HCL Eagle Limited

Financial Statements

Years ended 31 March 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Eagle Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2.17 to the Ind AS financial statements. The Board of Directors of the Company on 10 May 2019 has approved the merger of the Company on going concern basis with its holding Company "HCL Technologies Limited" as per the provisions of Section 230 to 232 of the Companies Act, 2013 (the "Act") and other applicable provisions which is subject to approval of shareholders and other regulators authorities. The Company will cease to exist after merger, however business will be merged on going concern basis, accordingly, these financial statements have been prepared on going concern basis.

Our opinion is not modified in respect of this matter.

Other Information

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

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

S.R. Batliboi & Associates LLP Gurugram

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

Responsibility of Management for the Ind AS Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Gurugram

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

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

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

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

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

per Yogesh Midha
Partner
Membership Number: 094941
Place of Signature: Gurugram
Date: June 19, 2019

S.R. Batliboi & Associates LLP * Gurugram *

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

(i) The Company does not have property, plant & equipment and accordingly, the requirements under paragraph 3(i) (a), (b) and (c) of the Order are not applicable to the Company.

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

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

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

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

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

(vii) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to duty of custom, provident fund and employees' state insurance are not applicable to the Company.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us, there are no dues of income tax, cess and other statutory dues which have not been deposited on account of any dispute.

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

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause 3(ix) of the order is not applicable to the Company and hence not commented upon.

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

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

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

(xiii) According to the information and explanations given by the management, the provisions of section 177 and section 188 of Companies Act, 2013 are not applicable to the Company and accordingly reporting under clause 3(xiii) is not applicable to the Company and hence not commented upon.

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

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

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

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Yogesh Midha
Partner
Membership Number: 094941

Place of Signature: Gurugram
Date: June 19, 2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HCL EAGLE LIMITED

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

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

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013,as amended.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, as amended, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

S.R. Batliboi & Associates LLP Gurugram

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

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S.R. Batliboi & Associates LLP
Gurugram

per Yogesh Midha
Partner
Membership Number: 094941
Place of Signature: Gurugram
Date: June 19, 2019

HCL Eagle Limited

Balance Sheet as at 31 March 2019

(All amounts in thousands of ₹ unless stated otherwise)

	Note No.	As at 31 March 2019	As at 31 March 2018
I. ASSETS			
(1) Non-current assets		-	-
(2) Current assets			
(a) Financial assets			
(i) Investments	2.1	126,310	118,410
(ii) Cash and cash equivalents	2.2	1,621	1,137
(b) Other current assets	2.3	504	-
(c) Current tax assets (net)		-	662
TOTAL ASSETS		**128,435**	**120,209**
II. EQUITY			
(a) Equity share capital	2.4	1,000	1,000
(b) Other equity		123,266	117,057
		124,266	**118,057**
III. LIABILITIES			
(1) Non-current liabilities			
(a) Deferred tax liabilities (net)	2.12	601	1,166
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	2.5	4	-
(ii) Others	2.6	620	986
(b) Other current liabilities	2.7	18	-
(c) Current Tax Liabilities (net)		2,926	-
		4,169	**2,152**
TOTAL EQUITY AND LIABILITIES		**128,435**	**120,209**
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

S.R. Batliboi & Associates LLP Gurugram

per Yogesh Midha
Partner
Membership Number: 094941

Gurugram, India
Date: 19 June 2019

For and on behalf of the Board of Directors of HCL EAGLE LIMITED

Prahlad Rai Bansal
Director

Rahul Singh
Director

Noida (UP), India
Date: 19 June 2019

HCL Eagle Limited
Statement of Profit and Loss for the year ended 31 March 2019
(All amounts in thousands of ₹ unless stated otherwise)

		Note No.	Year ended 31 March 2019	Year ended 31 March 2018
I	**Revenue**			
	Revenue from operations		-	-
	Other income	2.8	9,052	8,852
	Total revenue		9,052	8,852
II	**Expenses**			
	Finance costs	2.9	-	16
	Other expenses	2.10	319	800
	Total expenses		319	816
III	**Profit before tax**		8,733	8,036
IV	**Tax expense**	2.12		
	Current tax		3,089	(603)
	Deferred tax charge		(565)	2,563
	Total tax expense		2,524	1,960
V	**Profit for the year**		6,209	6,076
VI	**Other comprehensive income**		-	-
VII	**Total Comprehensive Income for the year**		6,209	6,076
	Earnings per equity share of ₹ 10 each			
	Basic and Diluted (in ₹)	2.11	62.09	60.76
	Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

