HCL Japan Limited

SPECIAL PURPOSE FINANCIAL STATEMENTS

For the year ended 31 March 2021 and 31 March 2020

B S R & Co. LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

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TO THE BOARD OF DIRECTORS OF HCL Japan Limited

Report on the Audit of Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of HCL Japan Limited ("the Company"), which comprise the Special Purpose Balance Sheet as at 31 March 2021, 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 year then ended, 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 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 in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and of its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date in accordance with 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 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, as 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 Section 129 (3) of the Act. 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

Rakesh Dewan
Digitally signed by Rakesh Dewan
Date: 2021.07.28 21:27:14 +05'30'

Rakesh Dewan
Partner
Membership No.: 092212
ICAI UDIN: 21092212AAAABV6263

Place: Gurugram
Date: 28 July 2021

HCL Japan Limited
Special Purpose Balance Sheet as at 31 March 2021
(All amount in millions, except share data and as stated otherwise)

	Note No.	As at 31 March 2021 (JPY)	As at 31 March 2020 (JPY)	As at 31 March 2021 (₹)
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	**2.1 (A)**	269	311	178
(b) Capital work in progress		205	2	135
(c) Right-of-use assets	**2.23**	584	727	386
(d) Goodwill	**2.1 (B)**	567	567	375
(e) Other intangible assets	**2.1 (C)**	457	564	301
(f) Financial Assets				
(i) Others	**2.2**	217	224	144
(g) Deferred tax assets (net)	**2.21**	163	126	108
(h) Other non-current assets	**2.3**	68	13	45
(2) Current assets				
(a) Inventories	**2.4**	10	11	7
(b) Financial assets				
(i) Trade receivables	**2.5**	3,111	2,889	2,056
(ii) Cash and cash equivalents	**2.6**	1,449	2,070	958
(iii) Loans	**2.7**	58	1	39
(iv) Others	**2.2**	347	358	229
(c) Other current assets	**2.8**	2,353	199	1,555
TOTAL ASSETS		**9,858**	**8,063**	**6,516**
EQUITY				
(a) Equity share capital	**2.9**	220	220	145
(b) Other equity		1,378	921	910
TOTAL EQUITY		1,598	1,141	1,055
LIABILITIES				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Lease liabilities	**2.23**	466	611	308
(b) Provisions	**2.10**	1	1	1
(c) Other non-current liabilities	**2.11**	199	41	132
(2) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	**2.12**	758	1,341	501
(ii) Lease liabilities	**2.23**	139	121	92
(iii) Others	**2.13**	2,819	1,805	1,865
(b) Other current liabilities	**2.14**	3,276	2,636	2,164
(c) Provisions	**2.10**	186	151	123
(d) Current tax liabilities (net)		416	215	275
TOTAL EQUITY AND LIABILITIES		**9,858**	**8,063**	**6,516**

Summary of significant accounting policies **1**

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date:

For and on behalf of the Board of Directors
of HCL Japan Limited

Neelanjan Bhattacharjee

Neelanjan Bhattacharjee
Director

Sridharan S

Sundaram Sridharan
Director

Date: 28 July 2021

HCL Japan Limited
Special Purpose Statement of Profit and Loss for the year ended 31 March 2021
(All amount in millions, except share data and as stated otherwise)

		Note No.	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
I	**Revenue**				
	Revenue from operations	**2.15**	17,785	15,834	11,753
	Other income	**2.16**	6	8	4
	Total revenue		**17,791**	**15,842**	**11,757**
II	**Expenses**				
	Purchase of stock in trade		139	161	92
	Changes in inventories of stock in trade	**2.17**	(11)	(1)	(8)
	Employee benefits expense	**2.18**	4,920	4,356	3,253
	Finance costs	**2.19**	27	28	18
	Depreciation and amortization expense	**2.1 and 2.23**	386	208	255
	Outsourcing costs		11,239	10,103	7,427
	Other expenses	**2.20**	323	353	213
	Total expenses		**17,023**	**15,209**	**11,250**
III	**Profit before tax**		**768**	**633**	**507**
IV	**Tax expense**				
	Current tax	**2.21**	322	302	213
	Deferred tax charge	**2.21**	(10)	30	(7)
	Total tax expense		312	332	206
V	**Profit for the year**		**456**	**301**	**301**
VI	**Other comprehensive income**		-	-	-
VII	**Total Comprehensive Income for the year (V+VI)**		**456**	**301**	**301**
	Earnings per equity share of par value JPY 50,000 each				
	Basic and Diluted (in ₹)	**2.22**	103,636	68,472	68,503
	Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date:

