

**HCL Technologies Luxembourg S.a.r.l**  
**STANDALONE FINANCIAL STATEMENT**

For the year ended 31 March 2018 and 31 March 2017

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of HCL Technologies Luxembourg S.a.r.l

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of HCL Technologies Luxembourg S.a.r.l ("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 Financial Statements**

The Company's Board of Directors is responsible for 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 Companies Act, 2013 ("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.

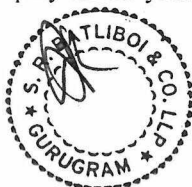
### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We 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. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. 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 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.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

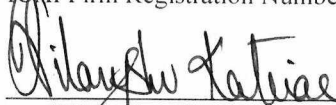
## **Other matters**

This report covering the financial statements of the Company for the year ended March 31, 2018 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. These financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1 (a) to the financial statements of the company, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Nilangshu Katriar

Partner

Membership Number: 58814



Place: Gurugram

Date: July 12, 2018

HCL Technologies Luxembourg S.a.r.l

Balance Sheet as at 31 March 2018

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

	Note No.	As at 31 March 2018 (EUR)	As at 31 March 2017 (EUR)	As at 31 March 2018 (₹)
<b>I. ASSETS</b>				
(1) Current assets				
(a) Financial assets				
(i) Trade receivables	2.1	240	110	19,416
(ii) Cash and cash equivalents	2.2	182	210	14,706
(iii) Others	2.3	4	23	352
(b) Other current assets	2.4	26	15	2,126
<b>TOTAL ASSETS</b>		<b>452</b>	<b>358</b>	<b>36,600</b>
<b>II. EQUITY</b>				
(a) Equity share capital	2.5	50	50	4,040
(b) Other equity		339	218	27,410
<b>III. LIABILITIES</b>				
(1) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	2.6	31	72	2,514
(ii) Others	2.7	21	8	1,772
(b) Other current liabilities	2.8	0	0	18
(c) Provisions	2.9	1	2	49
(d) Current tax liabilities (net)		10	8	797
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>452</b>	<b>358</b>	<b>36,600</b>

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 & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants

*per Nilangshu Katriar*

Partner

Membership Number: 58814

Gurugram, India

Date: 12 July, 2018



For and on behalf of the Board of Directors  
HCL Technologies Luxembourg S.a.r.l

*Shiv Kumar Walia*  
Shiv Kumar Walia  
Director

*Lalit Sharma*  
Lalit Sharma  
Director

Date: 12 July, 2018

*WCL*

HCL Technologies Luxembourg S.a.r.l  
Statement of profit and loss for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

	Note No.	Year ended 31 March 2018 (EUR)	Year ended 31 March 2017 (EUR)	Year ended 31 March 2018 (₹)
<b>I Revenue</b>				
Revenue from operations	2.10	478	327	38,590
<b>Total income</b>		<u>478</u>	<u>327</u>	<u>38,590</u>
<b>II Expenses</b>				
Employee benefits expense	2.11	333	186	26,881
Finance costs	2.12	1	0	63
Outsourcing costs		-	39	-
Other expenses	2.13	120	84	9,732
<b>Total expenses</b>		<u>454</u>	<u>309</u>	<u>36,676</u>
<b>III Profit before tax</b>		<u>24</u>	<u>18</u>	<u>1,914</u>
<b>IV Tax expense</b>				
Current tax	2.14	3	6	205
<b>Total tax expense</b>		<u>3</u>	<u>6</u>	<u>205</u>
<b>V Profit for the year</b>		<u>21</u>	<u>12</u>	<u>1,709</u>
<b>VI Other comprehensive income</b>				
Items that will not be reclassified to profit or loss		-	-	-
Items that will be reclassified subsequently to profit or loss		-	-	-
<b>VII Total comprehensive income for the year</b>		<u>21</u>	<u>12</u>	<u>1,709</u>
<b>Earnings per equity share of Eur 100 each</b>				
Basic and Diluted	2.15	7.86	4.93	635.73
<b>Summary of significant accounting policies</b>	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP  
ICAI Firm Registration Number: 301003E/E300005  
Chartered Accountants

per Nilangshu Katriar  
Partner  
Membership Number: 58814

Gurugram, India  
Date: 12 July, 2018



For and on behalf of the Board of Directors  
HCL Technologies Luxembourg S.a.r.l

