

**HCL Technologies Azerbaijan Limited Liability Company**

Special purpose financial statements  
for the period 08 October 2019 to  
31 December 2020

# B S R & Co. LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B  
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## TO THE BOARD OF DIRECTORS of HCL Technologies Azerbaijan Limited Liability Company

### Report on the Audit of Special Purpose Financial Statements

#### Opinion

We have audited the Special Purpose Financial Statements of **HCL Technologies Azerbaijan Limited Liability Company** ("the Company"), which comprise the Special Purpose Balance Sheet as at 31 December 2020, the Special Purpose Statement of Profit and Loss (including Other Comprehensive Income), Special Purpose Statement of Changes in Equity and Special Purpose Statement of Cash Flows for the period from 08 October 2019 to 31 December 2020, and notes to the special purpose financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter collectively referred to as 'financial statements'). These financial statements have been prepared by the management in accordance with the basis described in Note 1(a) to the accompanying notes to the financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2020, and of its loss (including other comprehensive loss), changes in equity and its cash flows for the period from 08 October 2019 to 31 December 2020, in accordance with the basis described in Note 1(a) to the financial statements.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India. Our responsibilities under those SA's are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the basis described in Note 1(a) to the financial statements. This responsibility also includes maintenance of adequate accounting records, 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Basis of Accounting and Restriction on Distribution and Use**

Without modifying our opinion, we draw attention to Note 1(a) to the financial statements, which describes the basis of accounting. These financial statements are prepared for the use of the Company and the Ultimate Holding Company, HCL Technologies Limited, to comply with the requirements of the Companies Act, 2013. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

*For B S R & Co. LLP*

*Chartered Accountants*

Firm's Registration No.:101248W/W-100022

**VIMAL  
CHAUHAN**

Digitally signed by  
VIMAL CHAUHAN  
Date: 2021.08.03  
21:43:16 +05'30'

**Vimal Chauhan**

*Partner*

Membership No.: 511230

ICAI UDIN: 21511230AAAAAV7929

Place: Gurugram

Date: August 03, 2021

**HCL Technologies Azerbaijan Limited Liability Company****Special Purpose Balance Sheet as at 31 December 2020**

(All amount in AZN, except share data and as stated otherwise)

		As at 31 December 2020 (AZN)	As at 31 December 2020 (₹)
	Note(s)		
<b>Assets</b>			
<b>Current Assets</b>			
a) Financial assets			
Cash and cash equivalents	2.1	32,985	1,418,720
<b>Total Current Assets</b>		<b>32,985</b>	<b>1,418,720</b>
<b>Total Assets</b>		<b>32,985</b>	<b>1,418,720</b>
<b>Equity</b>			
a) Equity share capital	2.2	1,696	72,929
b) Other equity		(22,236)	(956,368)
<b>Total Equity</b>		<b>(20,540)</b>	<b>(883,439)</b>
<b>Liabilities</b>			
<b>Non- Current Liabilities</b>			
a) Financial liabilities			
Borrowings	2.3	50,964	2,192,000
<b>Total Non-Current Liabilities</b>		<b>50,964</b>	<b>2,192,000</b>
<b>Current Liabilities</b>			
a) Financial liabilities			
Others	2.4	2,561	110,159
<b>Total Current Liabilities</b>		<b>2,561</b>	<b>110,159</b>
<b>Total Equity and Liabilities</b>		<b>32,985</b>	<b>1,418,720</b>
<b>Summary of significant accounting policies</b>	1		

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

for B S R & Co. LLP  
ICAI Firm Registration Number : 101248W/W-100022  
Chartered Accountants

*Vimal Chauhan*

**Vimal Chauhan**  
**Partner**  
Membership Number: 511230

Gurugram, India  
Date: 03 August 2021

For and on behalf of the Board of Directors  
of HCL Technologies Azerbaijan Limited Liability Company

*Shiv Kumar Walia*

**Shiv Kumar Walia**  
Director

*Sundaram Sridharan*

**Sundaram Sridharan**  
Director

Date: 03 August 2021

**HCL Technologies Azerbaijan Limited Liability Company****Special Purpose Statement of Profit and Loss for the period 08 October 2019 to 31 December 2020**

