank balances	16	128.89	241.29
Short-term loans and advances	17	159.30	281.86
Other current assets	18	3,228.12	3,778.08
		4,749.84	6,471.85
<b>Total Assets</b>		<b>13,936.85</b>	<b>19,490.37</b>

**Significant Accounting Policies**

1

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

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

For Price Waterhouse  
Firm Registration Number-301112E  
Chartered Accountants

For and on behalf of the Board of Directors

  
AVIJIT MUKERJI  
Partner  
Membership Number - 056155

  
NIKHIL SINHA  
Director  
DIN - 01174807

  
PREMKUMAR SESHADRI  
Chairman  
DIN - 03114983

Place : Noida  
Date : August 20, 2015

  
S G MURALI  
Group Chief Financial Officer



**HCL Learning Limited**  
**Statement of Profit and Loss for the year ended June 30, 2015**

	Notes	Year ended 30.06.2015 ₹/Lacs	Year ended 30.06.2014 ₹/Lacs
<b>Revenue:</b>			
Revenue from operations (gross)	19	3,306.56	6,658.31
Other income	20	1,203.90	1,483.05
<b>Total Revenue</b>		<b>4,510.46</b>	<b>8,141.36</b>
<b>Expenses:</b>			
Purchases of stock-in-trade	29	258.39	2,736.53
Changes in inventories of stock-in-trade	21	583.72	205.90
Other direct expense	22	994.13	795.90
Employee benefits expense	23	876.36	1,687.33
Finance costs	24	597.84	437.49
Depreciation and amortisation expense	11	806.53	786.79
Net Loss on Foreign Exchange Fluctuation (Other than considered as finance cost)		46.77	98.75
Other expenses	25	2,832.91	2,042.62
<b>Total Expense</b>		<b>6,996.65</b>	<b>8,791.31</b>
<b>Loss before tax</b>		<b>(2,486.19)</b>	<b>(649.95)</b>
Tax expense		-	-
Deferred tax		254.88	254.88
<b>Loss for the year</b>		<b>(2,486.19)</b>	<b>(904.83)</b>
<b>Earning/(Loss) per equity share (in ₹)</b>	36		
Basic (of ₹ 10/- each)		(4,972.38)	(1,809.66)
Diluted (of ₹ 10/- each)		(4,972.38)	(1,809.66)

**Significant Accounting Policies**

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


For Price Waterhouse  
 Firm Registration Number-301112E  
 Chartered Accountants

  
 AVIJIT MUKERJI  
 Partner  
 Membership Number - 056155

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

For and on behalf of the Board of Directors

  
 NIKHIL SINHA  
 Director  
 DIN - 01174807

  
 PREMKUMAR SESHADRI  
 Chairman  
 DIN - 03114983

  
 S G MURALI  
 Group Chief Financial Officer

Place : Noida  
 Date : August 20, 2015

**HCL Learning Limited**  
**Cash Flow Statement for the year ended June 30, 2015**

	Year ended 30.06.2015 ₹/Lacs	Year ended 30.06.2014 ₹/Lacs
<b>1. Cash Flow from Operating Activities:</b>		
<b>Loss before tax</b>	<b>(2,486.19)</b>	<b>(649.95)</b>
<b>Adjustments for:</b>		
Depreciation and Amortisation Expense	806.53	786.79
Finance Costs	597.84	437.49
Net (Profit)/Loss on Sale of Fixed Assets	4.91	-
Fixed Assets / Capital Work In Progress Written-Off	21.00	0.06
Profit on Disposal of Unquoted (Others) Current Investments	-	(218.24)
Provision for Doubtful Debts	560.05	394.82
Provision for Doubtful Loans and Advances & Other Current Assets	780.83	1.00
Provisions/Liabilities no longer required Written Back	-	(18.24)
	<u>3,249.18</u>	<u>1,383.67</u>
<b>Operating Profit/(Loss) before working capital changes</b>	<b>762.99</b>	<b>733.72</b>
<b>Adjustments for changes in working capital:</b>		
- (Increase)/Decrease in Trade Receivables	(206.67)	(672.62)
- (Increase)/Decrease in Loans and Advances and Other Assets	(1,164.90)	95.12
- (Increase)/Decrease in Inventories	583.72	326.28
- Increase/(Decrease) in Liabilities	(2,681.87)	(29.46)
	<u>(3,469.73)</u>	<u>(280.68)</u>
<b>Net cash from operating activities</b>	<b>(A) (2,706.74)</b>	<b>453.04</b>
<b>2. Cash flow from Investing Activities:</b>		
Purchase of Fixed Assets (including Intangible Assets)	(61.53)	(415.01)
Capital Work-In-Progress (including Intangible Assets under Development)	50.65	(71.65)
Proceeds from Sale of Fixed Assets	5.45	0.16
Proceeds from Sale of Current Investments	-	7,407.24
Lease Rental Recoverable	3,498.81	(4,088.01)
Purchase of Current Investments	-	(7,189.00)
	<u>3,493.38</u>	<u>(4,356.27)</u>
<b>Net cash from/(used in) investing activities</b>	<b>(B) 3,493.38</b>	<b>(4,356.27)</b>



**3. Cash Flow from Financing Activities:**

Unsecured Loans				
Repayment of short term borrowings	(56.59)		-	
Proceeds from short term borrowings	-		3,044.28	
Repayment of long term borrowings	(244.68)		-	
Proceeds from long term borrowings	-		1,113.73	
Interest Paid	(597.77)	(899.04)	(437.48)	3,720.53
<b>Net cash (used in) financing activities</b>	<b>(C)</b>	<b>(899.04)</b>		<b>3,720.53</b>
<b>Net Increase/(Decrease) In Cash and Cash Equivalents</b>	<b>(A+B+C)</b>	<b>(112.40)</b>		<b>(182.70)</b>
Opening Balance of Cash and Cash Equivalents		241.29		4.99
Add: Acquired on Purchase of Learning Business (Refer Note 42)				419.00
Closing Balance of Cash and Cash Equivalents		128.89		241.29
<b>Cash and cash equivalents comprise of</b>		<b>128.89</b>		<b>241.29</b>
Cash, Cheques and Drafts (on hand)		0.06		0.87
Balances with Banks on Current Accounts and Dividend Accounts		128.83		240.42
Balances with Banks on Deposits Accounts		-		-

**Notes:**

- 1 The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3, notified u/s 211(3C) of Companies (Accounting Standard) Rules 2006, as amended and other relevant provisions of the Companies Act, 2013.
- 2 Transfer of Business from HCL Infosystems Limited, the Holding Company pursuant to scheme of arrangement (Refer Note 42) is a non cash transaction and
- 3 Figures in brackets indicate cash outflow.
- 4 Notes to financial statements form an integral part of Cash flow statement.