Shiv Kumar Walia  
Director

Lalit Sharma  
Director

Date: 12 July, 2018

WLB

HCL Technologies Luxembourg S.a.r.l.  
Statement of Changes in Equity for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

Amount in EUR

	Equity share capital		Other equity			Total equity
	Shares	Share capital	Capital contribution account	Share application money pending allotment	Retained earnings	
Balance as of 1 April 2016	500	50	-	200	6	206
Profit for the period	-	-	-	-	12	12
Other comprehensive income / (loss)	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	12	12
Infusion on account on capital contribution account	-	-	200	(200)	-	-
Share application money pending allotment	-	-	-	-	-	-
<b>Balance as of 31 March 2017</b>	500	50	200	-	18	218
Balance as of 1 April 2017	500	50	200	-	18	218
Profit for the year	-	-	-	-	21	21
Other comprehensive income / (loss)	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	21	21
Infusion on account of capital contribution account	-	-	100	-	-	100
<b>Balance as of 31 March 2018</b>	500	50	300	-	39	339

Note: Capital contribution account EUR 300 (P.Y EUR 200) carry the same pari passu rights w.r.t equity shareholders along with the eligibility for dividend rights without corresponding issuance of equity shares in accordance with Account 115 of the local company law of the country.

Amount in ₹

	Equity share capital		Other equity			Total equity
	Shares	Share capital	Capital contribution account	Share application money pending allotment	Retained earnings	
Balance as of 1 April 2017	500	4,040	16,162	-	1,460	17,622
Profit for the year	-	-	-	-	1,707	1,707
Other comprehensive income / (loss)	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	1,707	1,707
Infusion on account of capital contribution account	-	-	8,081	-	-	8,081
<b>Balance as of 31 March 2018</b>	500	4,040	24,243	-	3,167	27,410

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 & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants

*Nilangshu Katriar*  
per Nilangshu Katriar  
Partner  
Membership Number: 58814



Gurugram, India

Date: 12 July, 2018

For and on behalf of the Board of Directors  
HCL Technologies Luxembourg S.a.r.l

*Shiv Kumar Walia*  
Shiv Kumar Walia  
Director

*Lalit Sharma*  
Lalit Sharma  
Director

Date: 12 July, 2018

*WV*



HCL Technologies Luxembourg S.a.r.l.

Cash flow statement for the year ended 31 March 2018

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

	Year ended 31 March 2018 (EUR)	Year ended 31 March 2017 (EUR)	Year ended 31 March 2018 (€)
<b>A. Cash flows from operating activities</b>			
Profit before tax	24	18	1,914
<b>Operating profit before working capital changes</b>	<b>24</b>	<b>18</b>	<b>1,914</b>
<b>Movement in working capital</b>			
(Increase)/ decrease in trade receivables	(130)	26	(10,494)
(Increase)/ decrease in other financial assets and current assets	7	3	593
Increase/ (decrease) in trade payable	(40)	57	(3,269)
Increase/ (decrease) in provisions and other liabilities	12	2	1,030
<b>Cash generated from/(used) in operations</b>	<b>(127)</b>	<b>106</b>	<b>(10,226)</b>
Direct taxes paid (net of refunds)	1	-	86
<b>Net cash flow from/(used) in operating activities (A)</b>	<b>(128)</b>	<b>106</b>	<b>(10,312)</b>
<b>B. Cash flows from financing activities</b>			
Proceeds from capital contribution	100	-	8,081
<b>Net cash flow from financing activities (B)</b>	<b>100</b>	<b>-</b>	<b>8,081</b>
Net increase/(decrease) in cash and cash equivalents (A+B)	(28)	106	(2,231)
Cash and cash equivalents at the beginning of the year	210	104	16,937
<b>Cash and cash equivalents at the end of the year as per note 2.2</b>	<b>182</b>	<b>210</b>	<b>14,706</b>

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants

per Nilangshu Katriar

Partner

Membership Number: 58814



Gurugram, India

Date: 12 July, 2018

For and on behalf of the Board of Directors

HCL Technologies Luxembourg S.a.r.l.