(All amount in AZN, except share data and as stated otherwise)

		For the period 08 October 2019 to 31 December 2020 (AZN)	For the period 08 October 2019 to 31 December 2020 (₹)
	Note(s)		
<b>Income</b>			
Revenue from operations		-	-
<b>Total Income</b>		-	-
<b>Expenses</b>			
Finance cost	2.5	360	15,477
Other expenses	2.6	21,876	940,891
<b>Total expenses</b>		<b>22,236</b>	<b>956,368</b>
<b>Loss before tax</b>		<b>(22,236)</b>	<b>(956,368)</b>
<b>Tax expense</b>			
Current tax		-	-
Deferred tax		-	-
Total tax expense	2.7	-	-
<b>Loss for the period</b>		<b>(22,236)</b>	<b>(956,368)</b>
<b>Other comprehensive income</b>		-	-
<b>Total Comprehensive loss for the period</b>		<b>(22,236)</b>	<b>(956,368)</b>
<b>Earnings per equity share of USD 1 each</b>			
Basic	2.10	(22.24)	(956.37)
Diluted	2.10	(22.24)	(956.37)
<b>Summary of significant accounting policies</b>	<b>1</b>		

The accompanying notes are an integral part of the special purpose financial statements

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Chartered Accountants

*Vimal Chauhan*

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**Partner**  
Membership Number: 511230

Gurugram, India  
Date: 03 August 2021

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*Shiv Kumar Walia*

**Shiv Kumar Walia**  
Director

*Sundaram Sridharan*

**Sundaram Sridharan**  
Director

Date: 03 August 2021

**HCL Technologies Azerbaijan Limited Liability Company****Special Purpose Statement of Changes in Equity for the period 08 October 2019 to 31 December 2020**

(All amount in AZN, except share data and as stated otherwise)

	Equity share capital	Other Equity
	(AZN)	(AZN)
Issue of share capital	1,696	-
Loss for the period	-	(22,236)
<b>Total comprehensive loss for the period</b>	-	<b>(22,236)</b>
<b>Balance as at 31 December 2020</b>	<b>1,696</b>	<b>(22,236)</b>

	Equity share capital	Other Equity
	(₹)	(₹)
Issue of share capital	72,929	-
Loss for the period	-	(956,368)
<b>Total comprehensive loss for the period</b>	-	<b>(956,368)</b>
<b>Balance as at 31 December 2020</b>	<b>72,929</b>	<b>(956,368)</b>

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

for B S R & Co. LLP  
ICAI Firm Registration Number : 101248W/W-100022  
Chartered Accountants

*Vimal Chauhan*

**Vimal Chauhan**  
**Partner**  
Membership Number: 511230

Gurugram, India  
Date: 03 August 2021

For and on behalf of the Board of Directors  
of HCL Technologies Azerbaijan Limited Liability Company

*Shiv Kumar Walia*

**Shiv Kumar Walia**  
Director

*Sundaram Sridharan*

**Sundaram Sridharan**  
Director

Date: 03 August 2021

**HCL Technologies Azerbaijan Limited Liability Company****Special Purpose Statement of Cash Flows for the period 08 October 2019 to 31 December 2020**

(All amount in AZN, except share data and as stated otherwise)