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

For and on behalf of the Board of Directors

For Price Waterhouse  
Firm Registration Number-301112E  
Chartered Accountants

  
AVIJIT MUKERJI  
Partner  
Membership Number - 056155

  
NIKHIL SINHA  
Director  
DIN - 01174807

  
PREMKUMAR SESHADRI  
Chairman  
DIN - 03114983



Place : Noida  
Date : August 20, 2015

S G MURALI  
Group Chief Financial Officer



## **HCL Learning limited**

### **Notes to the Financial Statements**

#### **1- SIGNIFICANT ACCOUNTING POLICIES**

##### **a. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently these financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211(3C) (Companies Accounting Standards Rules, 2006, as amended) and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

##### **b. FIXED ASSETS**

Tangible Fixed Assets including in-house capitalisation and Capital work-in-progress are stated at cost except those which are revalued from time to time on the basis of current replacement cost/value to the Company, net of accumulated depreciation.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

##### **c. DEPRECIATION AND AMORTISATION**

From the current year, Schedule XIV of the Companies Act, 1956 has been replaced by Schedule II of the Companies Act, 2013. Due to such change, impact of which is not material, depreciation is being provided as given below.

- (a) Depreciation on fixed assets of the Company is provided on a pro-rata basis on straight-line method using the useful lives of assets prescribed in Schedule II of the Companies Act, 2013.
- (b) Intangible Assets are amortised at straight line basis as follows:

Intellectual Property Rights	7	years
Software	1-5	years

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the



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

- (c) Leasehold Land is amortised over a period of lease. Leasehold improvements are amortised on straight line basis over the period of three years or lease period whichever is lower.
- (d) Individual assets costing ₹ 5,000 or less are depreciated/amortised fully in the year of acquisition.

**d. INVENTORIES**

Stock-In-Trade are valued at lower of cost and net realisable value. Cost is determined on the basis of weighted average.

Goods In-Transit are valued inclusive of custom duty, where applicable.

**e. FOREIGN CURRENCY TRANSACTIONS**

- a) Foreign currency transactions are recorded at the exchange rates prevailing at the date of transaction. Exchange differences arising on settlement of transactions, are recognised as income or expense in the year in which they arise.
- b) At the balance sheet date, all monetary items denominated in foreign currency, are reported at the exchange rates prevailing at the balance sheet date and the resultant gain or loss is recognised in the Statement of Profit and Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- c) With respect to exchange differences arising on translation of long term foreign currency monetary items having a term of 12 months or more, from July 1, 2011 onwards, the Company has adopted the following policy:
  - (i) Exchange differences relating to long term foreign currency monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to or deducted from the cost of the asset and depreciated over the balance life of the asset.
  - (ii) In other cases, such differences are accumulated in the "Foreign Currency Monetary Translation Difference Account" and amortised over the balance period of the long term assets/liabilities but not beyond March 31, 2020.
- d) In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognized in the statement of Profit and Loss in the reporting period in which the exchange rate change.
- e) Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.
- f) Any profit or loss arising on cancellation or renewal of a forward exchange contract are recognised as income or as expense for the period.



## **f. EMPLOYEE BENEFITS**

### **Defined Benefit:**

#### **Gratuity**

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. 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 salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

#### **Provident Fund**

The Company is a participant in a provident fund plan which is administered through a multi-employer trust. The Provident Fund liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust is additionally provided for. The Company's contribution to provident fund for the year is included in the Statement of Profit and Loss.

### **Other Benefits:**

#### **Compensated Absences**

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

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

### **Defined Contribution:**

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

Company's contribution towards Superannuation Fund is accounted for on accrual basis. The Company makes defined contributions to a Superannuation Trust established for the purpose. The Company has no further obligation beyond the monthly contributions.

## **g. REVENUE RECOGNITION**

- (a) Sales, after adjusting trade discount, are inclusive of excise duty and the related revenue is recognised on transfer of all significant risks and rewards of ownership to the customer and when no significant uncertainty exists regarding realisation of the consideration.
- (b) Service income includes income from training services and educational content and related Hardware offerings for private schools, colleges and other educational institutes and vocational training. Revenue from a period based service contracts is recognised on a pro rata basis over the period in which such services are rendered.



#### **h. LEASES**

- a) Assets taken on leases where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on straight-line basis over the lease term.
- b) Assets given under finance lease are recognised as receivables at an amount equal to the net investment in the lease. Inventories given on finance lease are recognised as deemed sale at fair value. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.
- c) In sale and leaseback transactions and further sub-lease resulting in financial leases, the deemed sale is recognised at fair value at an amount equal to the net investment in the lease where substantially all risks and rewards of ownership have been transferred to the sub-lessee. A liability is created at the inception of the lease at the lower of fair value or the present value of minimum lease payments for sale and leaseback transaction. Each lease rental payable/receivable is allocated between the liability/receivable and the interest cost/income, so as to obtain a constant periodic rate of interest on outstanding liability/receivable for each period.

#### **i. CURRENT AND DEFERRED TAX**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

#### **j. PROVISIONS AND CONTINGENT LIABILITIES**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the amount of the obligation cannot be made.