Shiv Kumar Walia

Director

Lalit Sharma

Director

Date: 12 July, 2018

*WV*

**HCL Technologies Luxembourg S.a.r.l**  
**Notes to financial statements for the year ended 31 March 2018**

**Company Overview**

HCL Technologies Luxembourg S.a.r.l (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 12 February 2015 in Luxembourg.

The financial statements for the year ended 31 March 2018 were approved and authorized for issue by the Board of Directors on 12 July, 2018.

**1. Significant Accounting Policies**

**a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as applicable to the HCL Technologies Limited (ultimate holding company).

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).

As the company is not domiciled in India and hence not registered under Companies Act, 2013 these financial statements have not been prepared to fully comply with the Companies Act, 2013 and so they do not reflect all the disclosures requirements of the Act.

The functional currency of the Company is EUR. The translation from EUR to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of EUR 1 = ₹ 80.8081 the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, EUR at that or any other rate.

**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.

Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, income taxes, future obligations under employee benefit plans and other contingencies and commitments.

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) Leases**

**Where the Company is the lessee**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.





**d) Fair value measurement**

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

The guidance of fair value 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:

- i. Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- ii. Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.
- iii. Cost approach – Replacement cost method.

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

**e) Revenue Recognition**

**Contracts involving provision of services**

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Contracts can be primarily categorized as time-and-material or fixed price contracts.

**Time-and-material contracts**

Revenue with respect to time-and-material contracts is recognized as the related services are performed.

**Fixed Price contracts**

Revenue related to contracts providing maintenance and support services, is recognized over the term of the contract.

Revenue from technology integration and complex network building contracts is recognized in accordance with the Percentage-Of-Completion (POC) method. Under the POC method, progress towards completion is measured based on either achievement of specified contract milestones, cost incurred as a proportion of estimated total cost or other measures of progress when available. If circumstances arise that change the original estimates of revenues, costs, or extent of progress towards completion, revisions are made to the estimates. These revisions may result in increase or



decrease in estimated revenues or costs, and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known to the management. If at any time these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

Revenue related to other fixed price contracts is recognized in accordance with the Percentage of Completion method (POC). The cost incurred on the projects is used to measure progress towards completion. Costs are recorded as incurred over the contract period. Any revision in cost to complete would result in increase or decrease in revenue and income and such changes are recorded in the period in which they are identified. Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current cost estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenues that will be generated by the contract and are included in Cost of services and classified in other accrued liabilities.

In arrangements involving sharing of customer revenues, revenue is recognized when the amounts are known and the right to receive is established. Incremental revenue from existing contracts arising on future sales to the customers is recognized when it is earned and collectability is reasonably assured.

Revenues from unit-priced contracts are recognized as transactions are processed, based on objective measures of output.

Revenue is recognized net of discounts and allowances, value-added tax and service tax, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

#### **f) 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.

#### **g) Taxation**

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the 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, as well as the related interest and penalties.

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.



**HCL Technologies Luxembourg S.a.r.l**  
**Notes to financial statements for the year ended 31 March 2018**

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.

**h) Financial Instruments**

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

**i. Financial assets: Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.  
The company's financial assets include trade and other receivable.

**ii. Financial liabilities - Initial recognition and measurement**

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.

**i) Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.  
Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**j) 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 pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**k) Retirement and other employee benefits**

Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

**l) 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.

**m) Cash and cash equivalents**

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



n) Recently issued accounting pronouncements

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending the following standards:

**Appendix B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration'**

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

**Ind AS 115, Revenue from contract with customers**

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.