		For the period 08 October 2019 to 31 December 2020	For the period 08 October 2019 to 31 December 2020
	Note(s)	(AZN)	(₹)
<b>Cash flows from operating activities</b>			
Loss before tax		(22,236)	(956,368)
<b>Adjustments for :</b>			
Interest expenses on loan from group company		207	8,913
		<b>(22,029)</b>	<b>(947,455)</b>
<b>Net change in:</b>			
Other financial liabilities		2,354	101,246
<b>Cash used in operations</b>		<b>(19,675)</b>	<b>(846,209)</b>
Income taxes paid (net of refunds)		-	-
<b>Net cash used in operating activities (A)</b>		<b>(19,675)</b>	<b>(846,209)</b>
<b>Cash flows from investing activities</b>			
<b>Net cash from investing activities (B)</b>		-	-
<b>Cash from financing activities</b>			
Proceeds from issue of share capital		1,696	72,929
Proceeds from borrowings from group companies		50,964	2,192,000
<b>Net cash flow from financing activities (C)</b>		<b>52,660</b>	<b>2,264,929</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>32,985</b>	<b>1,418,720</b>
Cash and cash equivalents at the beginning of the period		-	-
<b>Cash and cash equivalents at the end of the period</b>	2.1	<b>32,985</b>	<b>1,418,720</b>
<b>Summary of significant accounting policies</b>	1		

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

for B S R & Co. LLP  
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*Vimal Chauhan*

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**Partner**  
Membership Number: 511230

Gurugram, India  
Date: 03 August 2021

For and on behalf of the Board of Directors  
of HCL Technologies Azerbaijan Limited Liability Company

*Shiv Kumar Walia*

**Shiv Kumar Walia**  
Director

*Sundaram Sridharan*

**Sundaram Sridharan**  
Director

Date: 03 August 2021



## **HCL Technologies Azerbaijan Limited Liability Company**

### **Note to special purpose financial statements for the period 08 October 2019 till 31 December 2020**

(All amount in AZN, except share data and as stated otherwise)

## **ORGANIZATION AND NATURE OF OPERATIONS**

HCL Technologies Azerbaijan Limited Liability Company (hereinafter referred to as the 'Company') is primarily engaged in business of development, installation and implementation of software and management services. The Company was incorporated in Azerbaijan on 08 October 2019, having its registered office at AZ1010, Baku City Nasimi District, Pushkin Street 12/14 House no. 30.

The commercial operations of the company are not yet started as of the reporting date. These are the first set of special purpose financial statements and cover the period from 08 October 2019 to 31 December 2020.

The special purpose financial statements for the period 08 October 2019 to 31 December 2020 were approved and authorized for issue by the Board of Directors on 03 August 2021.

### **1. Significant Accounting Policies**

#### **a) Basis of preparation**

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

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 which have been measured at fair value (refer accounting policy note 1.f regarding financial instruments).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under indirect method.

The functional currency of the Company is Azerbaijani Manat (AZN). The translation from AZN to ₹ is included solely for the convenience of readers in India and has been performed using rate of AZN 1 = ₹ 43.01075, the exchange rate prevailing as at the last day of the financial period. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, AZN at that or any other rate.

As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards, has been applied. There was no transaction in previous period from 08 October 2019 to 31 December 2019. The first accounting period of the company is from 08 October 2019 (date of incorporation) to 31 December 2020 and succeeding annual accounting periods will be from 01 January to 31 December.

#### **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, allowance for uncollectible accounts receivable, 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.

#### **c) Foreign currency transactions**

The financial statements of the company are presented in its functional currency AZN. For each foreign operation, the company determines the functional currency which is its respective local currency.

## **HCL Technologies Azerbaijan Limited Liability Company**

### **Note to special purpose financial statements for the period 08 October 2019 till 31 December 2020**

(All amount in AZN, except share data and as stated otherwise)

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date 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 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 period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

#### **d) Income Taxes**

Income tax expense comprises current and deferred income tax.

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

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

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

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

#### **e) Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### **f) Financial Instruments**

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

##### **i. Financial assets**

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date.

**HCL Technologies Azerbaijan Limited Liability Company**  
**Note to special purpose financial statements for the period 08 October 2019 till 31 December 2020**  
(All amount in AZN, except share data and as stated otherwise)

***Financial instruments at amortized cost***

A financial instrument is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and 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, trade and other receivables.

***Derecognition of financial assets***

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset.

***Impairment of financial assets***

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in the statement of profit and loss.