#### **k. USE OF ESTIMATES**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimate of cost expected to be incurred to complete performance under composite arrangements, income taxes, provision for warranty, employment benefit plans, provision for doubtful debts and estimated useful life of the fixed assets. The actual



results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**l. BORROWING COSTS**

Borrowing costs to the extent related/attributionable to the acquisition/construction of assets that necessarily take substantial period of time to get ready for their intended use are capitalised along with the respective fixed asset up to the date such asset is ready for use. Other borrowing costs are charged to the Statement of Profit and Loss.

**m. IMPAIRMENT OF ASSETS**

At each balance sheet date, the Company assesses whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, the Company estimates the recoverable amount and if the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent the carrying amount exceeds the recoverable amount.

**n. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**o. RESEARCH AND DEVELOPMENT**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has ability and intention to complete the asset and use or sell it and cost can be measured reliably.





**HCL Learning Limited**

**Notes to the Financial Statements**

	<b>As at 30.06.2016 ₹/Lacs</b>	<b>As at 30.06.2014 ₹/Lacs</b>
<b>2- Share capital</b>		
<u>Authorised</u>		
50,000 Equity Shares (2014 - 50,000) of ₹ 10/- each	<b>5.00</b>	<b>5.00</b>
<b>TOTAL</b>	<b>5.00</b>	<b>5.00</b>
<u>Issued, Subscribed and Paid up</u>		
50,000 Equity Shares (2014 - 50,000) of ₹ 10/- each (Fully Paid up)	<b>5.00</b>	<b>5.00</b>
<b>TOTAL</b>	<b>5.00</b>	<b>5.00</b>

Notes:

(i) Rights attached to Equity Shares:

The Company has only one class of equity share having a face value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing General Meeting, except in case of interim dividend.

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

(ii) Shareholders holding more than 5% of the aggregate shares in the Company (Refer Note 42)	Number of Shares	% of shares	Number of Shares	% of shares
(a) HCL Infosystems Limited, the holding company	<b>50,000</b>	<b>100.00</b>	50,000	100.00







## HCL Learning Limited

### Notes to the Financial Statements

#### **3- Movement in Reserves and surplus**

<b>Particulars</b>	<b>₹/Lacs</b>
<b>As at July 1, 2013</b>	<b>(0.77)</b>
- Loss for the year	(904.83)
- Transfer of Profit for the period January 13 to June 13 from HCL infosystems Limited, the Holding Company (Refer Note 42)	397.00
<b>As at June 30, 2014</b>	<b>(508.60)</b>
<b>As at July 1, 2014</b>	<b>(508.60)</b>
- Loss for the year	(2,486.19)
<b>As at June 30, 2015</b>	<b>(2,994.79)</b>



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**HCL Learning Limited**  
Notes to the Financial Statements

	As at 30.06.2016 ₹/Lacs	As at 30.06.2014 ₹/Lacs
<b>4- Long-term borrowings</b>		
<b>Unsecured:</b>		
<b>Term Loans</b>		
- From Others	136.53	-
<b>Finance Lease Obligation (Refer Note 35)</b>	<u>862.52</u>	<u>1,233.73</u>
	<u>989.06</u>	<u>1,233.73</u>
<b>TOTAL</b>	<u>989.06</u>	<u>1,233.73</u>

Notes:

1. Unsecured Term loans from Others amounting to ₹ 193.30 Lacs (2014 - ₹ NIL), out of which ₹ 56.77 Lacs (2014 - ₹ NIL) is shown under current maturity of long term debt, is repayable in 16 equal quarterly instalments from the date of the disbursement which carries interest @ 12.35% p.a.

2. Long term borrowings and Current maturities of long term debts include the loan amounting to ₹ 500.54 Lacs (2014 - ₹ 754.53 Lacs) and ₹ 249.25 Lacs (2014 - ₹ 215.69 Lacs) respectively that the HCL Infosystems Limited, the holding company has transferred to the Company pursuant to the scheme of arrangement (Refer Note 42). HCL Infosystems Limited, the holding company, is in the process of transferring the loan agreements to the company.

**5- Other long-term liabilities**

Trade Payables (Refer Note 43)	-	1,023.62
[Including Acceptance ₹ Nil Lacs (2014 - ₹ 44.26 Lacs)]		
Dealer Deposits	90.51	92.51
<b>TOTAL</b>	<u>90.51</u>	<u>1,116.13</u>

**6- Long-term provisions**

Provision for Gratuity (Refer Note 38)	22.14	26.60
<b>TOTAL</b>	<u>22.14</u>	<u>26.60</u>



**HCL Learning Limited****Notes to the Financial Statements**

	As at 30.06.2016 ₹/Lacs	As at 30.06.2014 ₹/Lacs
<b>7- Short-term borrowings</b>		
<b>Unsecured:</b>		
Loans from HCL Infosystems Limited, the Holding Company	2,509.30	2,659.05
<b>TOTAL</b>	<b>2,509.30</b>	<b>2,659.05</b>
Note:		
Unsecured Loans (Inter Company Deposits) from HCL Infosystems Limited, the Holding Company, amounting to ₹ 2,509.30 Lacs (2014 - ₹ 2659.05 Lacs) is repayable within 1 year from the date of loan and carries an interest @ 11.49 % per annum.		
<b>8- Trade payables</b>		
Trade Payables (Refer Note 43) [Including Acceptance ₹ 44.26 Lacs (2014 - ₹ 1119.43 Lacs)]	797.26	2,130.77
<b>TOTAL</b>	<b>797.26</b>	<b>2,130.77</b>
<b>9- Other current liabilities</b>		
Current Maturities of Long-Term Debts (Refer Note 4)	56.77	-
Current Maturities of Finance Lease Obligations (Refer Note 4 and 35)	339.31	302.92
Deferred Revenue	713.54	825.80
Advances Received from Customers	626.34	731.39
Payable to HCL Infosystems Limited, the Holding Company	10,466.29	10,467.21
Statutory Dues Payable	109.07	83.84
Employee Benefits Payable	87.56	117.61
Capital Creditors	0.44	8.13
<b>TOTAL</b>	<b>12,388.32</b>	<b>12,536.90</b>
<b>10- Short-term provisions</b>		
Provision for Gratuity and Other Employee Benefits (Refer Note 38)#	22.99	34.92
Provision for Warranty Liability (Refer Note 27)	42.56	114.79
Provision for Income Tax	64.51	141.08
[Net of Advance Income Tax of ₹ 126.46 (2014 - ₹ 49.89 Lacs)]		
<b>TOTAL</b>	<b>130.06</b>	<b>290.79</b>
# includes ₹ 14.40 Lacs (2014 - ₹ 8.21) for provision for leave encashment		



