HCL Foundation

Financial Statements

Years ended 31 March 2020 and 2019

HCL Foundation
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) Cash and cash equivalents	**2.1**	268	329
TOTAL ASSETS		**268**	**329**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	**2.2**	500	500
(b) Other equity		(262)	(221)
TOTAL EQUITY		**238**	**279**
(2) Current liabilities			
(a) Financial liabilities			
(i) Liabilities for expenses	**2.3**	30	50
TOTAL EQUITY AND LIABILITIES		**268**	**329**
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 B S R & Co. LLP
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

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Anurag Maheshwary
Partner
Membership Number: 506533

Place: Gurugram, India
Date: 01 July 2020

For and on behalf of the Board of Directors of HCL Foundation

Sanjay Kumar Mendiratta
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Sanjay Mendiratta
Director

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Amit Roy
Director

Place: Noida (UP), India
Date: 01 July 2020

HCL Foundation

Statement of Income and Expenditure 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	**Income**		-	-
II	**Expenditure**			
	Other expenses	**2.4**	41	32
	Total expenses		**41**	**32**
III	**Excess of expenditure over income**		**(41)**	**(32)**
IV	**Tax expense**		-	-
V	**Excess of expenditure over income after tax**		**(41)**	**(32)**
VI	**Other comprehensive income for the year**		-	-
VII	**Total comprehensive loss for the year**		**(41)**	**(32)**
	Earnings per equity share of ₹ 10 each			
	Basic (in ₹)		(0.82)	(0.64)
	Diluted (in ₹)		(0.82)	(0.64)
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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Amit Roy
Director

Place: Noida (UP), India
Date: 01 July 2020 2020

HCL Foundation

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	
			Reserves and Surplus	
	Number of Shares	Share capital	Retained earnings	Total
Balance as at 1 April 2018	50,000	500	(189)	(189)
Excess of expenditure over income	-	-	(32)	(32)
Total comprehensive loss for the year	**-**	**-**	**(32)**	**(32)**
Balance as at 31 March 2019	**50,000**	**500**	**(221)**	**(221)**
Excess of expenditure over income	-	-	(41)	(41)
Total comprehensive loss for the year	**-**	**-**	**(41)**	**(41)**
Balance as at 31 March 2020	**50,000**	**500**	**(262)**	**(262)**

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR B S R & Co. LLP
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Amit Roy
Director

Place: Noida (UP), India
Date: 01 July 2020

HCL Foundation

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		
Excess of expenditure over income before tax	(41)	(32)
Changes in Working Capital		
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	(20)	-
Net cash used in operating activities	**(61)**	**(32)**
Net (decrease) in cash and cash equivalents	(61)	(32)
Add: Cash and cash equivalents at the beginning of the year	329	361
Cash and cash equivalents at the end of the year(Refer Note 2.1)	**268**	**329**

Refer note 1 for summary of significant accounting policies

As per our report of even date

FOR B S R & Co. LLP
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Date: 01 July 2020

For and on behalf of the Board of Directors
For HCL Foundation

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Sanjay Mendiratta
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Amit Roy
Director

Place: Noida (UP), India
Date: 01 July 2020

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

Overview

HCL Foundation, a Company limited by shares not for profit under section 8 of the Companies Act, 2013 having its registered office at, 806, Siddharth, 96 Nehru Place, New Delhi, was formed on 30 December 2014. The main purpose of Company is :

- To undertake activities for eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation and making available safe drinking water.
- To promote education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- To undertake activities for promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- To undertake rural development projects, development of semi urban and urban slums and the development activities shall include activities on healthcare, education, infrastructure building, sanitation, safe drinking water, etc.
- To undertake such other corporate social responsibility activities for facilitating the social and economic upliftment of the common man, protection of environment and natural resources and overall social and economic development of the economy and such activities may include for ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water; protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts; measures for the benefit of armed forces veterans, war widows and their dependents; training to promote rural sports, nationally recognized sports, paralympics' sports and olympic sports.

The financial statements for the year ended 31 March 2020 were approved and authorized for issue by the Board of Directors on 01 July 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and measurement

The financial statements of the company have been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the 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.

During the year, the Company has decided to initiate the liquidation procedures as the management of the Company does not intend to continue with its operations and will cease all its activities. Accordingly, these financial statements have been prepared under liquidation basis.

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) 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.

c) 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.

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 surplus or deficit) 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
c) 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 income and expenditure. The losses arising from impairment are recognized in the statement of income and expenditure. This category includes cash and bank balances.

De recognition
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.

Financial liabilities

All financial liabilities are recognized initially at fair value. The Company's financial liabilities includes 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 income and expenditure 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 income and expenditure.