**ii. Financial liabilities**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include borrowings and other payables. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

***Derecognition***

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

***Offsetting of financial instruments***

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

**g) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise balances with banks.

**h) Recently issued accounting pronouncements**

On 24 March 2021, the Ministry of Corporate Affairs (MCA), notified amendments in Schedule III to the Companies Act, 2013 effective from 1 April 2021. The Company is currently evaluating the impact of these amendments on its financial statements.

**HCL Technologies Azerbaijan Limited Liability Company****Notes to special purpose financial statements for the period 08 October 2019 to 31 December 2020**

(All amount in AZN, except share data and as stated otherwise)

	As at	
	31 December 2020 (AZN)	31 December 2020 (₹)

**2.1 Cash and cash equivalents**

Balances with banks	32,985	1,418,720
	<b>32,985</b>	<b>1,418,720</b>

**2.2 Share capital****Authorized**

1,000 Equity shares of USD 1 each

**Issued, subscribed and fully paid up**

1,000 Equity shares of USD 1 each	1,696	72,929
	<b>1,696</b>	<b>72,929</b>

**Terms/ rights attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of USD 1/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

	As at	
	31 December 2020	
	No. of shares	Amount in AZN
Number of shares at the beginning	-	-
Add: Shares issued during the period	1,000	1,696
Number of shares at the end	1,000	1,696

**Shares held by holding Company:-**

	As at	
	31 December 2020	
	% holding in the class	% holding in the class
<b>Equity shares of USD 1 each fully paid</b>		
HCL Tehnologies UK limited, the holding company	999	99.90%
HCL Bermuda Limited	1	0.10%

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

	As at	
	31 December 2020	
	No. of shares	% holding in the class
<b>Equity shares of USD 1 each fully paid</b>		
HCL Tehnologies UK limited, the holding company	999	99.90%

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.

	As at	
	31 December 2020 (AZN)	31 December 2020 (₹)

**2.3 Borrowings****Long term borrowings unsecured**

From related parties (refer note 1 below and note 2.9 (d) )	50,964	2,192,000
	<b>50,964</b>	<b>2,192,000</b>

Note 1: The company has availed a long term loan of USD 30,000 at an interest of LIBOR+1%. The borrower shall repay the principal sum to the lender no later than (60) sixty months from the effective date of the loan agreement.

**2.4 Other financial liabilities**

Liability for expenses	2,295	98,710
Advance from group companies	59	2,536
Interest payable to group company	207	8,913
	<b>2,561</b>	<b>110,159</b>

# HCL Technologies Azerbaijan Limited Liability Company

## Notes to special purpose financial statements for the period 08 October 2019 to 31 December 2020

(All amount in AZN, except share data and as stated otherwise)

	For the period	
	08 October 2019 to 31 December 2020 (AZN)	08 October 2019 to 31 December 2020 (₹)
<b>2.5 Finance Cost</b>		
Interest expenses on loan from group company	207	8,917
Bank charges	153	6,560
	<b>360</b>	<b>15,477</b>
<b>2.6 Other Expenses</b>		
Exchange differences (net)	233	10,019
Professional charges	21,643	930,872
	<b>21,876</b>	<b>940,891</b>
<b>2.7 Income Tax</b>		
Current tax	-	-
Deferred tax	-	-
	<b>-</b>	<b>-</b>

No tax provision/expense has been made/recognised for 2020 as the company has no taxable income.

## 2.8 Financial assets and liabilities

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

Particulars	Amortized cost	Total carrying value	Amortized cost	Total carrying value
	(AZN)	(AZN)	(₹)	(₹)
<b>Financial assets</b>				
Cash and cash equivalents	32,985	32,985	1,418,718	1,418,718
<b>Total</b>	<b>32,985</b>	<b>32,985</b>	<b>1,418,718</b>	<b>1,418,718</b>
<b>Financial liabilities</b>				
Borrowings	50,964	50,964	2,192,000	2,192,000
Others	2,561	2,561	110,159	110,159
<b>Total</b>	<b>53,525</b>	<b>53,525</b>	<b>2,302,159</b>	<b>2,302,159</b>

## 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 foreign currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in AZN. The fluctuation in exchange rates in respect to AZN 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 by approximately AZN 196 for the period ended 31 December 2020.