11- Fixed assets

Particulars	Gross Block						Depreciation / Amortisation				Net Block	
	As at 01.07.2014	Transfer from HCL Infosystems Limited, the Holding Company (Refer Note 42)	Additions	Disposal	As at 30.06.2015	As at 01.07.2014	Transfer from HCL Infosystems Limited, the Holding Company (Refer Note 42)	Additions	Disposal	As at 30.06.2015	As at 30.06.2015	As at 30.06.2015
	₹/Lacs											
<b>Assets Given on Operating Lease</b>												
Plant and Machinery	3.34	-	-	-	3.34	1.09	-	0.77	-	1.86	1.48	2.25
<b>Own Assets</b>												
Plant and Machinery	15.69	-	-	9.61	6.08	7.66	-	1.96	4.68	4.94	1.14	8.03
Furniture and Fixtures	86.19	-	1.81	0.80	87.20	45.62	-	6.98	0.51	52.09	35.11	40.57
Office Equipments	86.25	-	0.52	7.52	79.25	38.71	-	27.36	2.38	63.69	15.66	47.54
Computers	58.87	-	1.01	2.10	57.78	47.45	-	9.33	2.10	54.68	3.10	11.42
<b>Sub-Total (a)</b>	<b>250.34</b>	<b>-</b>	<b>3.34</b>	<b>20.03</b>	<b>233.65</b>	<b>140.53</b>	<b>-</b>	<b>46.40</b>	<b>9.67</b>	<b>177.26</b>	<b>56.39</b>	<b>109.81</b>
Previous Year	-	237.18	13.88	0.72	250.34	-	55.56	85.47	0.50	140.53	109.81	-
<b>Intangible Assets:</b>												
<b>Own Assets</b>												
Goodwill (Refer Note 42)	600.90	-	-	-	600.90	-	-	0.21	-	-	600.90	600.90
Software	0.64	-	-	-	0.64	0.08	-	759.92	-	0.29	0.35	0.56
Intellectual Property Rights	4,601.52	-	50.78	-	4,652.40	1,009.33	-	-	-	1,769.25	2,883.15	3,592.29
<b>Sub-Total (b)</b>	<b>5,203.16</b>	<b>-</b>	<b>50.78</b>	<b>-</b>	<b>5,253.94</b>	<b>1,009.41</b>	<b>-</b>	<b>760.13</b>	<b>-</b>	<b>1,769.54</b>	<b>3,484.40</b>	<b>4,193.75</b>
Previous Year	-	4,193.28	1,009.68	-	5,203.16	-	308.09	701.32	-	1,009.41	4,193.75	-
<b>Total (a+b)</b>												
											<b>3,540.79</b>	<b>4,303.56</b>

Notes:

- Software comprise cost of acquiring licences and SAP implementation charges.
- Intellectual Property Rights comprise of designing and implementing education content.



**HCL Learning Limited**

**Notes to the Financial Statements**

	<b>As at 30.06.2015 ₹/Lacs</b>	<b>As at 30.06.2014 ₹/Lacs</b>
<b>12- Long-term loans and advances</b>		
<b>Unsecured, considered good:</b>		
Capital Advances	-	0.28
Deposits	33.74	6.70
Prepaid Expenses	11.30	11.30
<b>TOTAL</b>	<b>46.04</b>	<b>18.28</b>
<b>13- Other non-current assets</b>		
Lease Rental Recoverable (Refer Note 35)	6,113.97	8,625.03
Less: Provision for Doubtful Lease Rental Recoverable	512.79	-
<b>TOTAL</b>	<b>5,601.18</b>	<b>8,625.03</b>
<b>14- Inventories</b>		
Stock-In-Trade [Including In-Transit ₹ Nil (2014 - ₹ 26.14)]	-	583.72
<b>TOTAL</b>	<b>-</b>	<b>583.72</b>
<b>15- Trade receivables</b>		
<b>Unsecured:</b>		
Debts outstanding for a period exceeding six months from the date they are due for payment		
- Considered Good	197.86	355.60
- Considered Doubtful	1,622.40	1,064.40
	<u>1,820.26</u>	<u>1,420.00</u>
Other Debts		
- Considered Good	1,035.67	1,231.30
	<u>2,855.93</u>	<u>2,651.30</u>
Less: Provision for Doubtful Debts	1,622.40	1,064.40
<b>TOTAL</b>	<b>1,233.53</b>	<b>1,586.90</b>



**HCL Learning Limited**

**Notes to the Financial Statements**

	As at 30.06.2015 ₹/Lacs	As at 30.06.2014 ₹/Lacs
<b>16- Cash and bank balances</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks	128.83	240.42
- On Current Account	0.06	0.87
Cash on Hand		
<b>TOTAL</b>	<b>128.89</b>	<b>241.29</b>
<b>17- Short-term loans and advances</b>		
<b>Unsecured</b>		
<b>Considered Good</b>		
Balances with Customs, Port Trust, Excise and Sales Tax Authorities	39.54	49.38
Advances to Creditors	22.47	22.45
Other Deposits	11.84	20.61
Prepaid Expenses	65.14	177.94
Others (Includes Employee advances, Insurance claim recoverable and Expenses recoverable)	20.31	11.48
<b>TOTAL</b>	<b>169.30</b>	<b>281.86</b>
<b>18- Other current assets</b>		
Lease Rental Recoverable (Refer Note 35)	3,513.76	3,725.53
Less: Provision for Doubtful Lease Rental Recoverable	326.74	62.55
Unbilled revenue	36.01	50.10
Unamortised Premium on Forward Contracts	4.09	65.00
<b>TOTAL</b>	<b>3,228.12</b>	<b>3,778.08</b>