For and on behalf of the Board of Directors
of HCL Japan Limited

Neelanjan Bhattacharjee   Sridharan S

Neelanjan Bhattacharjee
Director

Sundaram Sridharan
Director

Date: 28 July 2021

HCL Japan Limited
Special Purpose Statement of Changes in Equity for the period ended 31 March 2021
(All amount in millions, except share data and as stated otherwise)

	Equity share capital		Other Equity	
	Number of Shares	Share capital	Reserve and Surplus	Earned Surplus Reserve
		(JPY)	(JPY)	(JPY)
Balance as of April 1, 2019	4,400	220	565	55
Profit for the year	-	-	301	-
Total comprehensive income for the year	-	-	301	-
Balance as of March 31, 2020	4,400	220	866	55
Balance as of April 1, 2020	4,400	220	866	55
Profit for the year	-	-	456	-
Total comprehensive income for the year	-	-	456	-
Balance as of March 31, 2021	4,400	220	1,323	55

	Equity share capital		Other Equity	
	Number of Shares	Share capital	Reserve and Surplus	Earned Surplus Reserve
		(₹)	(₹)	(₹)
Balance as of April 1, 2020	4,400	145	572	36
Profit for the year	-	-	301	-
Total comprehensive income for the year	-	-	301	-
Balance as of March 31, 2021	4,400	145	874	36

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date:

For and on behalf of the Board of Directors
of HCL Japan Limited

Neelanjan Bhattacharjee

Neelanjan Bhattacharjee
Director

Sridharan S

Sundaram Sridharan
Director

Date: 28 July 2021

HCL Japan Limited
Special Purpose Cash Flow Statement for the year ended 31 March 2021
(All amount in millions, except share data and as stated otherwise)

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
A. Cash flows from operating activities			
Profit before tax	768	633	507
Adjustment for:			
Depreciation and amortization	386	208	255
Interest income	(6)	-	(4)
Unrealised exchange (gain) on short term loans	-	(23)	-
Provision for doubtful debts	2	-	1
Interest expenses	4	22	2
Interest on lease liability	21	2	14
Operating profit before working capital changes	**1,175**	**842**	**775**
Movement in working capital			
(Increase)/decrease/ in trade receivables	(224)	47	(148)
Decrease/(increase) in inventories	1	(1)	-
Increase in other financial assets and other assets	(2,190)	(312)	(1,448.43)
Decrease in trade payables	(583)	(435)	(385)
Increase in provisions, other financial liabilities and other liabilities	1,848	3,193	1,221
Cash (used in)/generated from operations	**27**	**3,333**	**15**
Direct taxes paid (net of refunds)	(150)	(215)	(98)
Net cash (used)/flow from operating activities (A)	**(123)**	**3,118**	**(84)**
B. Cash flows from investing activities			
Loan repaid during the year	-	23	-
Purchase of property,plant and equipment and intangibles	(287)	(1,286)	(190)
Interest received	6	-	4
Net cash used in investing activities (B)	**(281)**	**(1,263)**	**(186)**
C. Cash flows from financing activities			
Loan given to related party	(57)	-	(38)
Payment of lease liabilities including interest	(156)	(44)	(103)
Interest paid	(4)	(22)	(2)
Net cash used in financing activities (C)	**(217)**	**(66)**	**(142)**
Net increase in cash and cash equivalents (A+B+C)	(621)	1,789	(413)
Cash and cash equivalents at the beginning of the year	2,070	281	1,370
Cash and cash equivalents at the end of the year as per note 2.6	**1,449**	**2,070**	**958**
Summary of significant accounting policies (Note 1)			

As per our report of even date.

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

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date:

For and on behalf of the Board of Directors
of HCL Japan Limited

Neelanjan Bhattacharjee

Neelanjan Bhattacharjee
Director

Sridharan S

Sundaram Sridharan
Director

Date: 28 July 2021

ORGANIZATION AND NATURE OF OPERATIONS

HCL Japan Limited (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 Japan in February 1998, having its registered office at 19F, NBF Hibiya Building, 1-1-7, Uchisiwal-cho Chiyoda-Ku, Tokyo.

The special purpose financial statements for the year ended 31st March 2021 were approved and authorized for issue by the Board of Directors on 28 July 2021.

1. Significant Accounting Policies

a) Basis of preparation

The financial statements of the company have been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules,2015 as amended from time to time and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the special purpose 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 special purpose financial statements have been prepared under the historical cost convention on an accrual and going concern basis except certain assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

The accounting policies adopted in the preparation of these special purpose financial statements are consistent with those of the previous year.

