HCL Technologies Solutions Limited

Financial Statements

For the year ended 31 March 2020 and 2019

HCL Technologies Solutions Limited
Balance Sheet as at 31 March 2020
(All amounts in thousands of ₹)

	Note No.	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
(1) Current assets			
(a) Financial assets			
(i) Investments	**2.1**	43,733	40,721
(ii) Trade receivables	**2.2**	-	-
(iii) Cash and cash equivalents	**2.3**	1,775	1,690
(b) Current tax assets (net)		13,613	14,473
(c) Other current assets	**2.4**	980	3,637
TOTAL ASSETS		**60,101**	**60,521**
II. EQUITY			
(a) Equity share capital	**2.5**	10,501	10,501
(b) Other equity		48,903	49,846
TOTAL EQUITY		**59,404**	**60,347**
III. LIABILITIES			
(1) Non - current liabilities			
(a)Deferred tax liabilities (net)	**2.12**	146	-
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	**2.6**		
1. Dues of micro enterprises and small enterprises	**2.18**	-	-
2. Dues of creditors other than micro enterprises and small enterprises		11	23
(ii) Others	**2.7**	535	143
(b) Other current liabilities	**2.8**	5	8
TOTAL LIABILITIES		**551**	**174**
TOTAL EQUITY AND LIABILITIES		**60,101**	**60,521**
Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W/ W-100022

ANURAG KUMAR MAHESHWARY Digitally signed by ANURAG KUMAR MAHESHWARY Date: 2020.07.01 21:13:14 +05'30'

Anurag Maheshwary
Partner
Membership Number: 506533

Gurugram, India
Date: 01 July 2020

For and on behalf of the Board of Directors
of HCL Technologies Solutions Limited

PRAHLAD RAI BANSAL Digitally signed by PRAHLAD RAI BANSAL Date: 2020.07.01 19:41:44 +05'30'

Prahlad Rai Bansal
Director

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Prateek Aggarwal
Director

Noida (UP), India
Date: 01 July 2020

HCL Technologies Solutions Limited
Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in thousands of ₹)

		Note No.	Year ended 31 March 2020	Year ended 31 March 2019
I	Other income	2.9	2,509	2,737
	Total income		**2,509**	**2,737**
II	**Expenses**			
	Finance costs	2.10	33	2
	Other expenses	2.11	1,577	425
	Total expenses		**1,610**	**427**
III	**Profit before tax**		**899**	**2,310**
IV	**Tax expense**	2.12		
	Current tax		1,696	572
	Deferred tax charge		146	-
	Total tax expense		1,842	572
V	**Profit/(loss) for the year**		**(943)**	**1,738**
VI	**Other comprehensive income**		-	-
VII	**Total comprehensive income(loss) for the year**		**(943)**	**1,738**
	Earnings per equity share of ₹ 10 each	2.13		
	Basic (in ₹)		(0.90)	1.66
	Diluted (in ₹)		(0.90)	1.66
	Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W/ W-100022

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Gurugram, India
Date: 01 July 2020

For and on behalf of the Board of Directors
of HCL Technologies Solutions Limited

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Prateek Aggarwal
Director

Noida (UP), India
Date: 01 July 2020

HCL Technologies Solutions Limited
Statement of Cash Flows for the year ended 31 March 2020
(All amounts in thousands of ₹)

	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash flows from operating activities		
Profit before tax	899	2,310
Adjustment for:		
Income on investments carried at fair value through profit and loss	(2,509)	(2,737)
Provision for other current assets	-	74
Operating Loss before working capital changes	**(1,610)**	**(353)**
Movement in Working Capital		
(Increase)/decrease in other assets	2,657	3,895
Increase/ (decrease) in trade payables	(12)	23
Increase/ (decrease) in other financial liabilities and other current liabilities	16	(2)
Cash flow generated from operations	**1,051**	**3,563**
Direct taxes paid (net of refunds)	(463)	(540)
Net cash flow from operating activities (A)	**588**	**3,023**
B. Cash flows from investing activities		
Proceeds from sale of investments in securities	119,497	41,375
Purchase of investments in securities	(120,000)	(43,200)
Net cash flow used in investing activities (B)	**(503)**	**(1,825)**
Net increase/(decrease) in cash and cash equivalents (A+B)	85	1,198
Cash and cash equivalents at the beginning of the year	1,690	492
Cash and cash equivalents at the end of the year as per note 2.3	**1,775**	**1,690**

Refer note 1 for summary of significant accounting policies

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W/ W-100022

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Anurag Maheshwary
Partner
Membership Number: 506533

Gurugram, India
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For and on behalf of the Board of Directors
of HCL Technologies Solutions Limited

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Noida (UP), India
Date: 01 July 2020