S.R. Batliboi & Associates LLP Gurugram

per Yogesh Midha
Partner
Membership Number: 094941

Gurugram, India
Date: 19 June 2019

For and on behalf of the Board of Directors
of HCL Eagle Limited

Prahlad Rai Bansal
Director

Rahul Singh
Director

Noida (UP), India
Date: 19 June 2019

HCL Eagle Limited

Statement of Changes in Equity for the year ended 31 March 2019

(All amounts in thousands of ₹ unless stated otherwise)

	Equity share capital		Other equity
	Shares	Share capital	Reserves and Surplus
			Retained earnings
Balance as at 1 April, 2017	**100,000**	**1,000**	**110,981**
Profit for the year	-	-	6,076
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	**-**	**-**	**6,076**
Balance as at 31 March, 2018	**100,000**	**1,000**	**117,057**
Profit for the year	-	-	6,209
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	**-**	**-**	**6,209**
Balance as at 31 March 2019	**100,000**	**1,000**	**123,266**

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

S.R. Batliboi & Associates LLP * Gurugram *

per Yogesh Midha
Partner

Membership Number: 094941

Gurugram, India
Date: 19 June 2019

For and on behalf of the Board of Directors
of HCL Eagle Limited

Prahlad Rai Bansal
Director

Rahul Singh
Director

Noida (UP), India
Date: 19 June 2019

HCL Eagle Limited

Statement of Cash Flows

(All amounts in thousands of ₹ unless stated otherwise)

		Year ended 31 March 2019	Year ended 31 March 2018
A. Cash flows from operating activities			
Profit before tax		8,733	8,036
Adjustment for:			
Income on investments carried at fair value through profit and loss		(8,653)	(8,527)
Provision no longer required, written back		(396)	(114)
Provision for other current assets		-	504
Operating loss before working capital changes		**(316)**	**(101)**
Movement in Working Capital			
(Increase)/decrease in trade receivables		-	27,425
(Increase)/decrease in other financial assets and other assets		(108)	25,010
Increase/(decrease) in trade payables		4	(50,728)
Increase/ (decrease) in provisions, other financial liabilities and other liabilities		(349)	(25,553)
Cash used in operations		**(769)**	**(23,947)**
Direct taxes paid (net of refunds)		499	5,985
Net cash flow used in operating activities	**(A)**	**(270)**	**(17,962)**
B. Cash flows from investing activities			
Purchase of investments in securities		(124,000)	(63,000)
Proceeds from sale of investments in securities		124,754	77,500
Net cash flow from investing activities	**(B)**	**754**	**14,500**
Net increase (decrease) in cash and cash equivalents (A+B)		484	(3,462)
Cash and cash equivalents at the beginning of the year		1,137	4,599
Cash and cash equivalents at the end of the year as per Note 2.2		**1,621**	**1,137**

Summary of significant accounting policies (Note 1)

As per our report of even date.

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

S.R. Batliboi & Associates LLP ★ Gurugram ★

per Yogesh Midha
Partner
Membership Number: 094941

Gurugram, India
Date: 19 June 2019

For and on behalf of the Board of Directors
of HCL Eagle Limited

Prahlad Rai Bansal
Director

Rahul Singh
Director

Noida (UP), India
Date: 19 June 2019

(All amounts in thousands of '₹' unless stated otherwise)

ORGANIZATION AND NATURE OF OPERATIONS

HCL Eagle Limited (hereinafter referred to as "the Company") is primarily engaged in providing a range of software services to its client from its finance services vertical. The Company was incorporated under the provisions of the Companies Act applicable in India on 14 September 2011, having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi- 110019. The holding Company is HCL Technologies Limited.

The financial statements for the year ended 31 March 2019 were approved and authorized for issue by the Board of Directors on 19 June 2019.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The Board of directors of the Company on 10 May, 2019 has approved the merger of the Company with its Holding company as described in note 2.17 of the financial statements. Accordingly, these financial statements have been prepared on going concern basis.

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

a) Certain financial assets and liabilities measured at fair value (refer to the accounting policy regarding financial instruments),

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

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

(b) *Use of estimates*

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

S.R. Batliboi & Associates LLP * Gurugram *

(All amounts in thousands of '₹' unless stated otherwise)

(c) Foreign currency and translation

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

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

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

(d) Fair value measurement

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

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

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

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

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

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

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

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

c) Cost approach – Replacement cost method.