## HCL Technologies Luxembourg S.a.r.l.

Notes to financial statements for the year ended 31 March 2018

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

## 2.1 Trade receivable

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Unsecured considered good (refer note below)	240	110	19,418
Provision for doubtful receivables	240	110	19,418
	0	-	2
	240	110	19,416

Note : Includes receivables from related parties amounting to EUR('000) 228 [31 March 2017, EUR('000) 44] (Refer note 2.16)

## 2.2 Cash and cash equivalent

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Balance with banks			
- in current accounts	182	210	14,706
	182	210	14,706

## 2.3 Other financial assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Current			
Carried at amortized cost			
Security deposit	4	4	352
Unbilled revenue-related parties (refer note no. 2.16)	-	19	-
	4	23	352

## 2.4 Other current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Unsecured , considered good			
Advances other than capital advances			
Advances to employees	0	0	12
Advances to suppliers	-	2	-
Others			
Prepaid expenses	2	3	176
Duties & taxes recoverable	23	10	1,859
TDS on salaries (refundable)	1	-	79
	26	15	2,126



## 2.5 Share capital

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
<b>Authorized</b>			
500 equity shares of EUR 100 each	50	50	4,040
<b>Issued, subscribed and fully paid up</b>			
500 equity shares of EUR 100 each	50	50	4,040

### Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of EUR 100/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the shareholders 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 (EUR)	No. of shares	Amount (EUR)
Number of shares at the beginning	500	50	500	50
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	500	50	500	50

### Shares held by holding company :-

Name of the shareholder	As at			
	31 March 2018		31 March 2017	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of EUR 100 each fully paid				
HCL Technologies UK Limited, the holding company	500	100%	500	100%

### 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	No. of shares	% Holding
Equity shares of EUR 100 each fully paid				
HCL Tehnologies UK limited, the holding company	500	100%	500	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.

## 2.6 Trade payables

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Trade payables- related parties (refer note: 2.16)	30	72	2,420
Trade payables-others	1	-	94
	31	72	2,514

## 2.7 Other financial liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
<b>Carried at amortized cost</b>			
Liabilities for expenses	15	5	1,295
Accrued salaries and benefits			
Salary payable	1	1	97
Employee bonuses accrued	5	2	380
	21	8	1,772





**2.8 Other current liabilities**

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Revenue received in advance	0	0	18
Others			
Withholding and other taxes payable	-	0	-
	0	0	18

**2.9 Provisions**

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
<b>Current</b>			
Provision for leave benefits	1	2	49
	1	2	49

**2.10 Revenue from operations**

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Sale of services	478	327	38,590
	478	327	38,590

**2.11 Employee benefits expense**

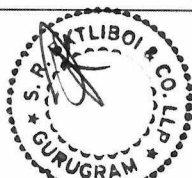
	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Salaries, wages and bonus	327	181	26,391
Contribution to other employee funds	3	2	217
Staff welfare expenses	3	3	273
	333	186	26,881

**2.12 Finance cost**

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Bank charges	1	0	63
Interest expenses	-	0	-
	1	0	63

**2.13 Other expenses**

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Rent	26	26	2,113
Communication costs	3	2	259
Travel and conveyance	16	27	1,332
Advertisement and business promotion	0	0	13
Legal and professional charges	58	20	4,682
Consumables	12	9	963
Exchange differences (net)	5	0	364
Provision for doubtful debts/ bad debts written off	0	-	2
Miscellaneous expenses	0	-	4
	120	84	9,732



## 2.14 Income taxes

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
<b>Income tax charged to statement of profit and loss</b>			
Current income tax charge	3	6	205
	<b>3</b>	<b>6</b>	<b>205</b>

The reconciliation between the provision for income tax and amount computed by applying the statutory income tax rate is as follows:

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Profit before income tax	24	18	1,914
Statutory tax rate	23.49%	23.49%	23.49%
<b>Expected tax expense</b>	<b>6</b>	<b>5</b>	<b>449</b>
Creation/ (Reversal) of prior year provision	(3)	1	(244)
<b>Total taxes</b>	<b>3</b>	<b>6</b>	<b>205</b>
Effective income tax rate	10.73%	32.85%	10.73%

