

HCL Eagle Limited

Financial Statements

Years ended 31 March 2018 and 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Eagle Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL Eagle Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 1(a) in the financial statements which indicates that the management of Company does not intend to continue with its operations and close the business. The financial statements have been prepared under liquidation basis. Accordingly all asset and liabilities have been measured and stated at values at which they are expected to be realized or settled at and provisions have been made in the books of account for the losses arising or likely to arise on account of such closure, to the extent ascertained by management at the time of preparation of these accounts.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report dated June 11, 2018 in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:



S.R. BATLIBOI & ASSOCIATES LLP

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- 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 11, 2018

Annexure 1 referred to in paragraph 1 of the section on “Report on Other Legal and Regulatory Requirements” of our report of even date.

Re: HCL 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. 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 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 employees’ state insurance, provident fund, sales tax, duty of custom, duty of excise and value added tax 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, goods and service 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, goods and service tax and cess 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 on the Company by the officers and employees of the Company has been noticed or reported during the year.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (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.
- (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: Gurgaon

Date: June 11, 2018

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 ("the Act")

We have audited the internal financial controls over financial reporting of HCL Eagle Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

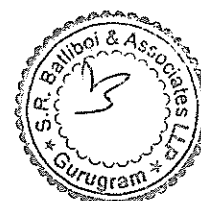
The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

Auditor's Responsibility

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

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

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



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

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

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

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

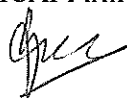
Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Yogesh Midha**

Partner

Membership Number: 094941



Place of Signature: Gurugram

Date: June 11, 2018

HCL Eagle Limited

Balance Sheet as at 31 March 2018

(All amounts in thousands of ₹ unless stated otherwise)

	Note No.	As at 31 March 2018	As at 31 March 2017
I. ASSETS			
(1) Non-current assets			
(a) Deferred tax assets (net)	2.15	-	1,397
		-	1,397
(2) Current assets			
(a) Financial assets			
(i) Investments	2.1	118,410	124,384
(ii) Trade receivables	2.2	-	27,425
(iii) Cash and cash equivalents	2.3	1,137	4,599
(iv) Unbilled revenue	2.4	-	24,896
(b) Other current assets	2.5	-	504
(c) Current tax assets (net)		662	6,045
		120,209	187,853
TOTAL ASSETS		120,209	189,250
II. EQUITY			
(a) Equity share capital	2.6	1,000	1,000
(b) Other equity		117,057	110,981
III. LIABILITIES			
(1) Non-current liabilities			
(a) Deferred tax liabilities (net)	2.15	1,166	-
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	2.7	-	50,728
(ii) Others	2.8	986	24,641
(b) Other current liabilities	2.9	-	1,900
		2,152	77,269
TOTAL EQUITY AND LIABILITIES		120,209	189,250

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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



per Yogesh Midha
Partner
Membership Number: 094941



Gurugram, India
Date: 11 June 2018

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



Prahlad Rai Bansal
Director



Rahul Singh
Director

Noida (UP), India
Date: 11 June 2018

HCL Eagle Limited**Statement of Profit and Loss for the year ended 31 March 2018**

(All amounts in thousands of ₹ unless stated otherwise)

	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
I Revenue			
Revenue from operations	2.10	-	272,560
Other income	2.11	8,852	18,857
Total revenue		8,852	291,417
II Expenses			
Finance costs	2.12	16	40
Outsourcing costs		-	227,624
Other expenses	2.13	800	5,035
Total expenses		816	232,699
III Profit before tax		8,036	58,718
IV Tax expense	2.15		
Current tax		(603)	14,651
Deferred tax charge		2,563	4,672
Total tax expense		1,960	19,323
V Profit for the year		6,076	39,395
VI Other comprehensive income		-	-
VII Total Comprehensive Income for the year		6,076	39,395
Earnings per equity share of ₹ 10 each			
Basic and Diluted (in ₹)	2.14	60.76	393.95
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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



per Yogesh Midha
Partner

Membership Number:

Gurugram, India
Date: 11 June 2018



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



Prahlad Rai Bansal
Director



Rahul Singh
Director

Noida (UP), India
Date: 11 June 2018

HCL Eagle Limited

Statement of Changes in Equity for the year ended 31 March 2018

(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, 2016	100,000	1,000	71,586
Profit for the year	-	-	39,395
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	39,395
Balance as at 31 March, 2017	100,000	1,000	110,981
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

Summary of significant accounting policies (Note 1)

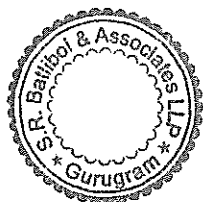
The accompanying notes are an integral part of the financial statements