HCL Technologies Solutions Limited

Statement of Changes in Equity for the year ended 31 March 2020

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

	Equity share capital		Other Equity	
	Number of Shares	**Share capital**	**Retained earnings**	**Total Other Equity**
Balance as at 1 April 2018	**1,050,100**	**10,501**	**48,108**	**48,108**
Profit for the year	-	-	1,738	1,738
Total comprehensive income for the year	**-**	**-**	**1,738**	**1,738**
Balance as at 31 March 2019	**1,050,100**	**10,501**	**49,846**	**49,846**
Balance as at 1 April 2019	1,050,100	10,501	49,846	49,846
Loss for the year	-	-	(943)	(943)
Total comprehensive loss for the year	-	-	(943)	(943)
Balance as at 31 March 2020	**1,050,100**	**10,501**	**48,903**	**48,903**

Refer note 1 for summary of significant accounting policies.

The accompany notes are an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W/ W-100022

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Membership Number: 506533

Gurugram, India
Date: 01 July 2020

For and on behalf of the Board of Directors
of HCL Technologies Solutions Limited

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Prateek Aggarwal
Director

Noida (UP), India
Date: 01 July 2020

HCL Technologies Solutions Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in thousands of ₹, except share data and as stated otherwise)

ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies Solutions Limited is primarily engaged in providing a range of software services. The Company was incorporated under the provisions of the Companies Act applicable in India in December 1999 having its registered office at 501-503, Fourth Floor, Oxford House, No. 15, Rustom Bagh, Main Road, Off. Airport Road(Old), Behind Manipal Hospital, Bangalore-560017.

The financial statements for the year ended 31 March 2020 were approved and authorized for issue by the Board of Directors on 1 July 2020.

1. Summary of Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) prescribed under the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 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 Hon'ble National Company Law Tribunal ("NCLT"), New Delhi, vide its Order dated 12 December 2019 along with its Modification Order dated 23 January 2020 ("Delhi Order"), and NCLT, Bengaluru vide its order dated June 24, 2020 ("Bangalore Order"), sanctioned the Scheme of Amalgamation ("Scheme") of HCL Eagle Limited, HCL Comnet Limited, HCL Technologies Solutions Limited and Concept2Silicon Systems Private Limited with and into HCL Technologies Limited on a going concern basis. The certified copy of the Delhi Order has been filed with the Registrar of Companies on 13 March 2020. The company is in the process of filling the certified copy of the Bengaluru Order with Registrar of companies. The Scheme will be effective from the date on which the certified copy of the Bengaluru Order is filed with the Registrar of Companies. The Appointed date of the Scheme is April 1, 2019. Accordingly, these financial statements have been prepared on a going concern basis, and pending submission of Bangalore Order with Registrar of Companies, no effects of the Scheme have been given in these financial statements.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities 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.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under indirect method.

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 (loss) (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivable, income taxes, future obligations under employee benefit plans, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

c) Foreign currency and translation

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

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/(loss) for the year in which the transaction is settled.

d) Fair Value Measurement

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

The Company holds certain fixed income securities 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 methodology.

c) Cost approach – Replacement cost method.

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) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in statement of profit and loss. 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.

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

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

f) Earnings per share

Basic EPS are computed by dividing the net profit or loss attributable to equity shareholders 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.

g) Provisions and contingent liabilities

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.

The company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

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.

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 cash equivalents
Cash and cash equivalents in the balance sheet comprise cash in banks, which are subject to an insignificant risk of changes in value.

Financial instruments at amortized cost
A financial instrument is measured at the amortized cost if both the following conditions are met:
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 instrument at Fair Value through Profit and Loss
Any financial instrument, which does not meet the criteria for categorization at amortized cost or at fair value through other comprehensive income, is classified at fair value through profit and loss. Financial instruments included in the fair value through profit and loss category are measured at fair value with all changes recognized in the statement of profit and loss.

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

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

ii. **Financial liabilities**

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

The Company's financial liabilities include trade payables and other payables.

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

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

De-recognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

HCL Technologies Solutions Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in thousands of ₹, except share data and as stated otherwise)

2. Notes to financial statements

2.1 Investments

	As at	
	31 March 2020	**31 March 2019**
Financial assets		
Current		
Unquoted Investments		
Carried at fair value through profit and loss		
Investment in mutual fund	43,733	40,721
Aggregate amount of current investments carried at fair value through profit & loss	**43,733**	**40,721**

2.2 Trade receivables

	As at	
	31 March 2020	**31 March 2019**
Trade receivables - credit impaired	3,281	3,281
	3,281	**3,281**
Impairment allowance for bad and doubtful debts	(3,281)	(3,281)
	-	**-**