**HCL Learning Limited****Notes to the Financial Statements**

	Year ended 30.06.2015 ₹/Lacs	Year ended 30.06.2014 ₹/Lacs
<b>19- Revenue from operations</b>		
Sale of Products (Refer Note 30)	1,139.44	4,546.73
Sale of Services	2,167.12	2,111.03
Other Operating Revenue		
- Scrap Sale	-	0.55
<b>TOTAL</b>	<b>3,306.56</b>	<b>6,658.31</b>
<b>20- Other Income</b>		
Interest Income		
- On Lease Rental	1,202.63	1,242.06
- On Others	-	0.01
Profit on Disposal of Unquoted (Others) Current Investments	-	218.24
Provisions/Liabilities no longer required written back	-	18.24
Miscellaneous Income	1.27	4.50
<b>TOTAL</b>	<b>1,203.90</b>	<b>1,483.05</b>
<b>21- Changes in inventories of stock-in-trade</b>		
Closing Stock		
- Stock-In-Trade	-	583.72
Transfer from HCL Infosystems Limited, the Holding Company (Refer Note 42)		
- Stock-In-Trade	-	789.62
Opening Stock		
- Stock-In-Trade	583.72	-
<b>(Increase)/Decrease In Inventories of stock-in-trade</b>	<b>583.72</b>	<b>205.90</b>
<b>22- Other direct expense</b>		
Purchase of Services	994.13	789.41
Labour and Processing Charges	-	6.49
<b>TOTAL</b>	<b>994.13</b>	<b>795.90</b>
<b>23- Employee benefits expense (Refer Note 38)</b>		
Salaries, Wages, Bonus and Gratuity	831.93	1,596.68
Contribution to Provident and Other Funds	36.84	64.42
Staff Welfare Expenses	7.59	26.23
<b>TOTAL</b>	<b>876.36</b>	<b>1,687.33</b>
<b>24- Finance costs</b>		
Interest on Long-term and Short-term Borrowings	532.87	293.81
Other Borrowing Costs	64.97	143.68
<b>TOTAL</b>	<b>597.84</b>	<b>437.49</b>



**HCL Learning Limited****Notes to the Financial Statements**

	Year ended 30.06.2015 ₹/Lacs	Year ended 30.06.2014 ₹/Lacs
<b>25 - Other expenses</b>		
Rent (Refer Note 35(c)(ii))	91.02	87.78
Rates and Taxes	21.12	15.91
Printing and Stationery	3.03	10.22
Communication	35.02	64.15
Travelling and Conveyance	97.74	240.98
Packing, Freight and Forwarding	54.33	99.45
Legal, Professional and Consultancy Charges (Refer Note 34)	135.16	81.59
Retainership Expenses	154.99	127.71
Training and Conference	1.00	17.30
Office Electricity and Water	0.14	27.49
Insurance	11.84	4.32
Advertisement, Publicity and Entertainment	35.90	127.04
Hire Charges	1.93	8.93
Commission on Sales	7.48	94.93
Bank Charges	19.79	14.55
Provision for Doubtful Debts	560.05	394.82
Provision for Doubtful Loans and Advances and Other Current Assets	780.83	1.00
Loss on Repossession of Lease	478.02	122.11
Loss on Sale of Fixed Assets	4.91	0.29
Fixed Assets / Capital Work In Progress Written-Off	21.00	0.06
Repairs		
- Plant and Machinery	0.41	5.10
- Buildings	0.14	23.00
- Others	12.25	23.48
Common Cost Allocated from HCL Infosystems Limited, the Holding Company	92.89	433.73
Miscellaneous	211.92	16.68
	<u>2,832.91</u>	<u>2,042.62</u>



**26. Contingent Liabilities (Refer Note 42):**

Claims against the Company not acknowledged as debts:

	<b>2015</b>	2014
	<b>₹/Lacs</b>	₹/Lacs
Sales Tax	<b>0.38</b>	-
Industrial Disputes, Civil Suits and Consumer Disputes	<b>114.59</b>	72.40

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

**27. The Company has the following provision for warranty liability in the books of accounts:**

	<b>2015</b>	2014
	<b>₹/Lacs</b>	₹/Lacs
Opening Balance as on July 1	<b>114.79</b>	-
Transfer from HCL Infosystem Limited, the Holding Company, during the year (Refer Note 42)	-	135.91
Additions during the year	<b>142.66</b>	144.17
Utilised/Reversed during the year	<b>214.89</b>	165.29
Closing Balance as on June 30	<b>42.56</b>	114.79

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



**HCL Learning Limited**  
**Notes to the Financial Statements**

**28 Expenditure on Research and Development:**

	2015 ₹/Lacs	2014 ₹/Lacs
Capital	50.78	-
Add: Intangible assets under development	-	-
	<u>50.78</u>	<u>-</u>
Revenue (Depreciation, Personnel, Travel and Other Administration expenses)	1007.11	-
Less: Transferred to Intangible assets under development	-	-
	<u>1007.11</u>	<u>-</u>
Total	<u>1,057.89</u>	<u>-</u>

**29. Information in respect of purchase of traded goods:**

	Value ₹/Lacs
Computers/Micro processor based systems	71.70 (466.04)
Photocopiers/Electronic Equipments	63.28 (850.23)
Others*	123.41 (1,420.26)
Total	<u>258.39</u> (2,736.53)

\* Does not include any class of goods which in value individually accounts for 10% or more of the total value of purchase of traded goods.

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

**30. Sales:**

Class of Products	Sales/Adjustments
	Value# ₹/Lacs
Computers/Micro processor based systems	281.12 (717.76)
Photocopiers/Electronic Equipments	258.61 (907.15)
Others*	599.71 (2,921.82)
Total	<u>1,139.44</u> (4,546.73)

# Except trade discount, no other discount has been adjusted.

\* Does not include any class of goods which in value individually accounts for 10% or more of the total value of sales.