The functional currency of the Company is Japanese Yen (JPY). The translation from JPY to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of JPY 1 = ₹ 0.6608, 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, JPY at that or any other rate.

b) Use of estimates

The preparation of special purpose 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 special purpose 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, future obligations under employee benefit plans, the useful lives of property, plant and equipment and other contingencies and commitments. Changes in estimates are reflected in the special purpose financial statements in the period in which the changes are made. Actual results could differ from those estimates.

In view of pandemic relating to COVID-19, the company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, other financial assets and impact on revenues and costs. However, the actual impact of COVID-19 on the company's special purpose financial statements may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

c) Leases

A lease is a contract that contains right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

Company is lessee in case of office space. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in Ind AS 116.

Right-of-use asset represents the Company's right to control the underlying assets under lease and the lease liability is the obligation to make the lease payments related to the underlying asset under lease. Right-of-use asset is measured initially based on the lease liability adjusted for any initial direct costs, prepaid rent, and lease incentives. Right-of-use asset is depreciated based on straight line method over the lease term or useful life of right-of-use asset, whichever is less. Subsequently, right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of lease liability.

The lease liability is measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow, in the country where the lease was executed. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the Company is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease. Lease liability is subsequently measured by increase the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any.

The Company has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the special purpose statement of profit and loss. For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the year in which they are earned or contingency is resolved.

Leases in which the Company transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the present value of lease receivable. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the special purpose statement of profit and loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the special purpose statement of profit and loss.

When arrangements include multiple performance obligations, the Company allocates the consideration in the contract between the lease components and the non-lease components on a relative selling price basis.

d) 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.

All other expenses on existing fixed assets, including day – to - day repairs, maintenance expenditure and cost of replacing parts, are charged to the special purpose 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 special purpose statement of profit and loss when the asset is derecognized.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

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 various tangible fixed assets for computing depreciation are as follows:

Category of asset	*Life (in years)*
Computer, Laptops & Networking equipment	4-5
Office Equipment	5
Furniture and Fitting	7
Leasehold Improvement	5-7

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.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the special purpose statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the special purpose statement of profit or loss when the asset is derecognized.

The intangible assets are amortized over the estimated useful life of the assets as under:

Asset description	**Asset life (in years)**
Software	3
Customer relationships	1-10

f) 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:

a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.

c) 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.

g) Revenue Recognition

Contracts involving provision of services and material

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. Contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Time-and-material / Volume based / Transaction based contracts

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

Fixed Price contracts

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, ERP implementations and Application development are recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue 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 contract estimates. Contract losses are determined to be the amount by which the estimated incremental cost to complete exceeds the estimated future revenues that will be generated by the contract and are included in cost of revenues and recorded in other accrued liabilities

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established.

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 continues to be in inventory.

Multiple performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five-step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative selling price. selling price is the price at which entity would sell a promised good or service separately to the customer. When not directly observable, we typically estimate selling price by using the expected cost plus a margin approach. We typically establish a selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as an entity is then allocated to each software obligation and lease deliverable.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract are considered as contract fulfillment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the entity is a principal to the transaction and net of costs when the entity is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the entity is a principal or an agent, most notably being entity control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our special purpose statements of financial position, contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Revenue from sales-type leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client.

Interest attributable to sales-type leases and direct financing leases included therein is recognized on an accrual basis using the effective interest method and is recognized as other income.

Interest Income

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the special purpose statement of profit and loss.

h) Foreign currency and translation

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

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 special purpose 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.

i) Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in special purpose 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 special purpose 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.

j) Financial Instruments

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

i. Financial assets

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

Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash in banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Financial instruments at amortized cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and 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 special purpose statement of profit and loss. The losses arising from impairment are recognized in the special purpose statement of profit and loss. This category includes cash and bank balances, loans, unbilled revenue, trade and other receivables.

Financial instrument at Fair Value through Other Comprehensive Income (OCI)

A financial instrument is classified and measured at fair value through OCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest. Financial instruments included within the OCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from OCI to special purpose statement of profit and loss.

Financial instrument at Fair Value through Profit and Loss

Any financial instrument, which does not meet the criteria for categorization at amortized cost or at fair value through other comprehensive income, is classified at fair value through profit and loss. Financial instruments included in the fair value through profit and loss category are measured at fair value with all changes recognized in the special purpose statement of profit and loss.

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 special purpose 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 trade payables, borrowings including bank overdrafts 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 special purpose 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 special purpose 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.

k) Earnings per share

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

Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

l) Nature and purpose of reserve

Earned surplus reserve
The Company had transferred to Earned Surplus Reserve as per the requirement of Company Law of Japan. The transfer was being done in order to company with the local Company Law of Japan and to strengthen the company's financial basis for protection of its creditors by reserving portion of the amount distributed as dividend.

m) 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.

n) Retirement and other Employee benefits

The Company has implemented a public insurance scheme for all employees, which includes health insurance, welfare pension insurance and worker's accident compensation insurance.