2.3 Cash and cash equivalents

	As at	
	31 March 2020	**31 March 2019**
Cash and cash equivalents		
Balance with bank		
- in current account	1,775	1,690
	1,775	**1,690**

2.4 Other current assets

	As at	
	31 March 2020	**31 March 2019**
Unsecured , considered good		
Advances other than capital advances		
- Advance to Suppliers	29	-
- Receivable for expenses–related parties (refer note 2.15)	-	12
Others		
- Service tax recoverable	951	3,625
	980	**3,637**
Unsecured , considered doubtful		
Advances other than capital advances		
- Service tax recoverable	3,348	1,923
Less: Provision for doubtful advances	(3,348)	(1,923)
	-	**-**
	980	**3,637**

2.5 Share capital

	As at	
	31 March 2020	**31 March 2019**
Authorized 2,000,000 (31 March 2019, 2,000,000) equity shares of ₹ 10 each	20,000	20,000
Issued, subscribed and fully paid up 1,050,100 (31 March 2019, 1,050,100) equity shares of ₹ 10 each	10,501	10,501

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

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

	As at			
	31 March 2020		31 March 2019	
	No. of shares	**₹ in thousand**	**No. of shares**	**₹ in thousand**
Number of shares at the beginning	1,050,100	10,501	1,050,100	10,501
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	1,050,100	10,501	1,050,100	10,501

Equity shares held by holding/ultimate holding company and/or their subsidiaries/associates:

Out of equity shares issued by the Company, shares held by its holding company are as below: -

	As at			
	31 March 2020		31 March 2019	
	No. of shares	**% holding in the class**	**No. of shares**	**% holding in the class**
HCL America Inc. USA, the holding company Equity shares of ₹ 10 each fully paid	1,050,100	100%	1,050,100	100%

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

	As at			
	31 March 2020		31 March 2019	
	No. of shares	**% holding in the class**	**No. of shares**	**% holding in the class**
Equity shares of ₹ 10 each fully paid HCL America Inc. USA, the holding company and its nominee	1,050,100	100%	1,050,100	100%

As per the records of the Company, including its register of shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

There were no bonus shares issued, no shares issued for consideration other than cash and no shares bought back during the year (31 March 2019, nil).

2.6 Trade payables

	As at	
	31 March 2020	**31 March 2019**
Trade payables	-	2
Trade payables - related parties (refer note 2.15)	11	21
	11	**23**

2.7 Other financial liabilities

	As at	
	31 March 2020	**31 March 2019**
Carried at amortised cost		
Liabilities for expenses	141	141
Liabilities for expenses- related parties (refer note 2.15)	21	2
Other payables – related parties (refer note 2.15)*	373	-
	535	**143**

* This represents income tax paid by Holding Company in lieu of merger as specified in note 1(a).

2.8 Other current liabilities

	As at	
	31 March 2020	**31 March 2019**
Withholding and other taxes payable	5	8
	5	**8**

2.9 Other income

	Year ended	
	31 March 2020	**31 March 2019**
Income on investments carried at fair value through profit and loss		
- Unrealized loss on fair value changes on mutual funds	(159)	(4,029)
- Profit on sale of mutual funds	2,668	6,766
	2,509	**2,737**

2.10 Finance cost

	Year ended	
	31 March 2020	**31 March 2019**
Interest		
- on direct taxes	33	-
Bank charges	-	2
	33	**2**

2.11 Other expenses

	Year ended	
	31 March 2020	**31 March 2019**
Rent	54	54
Power and fuel	9	12
Legal and professional charges	89	156
Rates and taxes	1,425	129
Provision for other current assets	-	74
	1,577	**425**

2.12 Income taxes

	Year ended	
	31 March 2020	**31 March 2019**
Income tax charged to statement of profit and loss		
Current income tax charge	1,696	572
Deferred tax charge	146	-
	1,842	**572**

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

	Year ended	
	31 March 2020	**31 March 2019**
Profit before income tax	899	2,310
Statutory tax rate in India	26.00%	26.00%
Expected tax expense	234	600
Permanent difference	139	(28)
Adjustment related to prior period	1,323	-
Others(net)	146	-
Total taxes	**1,842**	**572**

Note: -
The Company has an ongoing litigation with tax authorities that arose in the ordinary course of business. The possibility of any outflow in settlement of litigation is remote.

Beginning with current year, corporate taxpayers can opt for a specified lower tax rate in lieu of current applicable tax rate subject to taxpayers not claiming any specified tax incentives including carryover of unutilized MAT credit. The Company is currently evaluating the options available for concessional tax rate as it is in process of amalgamating with its Ultimate Holding Company as specified in note 1(a) to the financial statements.