As per our report of even date

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



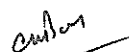
per Yogesh Midha
Partner



Membership Number:

Gurugram, India
Date: 11 June 2018

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



Prahlad Rai Bansal
Director



Rahul Singh
Director

Noida (UP), India
Date: 11 June 2018

HCL Eagle Limited
Statement of Cash Flows

(All amounts in thousands of ₹ unless stated otherwise)

	Year ended 31 March 2018	Year ended 31 March 2017
A. Cash flows from operating activities		
Profit before tax	8,036	58,718
Adjustment for:		
Income on investments carried at fair value through profit and loss	(8,527)	(8,939)
Provision no longer required, written back	(114)	(8,822)
Provision for other current assets	504	-
Operating profit before working capital changes	(101)	40,957
Movement in Working Capital		
(Increase)/ decrease in trade receivables	27,425	(7,336)
(Increase)/ decrease in other financial assets and other assets	25,010	1,683
Increase/(decrease) in trade payables	(50,728)	11,658
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	(25,553)	502
Cash generated from operations	(23,947)	47,464
Direct taxes paid (net of refunds)	5,985	(36,045)
Net cash flow from / (used in) operating activities (A)	(17,962)	11,419
B. Cash flows from investing activities		
Purchase of investments in securities	(63,000)	(262,900)
Proceeds from sale of investments in securities	77,500	254,100
Net cash flow from / (used in) investing activities (B)	14,500	(8,800)
Net increase (decrease) in cash and cash equivalents (A+B)	(3,462)	2,619
Cash and cash equivalents at the beginning of the year	4,599	1,980
Cash and cash equivalents at the end of the year as per note 2.3	1,137	4,599

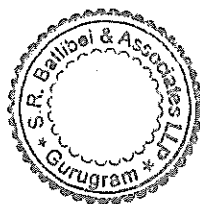
Summary of significant accounting policies (Note 1)

As per our report of even date.

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

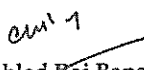



per Yogesh Midha
Partner
Membership Number: 094941



Gurugram, India
Date: 11 June 2018

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


Prahlad Rai Bansal
Director


Rahul Singh
Director

Noida (UP), India
Date: 11 June 2018

(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, 2018 were approved and authorized for issue by the Board of Directors on 25 May 2018.

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).

During this year, basis review of business, management of the Company believes that there is a significant doubt on the entity's ability to continue as going concern. Accordingly, these financial statements have been prepared on a basis other than going concern. Where appropriate, adjustments have been made to reduce the carrying value of assets to their estimated realizable value, to provide for any further liabilities which will arise, and long term liabilities and assets as current liabilities and assets.

Preparation of financial statements on a basis other than going concern involves the company making estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances and are continually re-evaluated.

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.



(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.



(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 received by the customer, the price of services is fixed or determinable and collectability is reasonably assured. The Company derives revenues primarily from:-

i) Software services

Revenue from software services comprises income from time and material and fixed price contracts. Revenue with respect to time and material contracts is recognized as related services are performed. Revenue from fixed price contracts is recognized in accordance with the percentage completion method under which the revenue is recognized on the basis of cost incurred in respect of each contract as a proportion of total cost expected to be incurred. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provision for estimated losses is made during the year in which a loss becomes probable based on current cost estimates. Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered. Income from revenue sharing agreements is recognized when the right to receive is established.

Earnings in excess of billing are classified as unbilled revenue, while billing in excess of earnings is classified as unearned revenue. Incremental revenue from existing contracts arising on future sales of the customers' products will be recognized when it is earned. Revenue and related direct costs from transition services in outsourcing arrangements are deferred and recognized over the period of the arrangement. Certain upfront non-recurring costs incurred in the initial phases of outsourcing contracts and contract acquisition costs, are deferred and amortized usually on a straight line basis over the term of the contract.

Revenues are shown net of value added tax, service tax and applicable discounts and allowances.

ii) 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.



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

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) Leases

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(h) 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.

(i) 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 short-term deposits

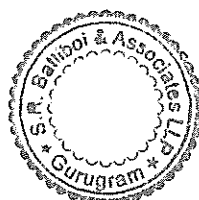
Cash and short-term deposits in the balance sheet comprise cash in banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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



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

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 include trade and other payables.

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

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

Derecognition

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

(j) 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.