## 2.15 Earning per share(EPS)

Particulars	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Net profit as per statement of profit and loss for computation of EPS	21	12	1,709
Weighted average number of equity shares outstanding in calculating basic and dilutive EPS *	2,689	2,500	2,689
Nominal value of equity shares	100	100	8,081
Earning per equity share			
Basic and Diluted	7.86	4.93	635.73

\*We have considered capital contribution account which carries same pari passu rights w.r.t equity shares along with the eligibility of dividend rights, for computation of basic EPS.



2.16 Related party transaction

a) Related parties where control exists

Ultimate Holding company

HCL Technologies limited

Holding company

HCL Technologies UK limited

b) Related parties where transactions have taken place during the year

Ultimate Holding company

HCL Technologies limited

Holding company

HCL Technologies UK limited

Fellow subsidiary

Geometric Americas Inc.  
HCL America Inc.  
HCL Tech. Belgium BVBA  
HCL Technologies B.V.  
HCL Great Britain Limited  
HCL Technologies AustriaG

c) Transactions with related parties during the year in the ordinary course of business

(EUR)

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Revenue	-	-	104	-	362	271
Outsourcing cost	-	-	-	-	-	38
Reimbursement of expenses	21	17	9	-	-	-

c) Transactions with related parties during the year in the ordinary course of business

(₹)

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiaries
	Year ended		
	31 March 2018	31 March 2018	31 March 2018
Revenue	-	8,439	29,241
Reimbursement of expenses	1,685	735	-

d) Outstanding balances with related parties

(EUR)

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Trade payables	-	-	-	9	-	45
Trade receivables	-	-	104	-	124	44
Unbilled receivable	-	-	-	-	-	19
Other payable	21	17	9	-	-	-

d) Outstanding balances with related parties

(₹)

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiaries
	Year ended		
	31 March 2018	31 March 2018	31 March 2018
Trade receivables	-	8,439	9,995
Other payable	1,685	735	-

2.17 Operating Lease

The Company's significant leasing arrangements are in respect of operating leases for office spaces. The aggregate lease rental expenses recognized in the statement of profit and loss for the year ended 31 March 2018 amounts to EUR ('000) 26 (31 March 2017 EUR ('000) 26). Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Not later than one year	22	22	1,761
Later than one year and not later than 5 years	-	-	-
Later than five years	-	-	-
	22	22	1,761



## 2.18 Segment Reporting

The company operations predominantly relate to providing a range of IT services. IT services include software services & IT infrastructure management services. Within software services, the company provides application development & maintenance, enterprise application to several customers. Infrastructure management services involve managing customer's IT assets effectively.

The Chief Operating Decision Maker ("CODM") evaluates the entity performance by business segment, comprising software services, infrastructure management services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting.

Segment revenue from customers by geographical area based on geographical location of the customer and segment assets are by geographical location of the assets. The company operates a single geographical segment, hence there is no separable geographical segment as envisaged in the Ind AS-108 "Segment Reporting" notified by Companies (Accounting Standards) Rules, 2006, (as amended). Accordingly no disclosure for geographical segment reporting have been included in these financial statements.

The CODM assesses the performance of the operating segments based on a measure of segment earnings.

### Segment accounting policies

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in note 1 to the financial statements on significant accounting policies. The accounting policies in relation to segment accounting are as under:

#### a) Segment revenue and expenses

Segment revenue is directly attributable to the segment and segment expenses have been allocated to various segments on the basis of specific identification. However, segment revenue does not include other income. Segment expenses do not include finance cost, exchange difference.

#### b) Segment assets and liabilities

Assets and liabilities are not identified to any reportable segments, since these are increasingly used interchangeably across segments and consequently, the management believes that it is not practicable or meaningful to provide segment disclosures relating to total assets and liabilities.