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



**HCL Learning Limited****Notes to the Financial Statements****31. Value of Imports calculated on CIF basis:**

	<b>2015</b>	<b>2014</b>
	<b>₹/Lacs</b>	<b>₹/Lacs</b>
a) Stores and spares	-	52.17
b) Traded items	-	1.92
Total	<u>-</u>	<u>54.09</u>

**32. Expenditure in Foreign Currency:  
(On accrual basis)**

	<b>2015</b>	<b>2014</b>
	<b>₹/Lacs</b>	<b>₹/Lacs</b>
a) Travel	<b>8.55</b>	8.70
b) Interest on Acceptances	-	43.94
c) Others (includes consultancy, certification charges, license)	-	1.81
Total	<u><b>8.55</b></u>	<u>54.44</u>

**33. Earnings in Foreign Currency:**

	<b>2015</b>	<b>2014</b>
	<b>₹/Lacs</b>	<b>₹/Lacs</b>
FOB value of exports (including deemed exports)	-	44.32
Total	<u>-</u>	<u>44.32</u>

**34. Remuneration to Auditor\*:**

	<b>2015</b>	<b>2014</b>
	<b>₹/Lacs</b>	<b>₹/Lacs</b>
a) Statutory Audit	<b>9.50</b>	8.00
b) Other Audit Services/Certifications	<b>3.00</b>	10.00
Total	<u><b>12.50</b></u>	<u>18.00</u>

\* Excluding service tax.



35. **Leases:**

**a) Finance Leases:**

**As Lessor:**

(i) The Company has given on finance lease certain assets/inventories which comprise of computers, radio terminals and office equipments, etc. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in the lease agreements.

(ii) The gross investment in the assets given on finance leases as at June 30, 2015 and its present value as at that date are as follows:

	Total minimum lease receivable ₹/Lacs	Interest included in minimum lease receivable ₹/Lacs	Present value of minimum lease receivable ₹/Lacs
Not later than one year	4,117.39 (4,585.99)	847.83 (1,129.94)	3,269.56 (3,456.05)
Later than one year and not later than five years	6,630.37 (9,642.33)	1,030.86 (1,715.32)	5,599.51 (7,927.01)
<b>Total</b>	<b>10,747.76</b> <b>(14,228.32)</b>	<b>1,878.69</b> <b>(2,845.26)</b>	<b>8,869.07</b> <b>(11,383.06)</b>

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

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

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

(ii) Details of minimum lease payments and minimum sub-lease receivables as at June 30, 2015 and its present value as at that date are as follows:

	Payable on sale and leaseback			Receivable on sub-lease		
	Total minimum lease payable ₹/Lacs	Interest included in minimum lease payable ₹/Lacs	Present value of minimum lease payable ₹/Lacs	Total minimum lease receivable ₹/Lacs	Interest included in minimum lease receivable ₹/Lacs	Present value of minimum lease receivable ₹/Lacs
Not later than one year	472.47 (477.30)	133.16 (174.38)	339.31 (302.92)	315.14 (379.75)	70.94 (110.27)	244.20 (269.48)
Later than one year and not later than five years	993.08 (1,520.21)	140.57 (286.48)	852.51 (1,233.73)	598.67 (849.87)	84.21 (151.85)	514.46 (698.02)
<b>Total</b>	<b>1465.55</b> <b>(1,997.51)</b>	<b>273.73</b> <b>(460.86)</b>	<b>1191.82</b> <b>(1,536.65)</b>	<b>913.81</b> <b>(1,229.62)</b>	<b>155.15</b> <b>(262.12)</b>	<b>758.66</b> <b>(967.50)</b>

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

**c) Cancelable Operating Leases**

**As Lessee:**

(i) The Company has taken various residential/commercial premises under cancelable operating leases. These leases are for a period of eleven months to three years and are normally renewable on expiry.

(ii) The rental expense in respect of operating leases is ₹ 91.02 Lacs (2014 - ₹ 87.78 Crores) which is disclosed as Rent expense under 'Other expenses'.





**36. Earnings per share (EPS)**

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

Calculation of EPS:

Particulars	₹/Lacs	
	2015	2014
Loss after tax (₹/Lacs)	(2486.19)	(904.83)
<b>Weighted average number of shares considered as outstanding in computation of Basic EPS</b>	<b>50,000</b>	50,000
<b>Weighted average number of shares outstanding in computation of Diluted EPS</b>	<b>50,000</b>	50,000
Basic EPS (of ₹ 10/- each)	(₹ 4972.38)	(₹ 1809.66)
Diluted EPS (of ₹ 10/- each)	(₹ 4972.38)	(₹ 1809.66)

There are no dilutive equity shares as at year end.

**37. Segment Reporting**

The Company's business falls within a single primary business and geographical segment, i.e the Learning business which includes training services and educational content and related Hardware offerings for private schools, colleges and other education institutes and vocational training. Accordingly, pursuant to Accounting Standard 17 on 'Segment Reporting', notified under section 211 (3C) of the Companies Act, 1956 read with Rule 7 of the Companies (Accounts) Rules, 2014 & Section 133 of the Companies Act, 2013 as at June 30, 2015, segment information is not required to be disclosed.

*CP*



38. The Company has calculated the various benefits provided to employees as under:

- (a) **Defined Contribution**  
(i) Superannuation Fund

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

	2015	2014
	₹/Lacs	₹/Lacs
Employers Contribution to Superannuation Fund*	2.05	4.92

- (b) **State Plans**  
(i) Employee State Insurance  
(ii) Employee's Pension Scheme 1995

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

	2015	2013
	₹/Lacs	₹/Lacs
Employers contribution to Employee State Insurance*	3.50	6.97
Employers contribution to Employee's Pension Scheme 1995*	17.37	23.94

\* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 23).