HCL Eagle Limited

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands of ₹ unless stated otherwise)

2.1 Financial Assets - Investments

	As at	
	31 March 2018	31 March 2017
Carried at fair value through profit and loss		
Unquoted investment		
Investment in mutual fund	118,410	124,384
Aggregate amount of current investments	118,410	124,384

2.2 Trade receivables

	As at	
	31 March 2018	31 March 2017
Unsecured considered good - related party (refer note 2.17)	-	27,425
Unsecured considered doubtful	-	-
	-	27,425
Provision for doubtful receivables	-	-
	-	27,425

2.3 Cash and bank balances

	As at	
	31 March 2018	31 March 2017
Cash and cash equivalent		
Balance with banks		
- in current accounts	1,137	4,599
	1,137	4,599

2.4 Unbilled revenue

	As at	
	31 March 2018	31 March 2017
Current		
Carried at amortized cost		
Unbilled revenue-related parties (refer note 2.17)	-	24,896
	-	24,896

2.5 Other current assets

	As at	
	31 March 2018	31 March 2017
Unsecured , considered doubtful		
Service tax receivable	504	504
Less: Provision for other current assets	(504)	-
	-	504



HCL Eagle Limited

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands of ₹ unless stated otherwise)

2.6 Share Capital

	As at	
	31 March 2018	31 March 2017
Authorized		
100,000 (31 March 2018), 100,000 (31 March 2017) equity shares of ₹ 10 each	1,000	1,000
Issued, subscribed and fully paid up		
100,000 (31 March 2018), 100,000 (31 March 2017) 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.

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

	As at			
	31 March 2018		31 March 2017	
	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 year	-	-	-	-
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 2018	31 March 2017
HCL Technologies Limited, the holding company		
100,000 (31 March 2018), 92,000 (31 March 2017) equity shares of ₹ 10 each	1,000	920

During the year, the HCL Technologies Limited has acquired 8,000 equity shares of ₹ 10 each of the company for a purchase consideration of ₹ 80 thousands thereby making it as 100 % holding company.

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

Name of the shareholder	As at			
	31 March 2018		31 March 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 10 each fully paid				
HCL Technologies Limited, the holding company	100,000	100.00%	92,000	92.00%
Great American Insurance Company	-	-	8,000	8.00%

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).

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the company while maximizing the shareholder value. The Company determines the capital requirement based on annual operating plans. The funding requirements are generally met through operating cash flows generated.



HCL Eagle Limited

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands of ₹ unless stated otherwise)

2.7 Trade payables

	As at	
	31 March 2018	31 March 2017
Trade payables	-	6
Trade payables-related parties (refer note 2.17)	-	50,722
	-	50,728

2.8 Other financial liabilities

	As at	
	31 March 2018	31 March 2017
Current		
Carried at amortized cost		
Liabilities for expenses	986	6,698
Liabilities for expenses-related parties (refer Note 2.17)	-	17,943
	986	24,641

2.9 Other current liabilities

	As at	
	31 March 2018	31 March 2017
Withholding and other taxes payable	-	1,900
	-	1,900

2.10 Revenue from operations

	Year ended	
	31 March 2018	31 March 2017
Sale of services	-	272,560
	-	272,560

2.11 Other income

	Year ended	
	31 March 2018	31 March 2017
Income on investments carried at fair value through profit and loss		
- Gains on fair value changes on mutual funds	4,818	464
- Profit on sale of mutual funds	3,709	8,475
Provisions no longer required, written back	114	8,822
Exchange differences (net)	211	1,096
	8,852	18,857



2.12 Finance cost

	Year ended	
	31 March 2018	31 March 2017
Interest		
-others	-	1
Bank charges	16	39
	16	40

2.13 Other expenses

	Year ended	
	31 March 2018	31 March 2017
Rent	-	4,104
Legal and professional charges	239	841
Rates and taxes	47	90
Provision for other current assets	504	-
Miscellaneous Expenses	10	-
	800	5,035

2.14 Earnings per share

The computation of earnings per share is as follows:

	Year ended	
	31 March 2018	31 March 2017
Net profit as per statement of profit and loss for computation of EPS	6,076	39,395
Weighted average number of equity shares outstanding in calculating Basic EPS	100,000	100,000
Nominal value of equity shares (in ₹)	10.00	10.00
Earnings per equity share (in ₹)		
- Basic	60.76	393.95
- Diluted	60.76	393.95

2.15 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 2018	31 March 2017
Profit before income tax	8,036	58,718
Statutory tax rate in India	25.75%	33.06%
Expected tax expense	2,069	19,414
Income tax at lower / higher rate	-	(279)
Interest on Income tax refund received (net)	(532)	-
Other permanent differences	385	188
Others	38	-
Total taxes	1,960	19,323
Effective income tax rate	24.4%	32.9%



HCL Eagle Limited

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands of ₹ unless stated otherwise)

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

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

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
MAT credit entitlement	1,835	(1,835)	-
Provision for doubtful debts	2,955	(2,955)	-
Others	1,710	(185)	1,525
Gross deferred tax assets (A)	6,500	(4,975)	1,525
Deferred tax liabilities			
Unrealized gain on mutual fund	431	(303)	128
Gross deferred tax liabilities (B)	431	(303)	128
Net deferred tax assets (A-B)	6,069	(4,672)	1,397

2.16 Leases

Operating leases

The Company leases office spaces under operating lease agreements. The lease rental expense recognised in the statement of profit and loss for the year is NIL (previous year : ₹ 4,104 thousands). There are no non-cancellable operating leases.

