HCL Technologies Estonia OÜ

Financial Statement

For the year ended 31st March 2018

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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Golf View Corporate Tower - B
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INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Technologies Estonia OÜ

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL Technologies Estonia OÜ ("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 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 have taken into account the accounting and auditing standards 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.

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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 loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

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

Place: Gurugram
Date: 11 July, 2018

HCL Technologies Estonia OÜ
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 Refer Note 1(a) (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	2.1	46	64	3,741
(b) Financial Assets				
(i) Security deposits	2.2	6	6	508
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	2.3	36	79	2,901
(ii) Cash and cash equivalents	2.4	605	550	48,923
(iii) Unbilled revenue	2.2	118	116	9,519
(b) Other current assets	2.5	45	31	3,701
TOTAL ASSETS		856	846	69,293
II. EQUITY				
(a) Equity share capital	2.6	200	200	16,162
(b) Other Equity		(245)	(160)	(19,777)
III. LIABILITIES				
(1) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	2.7	26	35	2,128
(ii) Others	2.8	18	38	1,565
(b) Other current liabilities	2.9	855	733	69,079
(c) Provisions	2.10	2	-	136
TOTAL EQUITY AND LIABILITIES		856	846	69,293
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: 11 July 2018

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

For and on behalf of the Board of Directors
of HCL Technologies Estonia OÜ

Shiv Walia
Director

Bejoy George
Director

Date: 11 July 2018

HCL Technologies Estonia OÜ
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 Refer Note 1(a) (₹)
I	**Revenue**				
	Revenue from operations	2.11	61	663	4,905
	Other income	2.12	3	0	276
	Total income		64	663	5,181
II	**Expenses**				
	Purchase of traded goods		4	-	340
	Employee benefits expense	2.13	32	342	2,645
	Finance costs	2.14	1	2	45
	Depreciation expense	2.1	18	18	1,443
	Other expenses	2.15	93	356	7,610
	Total expenses		148	718	12,083
III	**Loss before tax**		(84)	(55)	(6,902)
IV	**Tax expense**		-	-	-
V	**Loss for the year**		(84)	(55)	(6,902)
VI	**Other comprehensive income**				
	Items that will not be reclassified to profit or loss		-	-	-
	Items that will be reclassified subsequently to profit or loss		-	-	-
VII	**Total Comprehensive loss for the year**		(84)	(55)	(6,902)
	Loss per equity share of EUR 1 each				
	Basic and Diluted	2.17	(0.42)	(0.63)	(34.51)
	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: 11 July 2018

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

For and on behalf of the Board of Directors
of HCL Technologies Estonia OÜ

Shiv Walia
Director

Bejoy George
Director

Date: 11 July 2018

HCL Technologies Estonia OÜ
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
	Shares	Share capital	
Balance as of April 1, 2016	50	50	(105)
Loss for the year	-	-	(55)
Other comprehensive income / (loss)	-	-	-
Total comprehensive loss for the year	-	-	(55)
Issue of equity shares during the year	150	150	-
Balance as of March 31, 2017	200	200	(160)
Balance as of April 1, 2017	200	200	(160)
Loss for the year	-	-	(84)
Other comprehensive income / (loss)	-	-	-
Total comprehensive loss for the year	-	-	(84)
Issue of equity shares during the year	-	-	-
Balance as of March 31, 2018	200	200	(245)

Amount in ₹

	Equity share capital		Other Equity
	Shares	Share Capital	
Balance as of April 1, 2017	200	16,162	(12,955)
Loss for the year	-	-	(6,822)
Other comprehensive income / (loss)	-	-	-
Total comprehensive loss for the year	-	-	(6,822)
Issue of equity shares during the year	-	-	
Balance as of March 31, 2018	200	16,162	(19,777)

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 & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 11 July 2018