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

d) Income taxes

The Company is a non-profitable company registered under section 12A of the Income Tax Act, 1961 ('the Act'). Under the provisions of the Act, the income of the Company is exempted from tax, subject to the compliance of specific terms and conditions specified in the Act.

e) Earnings per share

Basic EPS amounts are computed by dividing the net income 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 income 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 Foundation

Notes to financial statements for the year ended 31 March 2020

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

2.1 Cash and bank balances

	As at	
	31 March 2020	**31 March 2019**
(a) Cash and cash equivalents		
Balance with banks		
- in current accounts	268	329
	268	**329**

2.2 Equity share capital

	As at	
	31 March 2020	**31 March 2019**
Authorized		
50,000 (31 March 2019, 50,000) equity shares of ₹10 each	500	500
Issued, subscribed and fully paid up		
50,000 (31 March 2019, 50,000) equity shares of ₹10 each	500	500

Terms/ rights,preferences and restrictions 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.

The Company is a section 8 company as per the provisions of the Companies Act, 2013. In accordance with the current Memorandum of Association (MOA) of the Company, in the event of winding up or dissolution of the Company, the holder of equity shares will not be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The amount remaining, if any, shall be given or transferred to such other company having similar objects, subject to such conditions as the Tribunal may impose, or may be sold and proceeds thereof credited to Rehabilitation and Insolvency Fund formed under Section 269 of the Companies Act, 2013.

It is notable that the Company has applied to the Regional Director for conversion of status of the Company from a section 8 company into a private limited company and is pending sanction by the Regional Director. In accordance with the new MOA that the Company will adopt post conversion, the Company may distribute among the members in specie, all or any property of the Company, or any proceeds of sale or disposal of any property of the Company, in the event of winding up of the Company, subject to the provisions to the Companies Act, 2013.

Company does not hold any assets or liabilities except cash & bank and equity.

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 Thousands**	**No. of shares**	**₹ in Thousands**
Number of shares at the beginning of the year	50,000	500	50,000	500
Add: Shares issued during the year	-	-	-	-
Number of shares at the end of the year	50,000	500	50,000	500

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**
Equity shares of ₹ 10 each fully paid				
HCL Technologies Limited and its nominee shareholders	50,000	100%	50,000	100%

HCL Foundation

Notes to financial statements for the year ended 31 March 2020

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

2.2 Share capital (Continued)

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 Technologies Limited and its nominee shareholders	50,000	100%	50,000	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 are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back during the year (31 March 2019, Nil).

2.3 Financial liabilities

	As at	
	31 March 2020	31 March 2019
Carried at amortized cost		
Liabilities for expenses	30	50
	30	50

2.4 Other expenses

	Year ended	
	31 March 2020	31 March 2019
Legal and professional charges	36	32
Rates and taxes	5	-
	41	**32**

2.5 Earning per share

The computation of earnings per share is as follows: -

	As at	
	31 March 2020	31 March 2019
Excess of expenditure over income as per statement of income and expenditure for computation of EPS	(41)	(32)
Weighted average number of shares outstanding in calculating basic EPS	50,000	50,000
Weighted average number of shares outstanding in calculating dilutive EPS	50,000	50,000
Nominal value of equity shares (in ₹)	10	10
Earnings per equity share (in ₹)		
- Basic	(0.82)	(0.64)
- Diluted	(0.82)	(0.64)

2.6 Financial instruments

a) Financial assets and liabilities

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

	Amortized cost	Total carrying value
Financial assets		
Cash and cash equivalents	268	268
Total	**268**	**268**
Financial liabilities		
Liabilities for expenses	30	30
Total	**30**	**30**

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

	Amortized cost	Total carrying value
Financial assets		
Cash and cash equivalents	329	329
Total	**329**	**329**
Financial liabilities		
Liabilities for expenses	50	50
Total	**50**	**50**

2.7 Payment to auditors

	Year ended	
	31 March 2020	31 March 2019
Audit fees	25	25
	25	**25**

2.8 Micro and small enterprises

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

2.9 Change in corporate structure

The members of the Company on the recommendations of the Board of Directors have decided to cease the operations. However, since the Company is a section 8 company under the provisions of the Companies Act, 2013, it cannot be directly closed down. The process would involve first, the conversion of the Company from a Section 8 company into a Private Limited Company with non-charitable objects upon seeking the approval of the Regional Director. The Board of Directors and the shareholders of the Company have, on July 17, 2019 and August 19, 2019 respectively, approved the conversion of status of the Company from a section 8 company into a private limited company as per the applicable provisions of the Companies Act, 2013. This is pending sanction by the Regional Director, Northern Region.

Post the receipt of the said approval, the Company shall apply for voluntary srtike off as per section 248 of the Companies Act, 2013.

As per our report of even date

FOR B S R & Co. LLP
Chartered Accountants
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Date: 01 July 2020

For and on behalf of the Board of Directors of HCL Foundation

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