- (c) **Defined Benefit**  
(i) Gratuity  
(ii) Provident Fund#

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in the respect of the aforesaid defined benefit plan based on the following assumptions:

Discount rate (per annum)  
Rate of increase in compensation levels  
Expected average remaining working lives of employees (years)

Gratuity	
2015	2014
8.00%	8.50%
6.00%	6.00%
19.98	22.14

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

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation:**

Present value of obligation at the beginning of the year  
Amount Transferred from HCL Infosystems Limited, the Holding Company (Refer Note 42)  
Current service cost  
Past service cost  
Interest cost  
Actuarial (gain)/loss  
Benefits (paid)  
Settlements/transfer In  
Contribution by plan participants  
Present value of obligation at the end of the year

₹/Lacs	
Gratuity	
2015	2014
37.32	0.00
3.08	37.40
7.47	7.47
-	-
2.80	-
(0.08) -	5.89
(12.39) -	1.66
-	-
-	-
30.73	37.32

**Cost recognised for the year (included under Salaries, Wages, Bonus and Gratuity):**

Current service cost  
Company contribution to Provident Fund  
Past service cost  
Interest cost  
Actuarial (gain)/loss  
Interest guarantee liability  
Shortfall in fund  
Net cost recognised for the year\*

₹/Lacs	
Gratuity	
2015	2014
3.08	7.47
-	-
-	-
2.80	-
(0.08)	(5.89)
-	-
-	-
5.80	1.58

\* Included in Salaries, Wages, Bonus and Gratuity for Gratuity and Contribution to Provident and Other Funds for Provident Fund under Employee benefits expense (Refer Note 23).

9



Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets:

Present value of the obligation as at the end of the year  
Fair value of plan assets at the end of the year  
Assets/(Liabilities) recognised in the Balance Sheet

₹/Lacs		
Gratuity		
2015	2014	2013
30.73	37.32	-
-	-	-
(30.73)	(37.32)	-

# In respect of certain eligible employees, the Company is a participant in a provident fund plan which is administered through a multi employer trust. The participants have an obligation to make good any deficiency in the interest to be paid by the Trust to its members and the income earned by it. Accordingly the plan is as a defined benefit plan. The trust has obtained an actuarial valuation of the Provident fund liability as at the Balance Sheet date and as per valuation report, there is no shortfall as on June 30, 2015. The valuation report contained details for the disclosure requirement of the Accounting Standard 15 "Employee Benefits" for the trust as a whole, however breakup into respective entities is not available and accordingly the disclosures for provident fund liability as required by Accounting Standard 15 "Employee Benefits" has not been made in these financial statements. The Company's contribution to provident fund for the year is ₹ 13.92 Lacs (2013 - ₹ 28.59 Lacs) which has been included under Contribution to Provident and Other Funds (Refer Note 23).

39. **Employee Stock Option Plan (ESOP):**

The holding company has established Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005 for the employees of HCL Infosystems Limited and its subsidiaries.

HCL Infosystems Limited, Holding Company follows the Intrinsic Value Method of accounting and there is no charge for ESOPs based on this method during the current year which relates to the Company.

The impact on the profit of the Company for the current year ended June 30, 2015 and the basic and diluted earnings per share had the Holding Company followed the fair value method of accounting for stock options is set out below:

Particulars	₹/Lacs	
	2015	2014
Loss after tax as per Statement of Profit and Loss (a)	(2,486.19)	(904.83)
Loss after tax recomputed for recognition of employee stock compensation expense under fair value method (b)	(2,486.19)	(905.83)
Loss Per Share based on earnings as per (a) above:		
- Basic and Diluted (Refer Note 36)	(₹ 4,972.38)	(₹ 1,811.66)
Loss Per Share had fair value method been employed for accounting		
- Basic and Diluted	(₹ 4,972.38)	(₹ 1,811.66)





**HCL Learning Limited**  
**Notes to the Financial Statements**

**40. Disclosure of related parties and related party transactions:**

**a) Company having substantial interest:**

HCL Corporation Private Limited

**b) Holding Company**

HCL Infosystems Limited

**c) List of parties where control exists/existed and with whom transactions have taken place during the year and/or where balances exist:**

**Fellow Subsidiaries:**

HCL Infotech Limited

HCL Services Limited (formerly known as HCL Care Limited)

Digilife Distribution and Marketing Services Limited

HCL Insys Pte. Limited, Singapore

HCL Infosystems MEA FZE, Dubai

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

HCL Technologies Limited

HCL Comnet Limited

HCL Talent Care Pvt. Ltd.

Shiv Nadar School

Shiv Nadar Foundation

SSN College of Engineering



**HCL Learning Limited**  
**Notes to the Financial Statements**

**Summary of Related Party disclosures**

Note: All transactions with related parties have been entered into in the normal course of business.

(₹/Lacs)