For and on behalf of the Board of Directors
of HCL Technologies Estonia OÜ

Shiv Walia
Director

Bejoy George
Director

Date: 11 July 2018

HCL Technologies Estonia OÜ
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 Refer Note 1(a) (₹)
A. Cash flows from operating activities			
Loss before tax	(84)	(55)	(6,902)
Adjustment for:			
Depreciation	18	18	1,443
Interest expenses	-	2	-
Operating loss before working capital changes	(66)	(35)	(5,459)
Movement in Working Capital			
(Increase)/decrease in trade receivables	43	(79)	3,480
(Increase)/decrease in other financial assets and other assets	(17)	(129)	(1,199)
Increase/ (decrease) in trade payables	(8)	768	(677)
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	103	5	8,342
Cash generated from operations	55	530	4,487
Direct taxes paid (net of refunds)	-	-	-
Net cash flow from operating activities (A)	55	530	4,487
B. Cash flows from investing activities			
Purchase of property,plant and equipment.	-	-	-
Net cash used in investing activities (B)	-	-	-
C. Cash flows from financing activities			
Proceeds from issue of share capital	-	150	-
Repayment of short term borrowings	-	(176)	-
Net cash generated from/(used in) financing activities (C)	-	(26)	-
Net increase in cash and cash equivalents (A+B+C)	55	504	4,487
Cash and cash equivalents at the beginning of the year	550	46	44,436
Cash and cash equivalents at the end of the year as per note 2.4	605	550	48,923
Summary of significant accounting policies (Note 1)			

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: 11 July 2018

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

For and on behalf of the Board of Directors
of HCL Technologies Estonia OÜ

Shiv Walia
Director

Bejoy George
Director

Date: 11 July 2018

HCL Technologies Estonia OÜ
Significant accounting policies and notes to financial statements for the year ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

Company Overview

HCL Technologies Estonia OÜ (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 8 June, 2015 in Harju.

The financial statements for the year ended 31 March, 2018 were approved and authorized for issue by the Board of Directors on 11 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)

As at 31 March, 2018 the Company has accumulated losses of EUR 245 thousands since incorporation, which has fully eroded the net worth. However, the ultimate holding company has committed to provide continuing financial and operational support to the Company for its operations in the foreseeable future.

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 statement and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, income taxes, the useful lives of property, plant and equipment, 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.

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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 a company 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) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use.

Any trade discounts and rebates are deducted in arriving at the purchase price. The company identifies and determines separate useful lives for each major component of the property, plant and equipment if they have a useful life that is materially different from that of the assets as a whole.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing fixed assets, including day – to - day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

The management's estimates of the useful lives of following assets for computing depreciation are as follows: -

	Life (in years)
Computer	4-5

The useful life as given above best represent the period over which the management expects to use these assets, based on technical assessment. Hence, the useful life for the assets is different from the useful life prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) 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.

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 from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item is also deferred. Revenue from maintenance services is recognized ratably over the period of the contract.

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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.

g) 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.

h) Taxation

HCL Estonia is a tax free country hence no current tax and deferred tax provided in the financial statement.

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: 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.

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 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.

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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, loans and borrowings including bank overdrafts.

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.

j) Earning 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 parent 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.

k) 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.

l) Retirement and other employee benefits

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

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:

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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.

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HCL Technologies Estonia OÜ
Notes to Financial Statement for the year ended 31 March, 2018
(All amounts in thousands except share data and as stated otherwise)

2.1 Property, plant and equipment
The changes in the carrying value for the year ended 31 March 2018

	Computers	Total	Computers	Total
	(EUR)	(EUR)	(₹)	(₹)
Gross block as at 1 April 2017	88	88	7,123	7,123
Additions	-	-	-	-
Deletions/Adjustments	-	-	-	-
Gross block as at 31 March 2018	88	88	7,123	7,123
Accumulated depreciation as at 1 April 2017	24	24	1,938	1,938
Charge for the year	18	18	1,443	1,443
Deletions/Adjustments	-	-	-	-
Accumulated depreciation as at 31 March 2018	42	42	3,381	3,381
Net block as at 31 March 2018	46	46	3,741	3,741

The changes in the carrying value for the year ended 31 March 2017

	Computers	Total
	(EUR)	(EUR)
Gross block as at 1 April 2016	88	88
Additions	-	-
Deletions/Adjustments	-	-
Gross block as at 31 March 2017	88	88
Accumulated depreciation as at 1 April 2016	6	6
Charge for the year	18	18
Deletions/Adjustments	-	-
Accumulated depreciation as at 31 March 2017	24	24
Net block as at 31 March 2017	64	64

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HCL Technologies Estonia OÜ
Notes to Financial Statement for the year ended 31 March, 2018
(All amounts in thousands except share data and as stated otherwise)