S.R. Batliboi & Associates LLP * Gurugram *

(All amounts in thousands of '₹' unless stated otherwise)

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

(e) Revenue recognition

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

Interest income
Interest on the deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction.

(f) Income taxes

Income tax expense comprises current and deferred income tax.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.
The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

(g) Provisions

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

(h) Financial Instruments

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

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i. **Financial assets**

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

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

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

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

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

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

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

ii. **Financial liabilities**

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

The Company's financial liabilities at amortized cost includes trade payables and other payables.

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

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

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

(i) Earnings per share (EPS)

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

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

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Notes to financial statements for the year ended 31 March 2019

(All amounts in thousands of ₹ unless stated otherwise)

2.1 Financial assets - investments

	As at	
	31 March 2019	31 March 2018
Carried at fair value through profit and loss		
Unquoted investment		
Investment in mutual fund	126,310	118,410
Aggregate amount of current investments	**126,310**	**118,410**

2.2 Cash and bank balances

	As at	
	31 March 2019	31 March 2018
Cash and cash equivalent		
Balance with banks		
- in current accounts	1,621	1,137
	1,621	**1,137**

2.3 Other current assets

	As at	
	31 March 2019	31 March 2018
Unsecured , considered good		
Goods & Service tax receivable	504	-
	504	-
Unsecured , considered doubtful		
Goods & Service tax receivable	109	504
Less: Provision for other current assets	(109)	(504)
	-	-

2.4 Share capital

	As at	
	31 March 2019	31 March 2018
Authorized		
100,000 (31 March 2019), 100,000 (31 March 2018) equity shares of ₹ 10 each	1,000	1,000
Issued, subscribed and fully paid up		
100,000 (31 March 2019), 100,000 (31 March 2018) equity shares of ₹ 10 each	1,000	1,000

Terms/ rights attached to equity shares

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

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

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Notes to financial statements for the year ended 31 March 2019

(All amounts in thousands of ₹ unless stated otherwise)

2.4 Share capital (Continued)

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

	As at			
	31 March 2019		31 March 2018	
	No. of shares	(Amount in ₹)	No. of shares	(Amount in ₹)
Number of shares at the beginning	100,000	1,000	100,000	1,000
Add: Shares issued during the period	-	-	-	-
Number of shares at the end	100,000	1,000	100,000	1,000

Shares held by holding/ultimate holding company:

	As at	
	31 March 2019	31 March 2018
HCL Technologies Limited, the holding company		
100,000 (31 March 2018 : 100,000) equity shares of ₹ 10 each	1,000	1,000

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

Name of the shareholder	As at			
	31 March 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 10 each fully paid				
HCL Technologies Limited, the holding company	100,000	100.00%	100,000	100.00%

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

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

2.5 Trade payables

	As at	
	31 March 2019	31 March 2018
Trade payables	4	-
	4	-

2.6 Other financial liabilities

	As at	
	31 March 2019	31 March 2018
Current		
Carried at amortised cost		
Liabilities for Expenses	620	986
	620	986

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Notes to financial statements for the year ended 31 March 2019

(All amounts in thousands of ₹ unless stated otherwise)

2.7 Other current liabilities

	As at	
	31 March 2019	31 March 2018
Withholding and other taxes payable	18	-
	18	-

2.8 Other income

	Year ended	
	31 March 2019	31 March 2018
Income on investments carried at fair value through profit and loss		
- Gains on fair value changes on mutual funds	(4,274)	4,818
- Profit on sale of mutual funds	12,927	3,709
Provisions no longer required, written back	396	114
Exchange differences (net)	-	211
Miscellaneous income	3	-
	9,052	8,852

2.9 Finance cost

	Year ended	
	31 March 2019	31 March 2018
Bank charges	-	16
	-	16

2.10 Other expenses

	Year ended	
	31 March 2019	31 March 2018
Legal and professional charges	307	239
Rates and taxes	12	47
Provision for other current assets	-	504
Miscellaneous Expenses	-	10
	319	800

2.11 Earnings per share

The computation of earnings per share is as follows:

	Year ended	
	31 March 2019	31 March 2018
Net profit as per statement of profit and loss for computation of EPS	6,209	6,076
Weighted average number of equity shares outstanding in calculating	100,000	100,000
Nominal value of equity shares (in ₹)	10.00	10.00
Earnings per equity share (in ₹)		
- Basic	62.09	60.76
- Diluted	62.09	60.76

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Notes to financial statements for the year ended 31 March 2019

(All amounts in thousands of ₹ unless stated otherwise)