Components of deferred tax liabilities as on 31 March 2020

	Opening balance	Recognized in profit and loss	Closing Balance
Deferred tax liabilities			
Unrealized gain on mutual fund	-	146	146
Total		146	146

During the year, the Company has not recognized deferred tax assets related to MAT credit entitlement as it is not probable to realize the same in the near future.
The amount of deferred tax assets primarily related to MAT credit entitlement of the Company not recognized with the year of expiry as below:

Year ending 31 March,	**Total**
2028-29	232
2029-30	3,053
2030-31	1,010
2032-33	485
Total	**4,780**

2.13 Earnings per share

	Year ended	
	31 March 2020	**31 March 2019**
Net profit (loss) as per statement of profit and loss for computation of EPS	(943)	1,738
Weighted average number of shares outstanding in calculating basic EPS	1,050,100	1,050,100
Weighted average number of shares outstanding in calculating diluted EPS	1,050,100	1,050,100
Nominal value of equity shares(in ₹)	10	10
Earnings per equity share (in ₹)		
- Basic	(0.90)	1.66
- Diluted	(0.90)	1.66

2.14 Financial instruments
(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2020 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	43,733	-	43,733
Cash and cash equivalents	-	1,775	1,775
Total	**43,733**	**1,775**	**45,508**
Financial liabilities			
Trade payables	-	11	11
Others (refer note 2.7)	-	535	535
Total	**-**	**546**	**546**

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	40,721	-	40,721
Cash and cash equivalents	-	1,690	1,690
Total	**40,721**	**1,690**	**42,411**
Financial liabilities			
Trade payables	-	23	23
Others (refer note 2.7)	-	143	143
Total	**-**	**166**	**166**

Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis as at 31 March 2020 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	43,733	43,733	-	-

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

The following table discloses the assets and liabilities measured at fair value on a recurring basis as at 31 March 2019 and the basis for that measurement:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	40,721	40,721	-	-

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 debt linked mutual funds. Fair values of investment securities classified as fair value through profit and loss are determined using quoted prices for identical assets or liabilities in active markets and are classified as Level 1.

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

Financial assets measured using level 1 inputs primarily include investment securities in liquid debt funds and the fair value being marked to an active market which factors the impact of COVID-19, we do not expect material volatility in these financial assets.

(b) Financial risk management

The Company is exposed to credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks.

Credit risk

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

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

	As at	
	31 March 2020	**31 March 2019**
Balance at the beginning of the year	3,281	2,894
Effect of exchange rate changes	-	387
Balance at the end of the year	**3,281**	**3,281**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. The Company consistently generates sufficient cash flows and has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

HCL Technologies Solutions Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in thousands of ₹, except share data and as stated otherwise)

2.15 Related party transactions

a) Holding Companies
- HCL Technolgies Limited, India - Ultimate Holding Company
- HCL Bermuda Limited, Bermuda – Intermediate Holding Company
- HCL America Inc., United States of America – Immediate Holding Company

b) Related parties with whom transaction have taken place during the year
Fellow subsidiary
- HCL Comnet Limited

c) Transactions with related parties during the year

	Holding companies		Fellow subsidiary	
	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Payment for use of facilities	-	-	63	66
	-	-	**63**	**66**

d) Outstanding balances with related parties

	Holding companies		Fellow subsidiary	
	As at		As at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Receivable for expenses	-	12	-	-
Trade payables	-	-	11	21
Liabilities for expenses	-	-	21	2
Other payables	373	-	-	-
Total	**373**	**12**	**32**	**23**

2.16 Segment reporting

In the opinion of the management, the 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 notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. Accordingly, no disclosure for segment reporting has been included in the financial statements.

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

2.17 Payment to auditors

	Year ended	
	31 March 2020	**31 March 2019**
Audit fees (included under legal and professional charges in note 2.11)	50	50
	50	**50**

2.18 Micro and small enterprises

As per information available with the management, the dues payable at any time during the year ended 31 March 2020 to enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" is ₹ nil (31 March 2019 ₹ nil).

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

2.19 Subsequent events

The Company has evaluated all the subsequent events through 01 July 2020, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

ANURAG KUMAR MAHESHWARY
Digitally signed by ANURAG KUMAR MAHESHWARY
Date: 2020.07.01 21:23:20 +05'30'

Anurag Maheshwary
Partner
Membership Number:506533

Gurugram, India
Date: 01 July 2020

For and on behalf of the directors of
HCL Technologies Solutions Limited

PRAHLAD RAI BANSAL
Digitally signed by PRAHLAD RAI BANSAL
Date: 2020.07.01 19:46:58 +05'30'

Prahlad Rai Bansal
Director

Prateek Aggarwal
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Prateek Aggarwal
Director

Noida(UP), India
Date: 01 July 2020