2.2 Other financial assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Non - current			
Carried at amortized cost			
Security deposits	6	6	508
	6	6	508
Current			
Carried at amortized cost			
Unbilled revenue	3	-	217
Unbilled revenue - related parties (refer note no. 2.16)	115	116	9,302
	118	116	9,519

2.3 Trade Receivables

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Current			
Unsecured considered good	36	79	2,901
Unsecured considered doubtful	-	-	-
	36	79	2,901
Provision for doubtful receivables	-	-	-
	36	79	2,901

Note: Includes receivables from related parties amounting to EUR 32 thousand and ₹ 2,601 thousand [31 March 2017 : EUR 77 thousand] (refer note 2.16)

2.4 Cash and cash equivalent

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Balance with banks			
- in current accounts	605	550	48,923
	605	550	48,923

2.5 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 vendor	0	-	33
Advances to employees	2	-	201
Others			
VAT Receivable	43	31	3,467
	45	31	3,701

2.6 Share Capital

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Authorized			
200,000 Equity shares of EUR 1 each	200	200	16,162
Issued, subscribed and fully paid up			
200,000 Equity shares of EUR 1 each	200	200	16,162

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 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.

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HCL Technologies Estonia OÜ
Notes to Financial Statement for the year ended 31 March, 2018
(All amounts in thousands except share data and as stated otherwise)

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

	As at			
	31 March 2018		31 March 2017	
	(EUR)		(EUR)	
	No. of shares	Amount in EUR	No. of shares	Amount in EUR
Number of shares at the beginning	200,000	200	50,000	50
Add: Shares issued during the year	-	-	150,000	150
Number of shares at the end	200,000	200	200,000	200

Shares held by holding Company:-

	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 EUR 1 each fully paid				
HCL Tehnologies UK limited, the holding company	200,000	100%	200,000	100%

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

	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 EUR 1 each fully paid				
HCL Tehnologies UK limited, the holding company	200,000	100%	200,000	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.

2.7 Trade payables

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Trade payables	0	-	19
Trade payables-related parties (refer note no. 2.16)	26	35	2,109
	26	35	2,128

2.8 Other financial liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Current			
Carried at amortized cost			
Interest payable- related parties (refer note no. 2.16)	2	3	192
Liabilities for expenses	16	32	1,373
Accrued salaries and benefits			
Employee bonuses accrued	-	3	-
	18	38	1,565

2.9 Other current liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Others Payable- related parties (refer note no. 2.16)	855	733	69,079
	855	733	69,079

2.10 Provisions

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Provision for Leave Encahsment	2	-	136
	2	-	136

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HCL Technologies Estonia OÜ
Notes to Financial Statement for the year ended 31 March, 2018
(All amounts in thousands except share data and as stated otherwise)

2.11 Revenue from operations

	Year ended 31 March 2018 (EUR)	Year ended 31 March 2017 (EUR)	Year ended 31 March 2018 (₹)
Sale of services	56	663	4,513
Sale of hardware and software	5	-	392
	61	663	4,905

2.12 Other income

	Year ended 31 March 2018 (EUR)	Year ended 31 March 2017 (EUR)	Year ended 31 March 2018 (₹)
Interest income	0	0	15
Provisions no longer required written back (net)	3	-	246
Exchange differences (net)	0	-	15
	3	0	276

2.13 Employee benefits expense

	Year ended 31 March 2018 (EUR)	Year ended 31 March 2017 (EUR)	Year ended 31 March 2018 (₹)
Salaries, wages and bonus	24	237	1,913
Contribution to employee benefits funds	7	84	601
Leave encashment	1	17	101
Other welfare expenses	0	4	30
	32	342	2,645

2.14 Finance cost

	Year ended 31 March 2018 (EUR)	Year ended 31 March 2017 (EUR)	Year ended 31 March 2018 (₹)
Interest expense	-	2	-
Bank charges	1	0	45
	1	2	45

2.15 Other expenses

	Year ended 31 March 2018 (EUR)	Year ended 31 March 2017 (EUR)	Year ended 31 March 2018 (₹)
Rent	43	39	3,476
Power and fuel	13	9	1,080
Repairs and maintenance	7	22	577
Communication costs	-	15	-
Travel and conveyance	15	227	1,238
Business promotion	-	0	-
Legal and professional charges	4	4	362
Outsourcing costs	11	16	867
Exchange differences (net)	-	20	-
Miscellaneous expenses	0	4	10
	93	356	7,610