Financial information about the business segments for the year ended 31 March 2018 is as follows

(Amount in EUR)

	Infrastructure services	Apps services	Segment total
Segment revenue	370	107	478
Segment results	21	9	30
Unallocated corporate expenses			1
Exchange difference			5
Profit before taxes			24
Tax expense			3
Net profit after tax			21

(Amount in ₹)

	Infrastructure services	Apps services	Segment total
Segment revenue	29,922	8,668	38,590
Segment results	1,691	760	2,451
Unallocated corporate expenses			87
Exchange difference			364
Profit before taxes			1,914
Tax expense			205
Net profit after tax			1,709

Financial information about the business segments for the year ended 31 March 2017 is as follows

(Amount in EUR)

	Infrastructure services	Apps services	Segment Total
Segment revenue	271	56	327
Segment results	13	5	18
Unallocated corporate expenses			0
Finance cost			0
Exchange difference			0
Interest income			-
Profit before taxes			18
Tax expense			6
Net profit after tax			12

During the years ended 31 March 2018 and 2017 four customer and two customers respectively represent 10% or more of the Company's total revenue and accounted for 89% and 100% respectively.



## 2.19 Financial instruments

### a) Financial assets and liabilities

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

	Amortized cost	Total carrying value	Amortized cost	Total carrying value
	(EUR)	(EUR)	(₹)	(₹)
<b>Financial assets</b>				
Trade receivables	240	240	19,416	19,416
Cash and cash equivalents	182	182	14,706	14,706
Others (refer note 2.3)	4	4	352	352
<b>Total</b>	<b>426</b>	<b>426</b>	<b>34,474</b>	<b>34,474</b>
<b>Financial liabilities</b>				
Trade payables	31	31	2,514	2,514
Others (refer note 2.7)	21	21	1,772	1,772
<b>Total</b>	<b>52</b>	<b>52</b>	<b>4,286</b>	<b>4,286</b>

The carrying value of financial instruments by categories as at 31 March, 2017

	As at 31 Mar 2017	
	Amortized cost	Total carrying value
	(EUR)	(EUR)
<b>Financial assets</b>		
Trade receivables	110	110
Cash and cash equivalents	210	210
Others (refer note 2.3)	23	23
<b>Total</b>	<b>343</b>	<b>343</b>
<b>Financial liabilities</b>		
Trade payables	72	72
Others (refer note 2.7)	8	8
<b>Total</b>	<b>80</b>	<b>80</b>

### (b) Financial risk management

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

The Company's risk management policy aims 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 and interest rate 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 functional currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in EUR. The fluctuation in exchange rates in respect to EUR may not have 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 result in decrease / increase in the Company's profit before tax by approximately EUR 85 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 all the currencies by 1% against the respective functional currencies of the Company and its branches. 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 currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(EUR)	(EUR)	(EUR)	(EUR)
USD/EUR	-	-	7	4
INR/EUR	-	-	0	-
GBP/EUR	-	66	1	0



HCL Technologies Luxembourg S.a.r.l

Notes to financial statements for the year ended 31 March 2018

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

## 2.19 Financial instruments (continued)

### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

### 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, finance lease receivables. By their nature, all such financial instruments involve risks, including the credit risk of non performance by counterparties.

### Liquidity risk

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

## 3 Previous year comparatives

The Company has changed its presentations from "EUR in absolute amount" to "EUR in thousands" and accordingly, amounts less than EUR 0.50 thousands are rounded off to zero. Previous year figures have been regrouped/ reclassified to the current years classification wherever necessary.

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As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

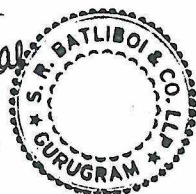
per Nilangshu Katriar

Partner

Membership Number: 58814

Gurugram, India

Date: 12 July, 2018



For and on behalf of the Board of Directors

HCL Technologies Luxembourg S.a.r.l

Shiv Kumar Walia  
Director

Lalit Sharma  
Director

Date: 12 July, 2018