2.17 Related Party disclosure

Related parties where control exists

Holding company:

HCL Technologies Limited

Transactions with related parties during the normal course of business	Holding company		Significant influence	
	Year ended		Year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Revenues	-	-	-	272,560
Outsourcing charges	-	227,624	-	-
Payment for use of facilities	-	4,104	-	-



HCL EAGLE LIMITED
Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands of ₹ unless stated otherwise)

2.17 Related Party disclosure (Continued)

Outstanding balances	Holding company		Significant influence	
	As at		As at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Trade receivables	-	-	-	27,425
Unbilled revenue	-	-	-	24,896
Trade payables	-	50,721	-	-
Liabilities for expense	-	17,944	-	-

2.18 Financial instruments
(a) Financial assets and liabilities

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

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	118,410	-	118,410
Cash and cash equivalents	-	1,137	1,137
Total	118,410	1,137	119,547
Financial liabilities			
Others (refer note 2.8)	-	986	986
Total	-	986	986

The carrying value of financial instruments by categories as at 31 March 2017 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	124,384	-	124,384
Trade receivables	-	27,425	27,425
Cash and cash equivalents	-	4,599	4,599
Others (refer note 2.4)	-	24,896	24,896
Total	124,384	56,920	181,304
Financial liabilities			
Trade payables	-	50,728	50,728
Others (refer note 2.8)	-	24,641	24,641
Total	-	75,369	75,369



HCL EAGLE LIMITED

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands of ₹ unless stated otherwise)

2.18 Financial instruments (continued)

Fair value hierarchy

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

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

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

The following table discloses the assets and liabilities measured at fair value on a recurring basis as at 31 March, 2017 and the basis for that measurement:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	124,384	124,384	-	-

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 equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.



HCL EAGLE LIMITED**Notes to financial statements for the year ended 31 March 2018**

(All amounts in thousands of ₹ unless stated otherwise)

2.18 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's exposure to the risk of changes in exchange rates relates primarily to the Company's operations.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency. A significant portion of the Company revenue was in US Dollar while a large portion of costs are in Indian rupees. The fluctuation in exchange rates in respect to the Indian rupee may had potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would not result in decrease / increase in the Company's profit before tax for the year ended 31 March, 2018.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of the currency by 1% against the respective functional currency of the Company. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March 2018 and 31 March 2017 in major currency is as below:

	Net financial assets		Net financial liabilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
USD / INR	-	44,294	-	90,018

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled revenue 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.

The customer of the Company was primarily corporation based in the United States of America and accordingly, trade receivables are concentrated. The Company periodically assessed the financial reliability of customer, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables.



HCL EAGLE LIMITED**Notes to financial statements for the year ended 31 March 2018**

(All amounts in thousands of ₹ unless stated otherwise)

2.18 Financial instruments (continued)

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

	As at	
	31 March 2018	31 March 2017
Balance at the beginning of the year	-	8,808
Additional provision during the year	-	-
Deductions on account of write offs and collections	-	(8,822)
Effect of exchange rates changes	-	14
Balance at the end of the year	-	-

2.19 Micro and Small Enterprises:

As per information with the management, the due payable as at any time during the year ended 31 March, 2018 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.

2.20 Auditor's remuneration:

	Year ended	
	31 March 2018	31 March 2017
Audit fees	180	180
	180	180

2.21 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 year. Single customer represented 100% revenue of the Company during previous year.



HCL EAGLE LIMITED

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands of ₹ unless stated otherwise)

3. Previous year comparatives

The Company has changed its presentations from "₹ in absolute amount" to "₹ in thousands" and accordingly, amounts less than ₹ 0.50 thousands are rounded off to Nil.

As per our report of even date

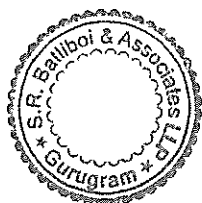
For S. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration Number: 101049W/E300004

Chartered Accountants

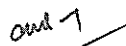


per Yogesh Midha
Partner
Membership Number:



Gurugram, India
Date: 11 June 2018

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



Prahlad Rai Bansal
Director

Noida (UP), India
Date: 11 June 2018



Rahul Singh
Director