2.12 Income taxes

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

	Year ended	
	31 March 2019	31 March 2018
Profit before income tax	8,733	8,036
Statutory tax rate in India	27.82%	25.75%
Expected tax expense	2,429	2,069
Interest on Income tax refund received (net)	-	(532)
Other permanent differences	88	385
Others	7	38
Total taxes	**2,524**	**1,960**
Effective income tax rate	28.9%	24.4%

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

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
MAT credit entitlement	529	(529)	-
Others	-	-	-
Gross deferred tax assets (A)	**529**	(529)	**-**
Deferred tax liabilities			
Unrealized gain on mutual fund	1,695	(1,094)	601
Gross deferred tax liabilities (B)	**1,695**	(1,094)	**601**
Net deferred tax liabilities / (assets) (B-A)	**1,166**	(565)	**601**

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

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
MAT credit entitlement	-	529	529
Others	1,525	(1,525)	-
Gross deferred tax assets (A)	**1,525**	**(996)**	**529**
Deferred tax liabilities			
Unrealized gain on mutual fund	128	1,567	1,695
Gross deferred tax liabilities (B)	**128**	**1,567**	**1,695**
Net deferred tax liabilities / (assets) (B-A)	**(1,397)**	**2,563**	**1,166**

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HCL EAGLE LIMITED

Notes to financial statements for the year ended 31 March 2019

(All amounts in thousands of ₹ unless stated otherwise)

2.13 Financial instruments

(a) Financial assets and liabilities

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

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	126,310	-	126,310
Cash and cash equivalents	-	1,621	1,621
Total	126,310	1,621	127,931
Financial liabilities			
Trade Payables	-	4	4
Others (refer note 2.6)	-	620	620
Total	-	624	624

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

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	118,410	-	118,410
Cash and cash equivalents	-	1,137	1,137
Total	118,410	1,137	119,547
Financial liabilities			
Trade Payables	-	-	-
Others (refer note 2.6)	-	986	986
Total	-	986	986

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Notes to financial statements for the year ended 31 March 2019

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2.13 Financial instruments (continued)

Fair value hierarchy

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

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	126,310	126,310	-	-

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

The assets and liabilities measured at fair value on a recurring basis as at 31 March, 2018 and the basis for that measurement is as below:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	118,410	118,410	-	-

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

Valuation methodologies

Investments: The Company's investments consist primarily of investment in mutual funds which are classified as fair value through profit and loss are determined using quoted prices for identical assets or liabilities in active markets and are classified as Level 1.

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

The Company assessed that fair value of cash and cash equivalets and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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Notes to financial statements for the year ended 31 March 2019

(All amounts in thousands of ₹ unless stated otherwise)

2.13 Financial instruments (continued)

(b) Financial risk management

The Company is exposed to market risk and credit risk which may impact the fair value of its financial instruments. The Company through various risk management procedures manages and mitigate these risks.

The Company's risk management procedures aim to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

Market risk

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

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company does not have any exposure to the risk of changes in exchange rates.

Credit risk

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

2.14 Micro and Small Enterprises:

As per information with the management, the due payable as at any time during the year ended 31 March 2019 to enterprises covered under "The Micro, Small and Medium Enterprises development Act, 2006" is Nil (previous year : Nil).

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

2.15 Auditor's remuneration

	Year ended	
	31 March 2019	**31 March 2018**
Audit fees	180	180
	180	180

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2.16 Segment reporting

In the opinion of management company has only one business segment and the company operates majorly in a single geographical segment and hence there are no reportable segments as envisaged in Ind AS 108 'Operating Segments' notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. Accordingly, no disclosures for segment reporting have been included in the financial statements.

There is no operational revenue during the current year and previous year.

2.17 Subsequent Event

The Board of directors of the Company on 10 May, 2019 has approved the merger of the Company "HCL Eagle limited" with its Holding company "HCL Technologies Limited" w.e.f. 1 April, 2019 , under the scheme of amalgamation as per the provisions of Section 230 to 232 of the Companies Act, 2013 (the "Act") and other applicable provisions, read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force), relevant provisions of the Memorandum and Articles of Association of the Company.

The scheme is subject to the approvals of the shareholders and other regulatory authorities.

As per our report of even date

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

S.R. Batliboi & Associates LLP * Gurugram *

per Yogesh Midha
Partner
Membership Number: 094941

Gurugram, India
Date: 19 June 2019

For and on behalf of the Board of Directors
of HCL EAGLE LIMITED

Prahlad Rai Bansal
Director

Rahul Singh
Director

Noida (UP), India
Date: 19 June 2019