HCL Technologies Bulgaria EOOD

Financial Statement

For the period ended 31st December 2019

HCL Technologies Bulgaria EOOD

Balance Sheet as at 31 December 2019

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

	Note No.	As at 31 December 2019 (BGN)	As at 31 December 2019 Refer Note 1(a) (₹)
I. ASSETS			
(1) Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	**2.1**	85	3,478
TOTAL ASSETS		**85**	**3,478**
II. EQUITY			
(a) Equity share capital	**2.2**	85	3,478
(b) Other Equity		-	-
TOTAL EQUITY AND LIABILITIES		**85**	**3,478**
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

ANURAG KUMAR MAHESHWARY Digitally signed by ANURAG KUMAR MAHESHWARY Date: 2020.08.07 22:26:45 +05'30'

Anurag Maheshwary
Partner
Membership Number : 506533

Gurgaon, India
Date: 7 August 2020

For and on behalf of the Board of Directors of HCL Technologies Bulgaria EOOD

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2020.08.07 21:28:45 +05'30'

SUBRAMANIAN GOPALAKRISHNAN Digitally signed by SUBRAMANIAN GOPALAKRISHNAN Date: 2020.08.07 21:29:19 +05'30'

Shiv Walia Director

Subramanian Gopalakrishnan Director

Date: 7 August 2020

HCL Technologies Bulgaria EOOD

Statement of Changes in Equity for period 18 November 2019 till 31 December 2019

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

Amount in BGN

	Equity share capital	
	Shares	**Share Capital**
Issue of equity shares during the period	85	85
Balance as of December 31, 2019	85	85

Amount in ₹

	Equity share capital	
	Shares	**Share Capital**
Issue of equity shares during the period	85	3,478
Balance as of December 31, 2019	85	3,478

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 B S R & CO. LLP
Chartered Accountants
Firm's Registration No. : 101248W/W-100022

ANURAG KUMAR MAHESHWARY Digitally signed by ANURAG KUMAR MAHESHWARY Date: 2020.08.07 22:27:52 +05'30'

Anurag Maheshwary
Partner
Membership Number : 506533

Gurgaon, India
Date: 7 August 2020

For and on behalf of the Board of Directors
of HCL Technologies Bulgaria EOOD

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Shiv Walia **Subramanian Gopalakrishnan**
Director Director

Date: 7 August 2020

HCL Technologies Bulgaria EOOD

Statement of Cash flow for the period 18 November 2019 till 31 December 2019

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

		Period ended 31 December 2019 (BGN)	Period ended 31 December 2019 Refer Note 1(a) (₹)
A. Cash flows from financing activities			
Proceeds from issue of share capital		85	3,478
Net cash generated from/(used in) financing activities	**(A)**	**85**	**3,478**
Net increase in cash and cash equivalents (A)		85	3,478
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period as per note 2.1		**85**	**3,478**
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 B S R & CO. LLP
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ANURAG KUMAR MAHESHWARY Digitally signed by ANURAG KUMAR MAHESHWARY Date: 2020.08.07 22:29:13 +05'30'

Anurag Maheshwary
Partner
Membership Number : 506533

Gurgaon, India
Date: 7 August 2020

For and on behalf of the Board of Directors of HCL Technologies Bulgaria EOOD

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SUBRAMANIAN GOPALAKRISHNAN Digitally signed by SUBRAMANIAN GOPALAKRISHNAN Date: 2020.08.07 21:30:32 +05'30'

Shiv Walia Director

Subramanian Gopalakrishnan Director

Date: 7 August 2020

Company Overview

HCL Technologies Bulgaria EOOD (hereinafter referred to as 'Company') is a Business Transformation consultancy company aiming to provide medium and large size organizations with Business Transformation solutions that encompass all elements of Business Consulting, Solution Implementation and ongoing Application Management. The Company was incorporated on 18 November 2019 in Bulgaria.

The financial statements for the period ended 31 December 2019 were approved and authorized for issue by the Board of Directors on 7 August 2020.

1. Significant Accounting Policies

a) *Basis of preparation*

The financial statements of the Company have been prepared in accordance with recognition and measurement principle laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, (as amended from time to time) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the financial statements. The company is not domiciled in India and hence was not incorporated under Companies Act, 2013 or under any previous Company law in India. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

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 accounting policy regarding financial instruments).

The functional currency of the Company is BGN. The translation from BGN to ₹ is included solely for the convenience of readers in India and has been performed using rate of BGN 1 = ₹ 40.9223/-, the exchange rate prevailing as at the last day of the financial period. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, BGN at that or any other rate.

The Company has not commenced operations upto 31 December 2019 and is in the process of taking requisite actions to begin operations as per the business plan.

b) *Use of estimates*

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon 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. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

c) ***Foreign currency transactions***

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) ***Taxation***

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions.

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

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

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

e) ***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 in the balance sheet comprise cash in banks, which is subject to an insignificant risk of changes in Values.

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.
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.

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 statement of profit and loss.

ii. Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans 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 except for deferred consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

f) ***Earnings per share***

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

g) ***Provisions***

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

h) ***Contingent liabilities***

A contingent liability is a possible obligation that may arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

2.1 Cash and cash equivalents

	As at	
	31 December 2019	31 December 2019
	(BGN)	(₹)
Balance with banks		
- in current accounts	85	3,478
	85	**3,478**

2.2 Share Capital

	As at	
	31 December 2019	31 December 2019
	(BGN)	(₹)
Authorized		
85,000 Equity shares of BGN 1 each	85	3,478
Issued, subscribed and fully paid up		
85,000 Equity shares of BGN 1 each	85	3,478

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of BGN 1/-. 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 reporting period

	As at 31 December 2019	
	No. of shares	Amount in BGN
Number of shares at the beginning	-	-
Add: Shares issued during the period	85,000	85,000
Number of shares at the end	85,000	85,000

Shares held by holding Company:-

	As at 31 December 2019	
	No. of shares	% holding in the class
Equity shares of BGN 1 each fully paid		
HCL Technologies UK limited, the holding company	85,000	100%

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

	As at 31 December 2019	
	No. of shares	% holding in the class
Equity shares of BGN 1 each fully paid		
HCL Technologies UK limited, the holding company	85,000	100%

As per the records of the Company, including its register of shareholders/members received from 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 immediately preceding the reporting date from date of incorporation.

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 and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated.

HCL Technologies Bulgaria EOOD
Notes to Financial Statement for the period ended 31 December 2019
(All amounts in thousands except share data and as stated otherwise)

2.3 Earnings per equity share (EPS)

Particulars	As at	
	31 December 2019	31 December 2019
	(BGN)	(₹)
Net profit/(Loss) as per statement of profit and loss for computation of EPS	-	-
Weighted average number of equity shares outstanding during the period 18th Nov to 31st Dec 2019 in calculating Basic and dilutive EPS	85,000	85,000
Nominal value of equity shares (BGN)	1	40.92
Loss/ Profit per equity share (BGN)		
- Basic and Diluted	-	-

2.4 Financial Instruments
Financial assets and liabilities

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

	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
	(BGN)	(BGN)	(₹)	(₹)
Financial Assets				
Cash and Cash Equivalents	85	85	3,478	3,478
Total	85	85	3,478	3,478

2.5 Subsequent event note:

The Company has evaluated all the subsequent events through 7 August 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.

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

Gurgaon, India
Date: 7 August 2020

For and on behalf of the Board of Directors
of HCL Technologies Bulgaria EOOD

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Shiv Walia
Director

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Subramanian Gopalakrishnan
Director

Date: 7 August 2020