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HCL Technologies Estonia OÜ
Notes to Financial Statement for the year ended 31 March, 2018
(All amounts in thousands except share data and as stated otherwise)

2.16 Related party transaction

a) Related parties where control exists

Holding company
HCL Technologies UK limited
Ultimate Holding company
HCL Technologies limted

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

Holding company
HCL Technologies UK limited
Fellow Subsidiary
HCLTechnologies Sweden AB
HCL Ireland Information
HCL Tech Norway AS
HCL EAS limited
HCL Technologies Greece Single Member P.C
HCL Tech Denmark ApS
Geometric Europe, GmbH

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

(EUR)

	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
Outsourcing costs	7	11	-	-	2	0
Revenue from operations	-	389	-	-	42	259
Repayment of short term loan	-	-	-	-	-	176
Interest expense	-	-	-	-	-	2

(₹)

	Ultimate Holding company	Holding company	Fellow subsidiaries
	Year ended		
	31 March 2018	31 March 2018	31 March 2018
Outsourcing costs	570	-	185
Revenue	-	-	3,397

d) Outstanding balances of related parties as at 31st March'18

(EUR)

	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
Others Payable	-	-	-	-	855	733
Unbilled Receivables	115	116	-	-	-	-
Interest payable	-	-	-	-	2	3
Trade Receivables	-	62	-	-	32	14
Trade Payable	2	12	23	23	1	0

(`)

	Ultimate Holding company	Holding company	Fellow subsidiaries
	Year ended		
	31 March 2018	31 March 2018	31 March 2018
Others Payable	-	-	69,079
Unbilled Receivables	9,303	-	-
Interest payable	-	-	192
Trade Receivables	-	-	2,599
Trade Payable	122	1,858	129

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2.17 Earnings per equity share (EPS)

Particulars	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Net loss as per statement of profit and loss for computation of EPS	(84)	(55)	(6,902)
Weighted average number of equity shares outstanding in calculating Basic and dilutive EPS	200,000	87,397	200,000
Nominal value of equity shares (EUR)	1	1	80.81
Loss per equity share (EUR)			
- Basic and Diluted	**(0.42)**	**(0.63)**	**(34.51)**

2.18 Segment Reporting

In the opinion of the management there is only one business segment of the company and the company operates a single geographical segment, hence there is no separable segment as envisaged in the Ind AS-108 "Segment Reporting" notified by Companies (Accounting Standards) Rules, 2006, (as amended). Accordingly no disclosure for segment reporting have been included in these financial statements.

2.19 Operating lease

The Company's significant leasing arrangements are in respect of operating leases for office spaces. The aggregate lease rental expense recognized in the statement of profit and loss for the year amounts to EUR 43 thousand.

The lease equalization reserve amount for non-cancellable operating lease payable in future years and accounted for by the Company is EUR 4 thousand, ₹ 338 thousand (31 March 2017, EUR 4 thousand). Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Not later than one year	41	40	3,344
Later than one year and not later than 5 years	57	99	4,628
Later than five years	-	-	-
	99	139	7,973

2.20 Financial Instruments

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)	(₹)	(₹)
Financial Assets				
Trade Receivables	36	36	2,901	2,901
Cash and Cash Equivalents	605	605	48,923	48,923
Others (refer note 2.2)	124	124	10,027	10,027
Total	765	765	61,851	61,851
Financial Liabilities				
Trade Payables	26	26	2,128	2,128
Others (refer note 2.8)	18	18	1,565	1,565
Total	45	45	3,693	3,693

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

	As At 31 March 2017	
	Amortized Cost	Total Carrying Value
	(EUR)	(EUR)
Financial Assets		
Trade Receivables	79	79
Cash and Cash Equivalents	550	550
Others (refer note 2.2)	122	122
Total	751	751
Financial Liabilities		
Trade Payables	35	35
Others (refer note 2.8)	38	38
Total	73	73

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2.20 Financial Instruments (continued)

(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 curriences other than foreign currency. An insignificant portion of the Company's revenue is in other foreign currency while a large protion 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 loss before tax by nominal amount 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	162	187	167	192

(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. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance 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.

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

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 11 July 2018

S. R. BATLIBOI & CO. LLP GURUGRAM

For and on behalf of the Board of Directors
of HCL Technologies Estonia OÜ

Shiv Walia
Director

Bejoy George
Director

Date: 11 July 2018