Non-derivative foreign currency exposure as of 31 December 2020 in major currency is as below:

	Net financial assets	Net financial liabilities
	(AZN)	(AZN)
USD/AZN	33,239	52,912

### (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 and trade receivables. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, however there is no credit risk of nonperformance by counterparties as the entire revenue belongs to group company.

**HCL Technologies Azerbaijan Limited Liability Company****Notes to special purpose financial statements for the period 08 October 2019 to 31 December 2020**

(All amount in AZN, except share data and as stated otherwise)

**2.7 Financial assets and liabilities (continued)****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.

Maturity profile of the company's financial liabilities based on contractual payments is as below:

(Amount in AZN)

	Year 1 (Current)	Year 2	Year 3	Year 4-5 and thereafter	Total
<b>As at 31 December 2020</b>					
Borrowings	-	-	-	50,964	50,964
Other financial liabilities	2,561	-	-	-	2,561
<b>Total</b>	<b>2,561</b>	<b>-</b>	<b>-</b>	<b>50,964</b>	<b>53,525</b>

Maturity profile of the company's financial liabilities based on contractual payments is as below:

(Amount in ₹)

	Year 1 (Current)	Year 2	Year 3	Year 4-5 and thereafter	Total
<b>As at 31 December 2020</b>					
Borrowings	-	-	-	2,192,000	2,192,000
Other financial liabilities	110,159	-	-	-	110,159
<b>Total</b>	<b>110,159</b>	<b>-</b>	<b>-</b>	<b>2,192,000</b>	<b>2,302,159</b>

**2.9 Related parties****a) Related parties where control exists**

HCL Technologies Limited, India (Ultimate holding company)

HCL Technologies UK Limited.(Holding company)

HCL Bermuda Limited

**b) Related parties with whom transactions have taken place during the period**

HCL Technologies UK Limited.(Holding company)

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

(Amount in AZN)

	Holding company For the period 08 October 2019 to 31 December 2020
Interest expense	207

(Amount in ₹)

	Holding company For the period 08 October 2019 to 31 December 2020
Interest expense	8,913

**d) Outstanding balances of related parties as at 31st December 2020**

(Amount in AZN)

	Holding company As at 31 December 2020
Borrowings	50,964
Other financial liabilities	59

(Amount in ₹)

	Holding company As at 31 December 2020
Borrowings	2,192,000
Other financial liabilities	2,536

## HCL Technologies Azerbaijan Limited Liability Company

### Notes to special purpose financial statements for the period 08 October 2019 to 31 December 2020

(All amount in AZN, except share data and as stated otherwise)

#### 2.10 Earnings Per Share (EPS)

Particulars	For the period	
	08 October 2019 to 31 December 2020	08 October 2019 to 31 December 2020
	(AZN)	(₹)
Loss for the period attributable to shareholders of the Company	(22,236)	(956,368)
Weighted average number of equity shares outstanding in calculating Basic EPS	1,000	1,000
Weighted average number of equity shares outstanding in calculating Diluted EPS	1,000	1,000
Nominal value of equity shares (AZN)	1	1
<b>Loss per equity share (AZN)</b>		
- Basic	<b>(22.24)</b>	<b>(956.37)</b>
- Diluted	<b>(22.24)</b>	<b>(956.37)</b>

#### 2.11 Subsequent events

There have been no significant subsequent events since the period ended 31 December 2020 that would have material impact on the statement of financial position of the Company as shown in these financial statements.

for B S R & Co. LLP

ICAI Firm Registration Number : 101248W/W-100022

Chartered Accountants

*Vimal Chauhan*

**Vimal Chauhan**

**Partner**

Membership Number: 511230

Gurugram, India

Date: 03 August 2021

For and on behalf of the Board of Directors

of HCL Technologies Azerbaijan Limited Liability Company

*Shiv Kumar Walia*

**Shiv Kumar Walia**

**Director**

*Sundaram Sridharan*

**Sundaram Sridharan**

**Director**

Date: 03 August 2021