A. Transactions	Holding Company		Fellow Subsidiaries		Others		Total	
	Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14	Jun-15	Jun-14
<b>Sales and Related Income</b>	<b>349.43</b>	66.46	<b>8.06</b>	0.59	-	79.21	<b>357.49</b>	146.27
- HCL Infosystems Ltd	349.43	66.46						
- HCL Services Limited			<b>8.06</b>	0.59				
- HCL Technologies Limited					-	21.08		
- HCL Comnet Systems and Services Limited	-	-			-	26.36		
- International Data Management Limited					-	31.77		
<b>Services</b>	<b>104.96</b>	75.00			<b>16.42</b>		<b>121.38</b>	75.00
- HCL Infosystems Ltd	104.96	75.00						
- HCL Technologies Limited					6.30			
- Hcl Talent Care Pvt. Ltd.					10.11	-		
<b>Purchase of Goods</b>	-	219.99	<b>2.83</b>	8.32			<b>2.83</b>	228.31
- HCL Infosystems Ltd	-	219.99						
- HCL Infotech Limited			0.26	6.38				
- Digilife Distribution and Marketing Services Limited			2.57	1.95				
<b>Purchase of Services</b>			<b>659.38</b>	<b>418.67</b>			<b>659.38</b>	418.67
- HCL Services Limited			659.38	418.67				
<b>Net Loans and Advances Refunded/Adjusted</b>	<b>149.74</b>						<b>149.74</b>	-
- HCL Infosystems Limited	149.74							
<b>Net Inter Company Deposits (ICD) Taken</b>	-	2,659.05					-	2,659.05
- HCL Infosystems Limited	-	2,659.05						
<b>Interest on Inter Company Deposits (ICD) Taken</b>	<b>298.64</b>	8.66					<b>298.64</b>	8.66
- HCL Infosystems Limited	298.64	8.66						
<b>Reimbursements towards expenditure</b>								
a) Received	<b>295.10</b>	-					<b>295.10</b>	-
- HCL Infosystems Limited	295.10							
b) Paid	<b>194.66</b>	217.07	<b>196.69</b>				<b>391.35</b>	217.07
- HCL Infosystem Limited	194.66	217.07						
- HCL Services Limited			196.69					
<b>Net assets received on transfer of Business</b>	-	10,700.00					-	10,700.00
- HCL Infosystems Ltd	-	10,700.00						
<b>B. Amount due to / from related parties</b>								
Business Consideration & Other Payables	<b>10,456.29</b>	10,467.21					<b>10,456.29</b>	10,467.21
Trade Receivables	<b>102.76</b>	66.60	<b>0.61</b>	1.59	<b>15.18</b>	16.08	<b>118.55</b>	84.28
Other Recoverables	-	-	-	25.21	-	-	-	25.21
Inter Company Deposits (ICD) Payable	<b>2,509.30</b>	2,659.05					<b>2,509.30</b>	2,659.05
Trade Payables	<b>19.15</b>	318.67	<b>162.29</b>	250.29	<b>1.27</b>	-	<b>182.71</b>	568.96



**HCL Learning Limited**  
**Notes to the Financial Statements**

41. **a) Derivative Instruments outstanding at the Balance Sheet date:**

The Company has following outstanding derivatives as at the reporting date:

Particulars	Foreign Currency		Average Rate		Maximum Maturity Period	
	Value / Lacs					
	2015	2014	2015	2014	2015	2014
Forward contracts to buy USD	\$0.80	\$29.17	65.89	\$62.72	7 Months	11 Months

The above derivatives have been undertaken to hedge the foreign currency exposures on Import/Royalty payables/Buyers Credit as at June 30, 2015.

**b) As on reporting date, the foreign currency exposure that is not hedged by a derivative instrument or otherwise in respect of :**

Particulars	₹ / Lacs	
	2015	2014
Trade Payables	4.18	Nil
Buyers Credit	Nil	Nil
Trade Receivables	31.89	22.64

**c) The unaccrued forward exchange cover has been included under 'Other current assets' and 'Other non current assets' as 'Unamortised Premium on Forwards Contracts'.**

Particulars	₹ / Lacs	
	2015	2014
Unamortised premium	4.09	65.00

**d) Pursuant to notification u/s 211(3C) of the Companies Act, 1956 issued by the Ministry of Corporate Affairs on December 29, 2011, the Company has opted to accumulate the exchange difference arising on translation of foreign currency items having a term of 12 months or more and amortise such exchange difference over the period of the item. Accordingly, a gain stands deferred as at June 30, 2015.**

Particulars	₹ / Lacs	
	2015	2014
Exchange gain deferred	1.20	33.95







## HCL Learning Limited

### Notes to the Financial Statements

42. The Hon'ble High Court of Delhi sanctioned the Composite Scheme of Arrangement (the "Scheme") between HCL Infosystems Limited, HCL Infotech Limited (formerly known as HCL System Integration Limited), HCL Services Limited (formerly known as HCL Care Limited), HCL Learning Limited (collectively the "Transferee Companies") and HCL Infocom Ltd and their respective shareholders and creditor under the provisions of section 391 to 394 of the Companies Act, 1956, vide its order dated September 18, 2013 received on October 30, 2013. The Scheme has become effective from November 1, 2013 on filing a certified copy of the High Court order with the office of the Registrar of the Companies, NCT of Delhi & Haryana and is applicable from January 1, 2013 (the "Appointed date").

In accordance with the Scheme, with effect from the Appointed Date, the Company acquired Learning Business from the Holding Company at a consideration of ₹ 11300 Lacs. The assets and liabilities pertaining to the Learning Business, were recorded at their respective fair values as on December 31, 2012, as determined by an independent valuer. The fair values of assets and liabilities acquired and recorded by the Company are ₹ 15216.00 Lacs and ₹ 4516.00 Lacs respectively and ₹ 600.90 Lacs, being excess of consideration payable over the fair values of assets and liabilities so acquired, has been recorded as Goodwill in the books of the Company


In accordance with the Scheme, the HCL Infosystems Limited continued to carry on the business and activities in relation to the Learning Undertakings on account of and in trust for the Company from January 1, 2013 (the "Appointed date") till November 1, 2013 (the "Effective date").

Pursuant to this, the Parent Company transferred the profits, amounting to ₹ 397.00 Lacs, attributable to the Learning Business for the period from the Appointed date and up to June 30, 2013 to the Company. These profits, after adjusting consequential impact on profits arising from difference between fair values and historical values of assets and liabilities, have been recorded by the Company in the 'Surplus in Statement of Profit and Loss' in reserves and surplus.

43. Based on the information available with the management, none of the vendors are registered under the Micro, Small and Medium Enterprises Development Act, 2006.


44. Previous period's figures have also been regrouped/recasted, where necessary, to conform to the current year's

For Price Waterhouse  
Firm Registration Number-301112E  
Chartered Accountants

  
AVIJIT MUKERJI  
Partner  
Membership Number - 056155

For and on behalf of the Board of Directors

  
NIKHIL SINHA  
Director  
DIN - 01174807

  
PREMKUMAR SESHADRI  
Chairman  
DIN - 03114983

Place : Noida  
Date : August 20, 2015

  
S G MURALI  
Group Chief Financial Officer