The contribution to the public insurance scheme, a defined contribution plan, is made in accordance with the local statutory requirements and charged to the special purpose statement of profit and loss for every period, when the contribution is due.

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. The expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

o) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Company measures the non-controlling interest in the acquiree at fair value. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as financial liability is measured at fair value with changes in fair value recognized in the special purpose statement of profit and loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is recognized as capital reserve after reassessing the fair values of the net assets.

p) 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 amendment on its special purpose financial statements.

HCL Japan Limited

Notes to special purpose financial statements for the period ended 31 March 2021

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

2.1(A) Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2021

	Leasehold Improvements	Office Equipment	Computers and networking equipment	Furniture and fixtures	Total
	(JPY)	(JPY)	(JPY)	(JPY)	(JPY)
Gross block as at 1 April 2020	**33**	**38**	**583**	**8**	**661**
Additions	-	6	65	2	73
Gross block as at 31 March 2021	**33**	**44**	**648**	**10**	**734**
Accumulated depreciation as at 1 April 2020	**33**	**27**	**286**	**5**	**351**
Charge for the year	-	4	109	1	114
Accumulated depreciation as at 31 March 2021	**33**	**31**	**395**	**6**	**465**
Net block as at 31 March 2021	**-**	**13**	**252**	**4**	**269**

The changes in the carrying value for the year ended 31 March 2020

	Leasehold Improvements	Office Equipment	Computers and networking equipment	Furniture and fixtures	Total
	(JPY)	(JPY)	(JPY)	(JPY)	(JPY)
Gross block as at 1 April 2019	**33**	**37**	**483**	**6**	**558**
Additions	-	1	106	2	109
Disposals	-	-	6	-	6
Gross block as at 31 March 2020	**33**	**38**	**583**	**8**	**661**
Accumulated depreciation as at 1 April 2019	**32**	**21**	**186**	**4**	**243**
Charge for the year	1	6	106	1	113
Deduction/other adjustments	-	-	6	-	6
Accumulated depreciation as at 31 March 2020	**32**	**27**	**286**	**5**	**350**
Net block as at 31 March 2020	**-**	**11**	**296**	**3**	**311**

The changes in the carrying value for the year ended 31 March 2021

	Leasehold Improvements	Office Equipment	Computers and networking equipment	Furniture and fixtures	Total
	(₹)	(₹)	(₹)	(₹)	(₹)
Gross block as at 1 April 2020	22	25	386	5	**438**
Additions	-	4	43	1	48
Gross block as at 31 March 2021	**22**	**29**	**429**	**6**	**486**
Accumulated depreciation as at 1 April 2020	22	18	189	3	**232**
Charge for the year	-	3	72	1	76
Accumulated depreciation as at 31 March 2021	**22**	**21**	**261**	**4**	**308**
Net block as at 31 March 2021	**-**	**8**	**168**	**2**	**178**

2.1(B) Goodwill

The following table presents the changes in goodwill based on new identified reporting segments for the year ended 31 March 2021

	Products and Platforms	Total
	(JPY)	(JPY)
Opening balance as at 1 April 2019	-	-
Acquisitions through business combinations	567	567
Closing balance as at 31 March 2020	**567**	**567**
Opening balance as at 1 April 2020	567	567
Acquisitions through business combinations	-	-
Closing balance as at 31 March 2021	**567**	**567**

HCL Japan Limited

Notes to special purpose financial statements for the period ended 31 March 2021

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

2.1(B) Goodwill (continued)

The following table presents the changes in goodwill based on new identified reporting segments for the year ended 31 March 2021

	Products and Platforms	Total
	(₹)	(₹)
Opening balance as at 1 April 2020	375	375
Acquisitions through business combinations	-	-
Closing balance as at 31 March 2021	**375**	**375**

2.1(C) Other intangible assets

The changes in the carrying value for the year ended 31 March 2021

	Software	Customer relationships	Total
	(JPY)	(JPY)	(JPY)
Gross block as at 1 April 2020	**11**	**609**	**620**
Disposals / other adjustments (refer note 2(a))	4	-	4
Gross block as at 31 March 2021	**7**	**609**	**616**
Accumulated depreciation as at 1 April 2020	**9**	**46**	**56**
Charge for the year	1	106	107
Deduction / other adjustments (refer note 2(a))	4	-	4
Accumulated depreciation as at 31 March 2021	**7**	**152**	**159**
Net block as at 31 March 2021	**-**	**457**	**457**
Estimated remaining useful life (in years)	-	9	

The changes in the carrying value for the year ended 31 March 2020

	Software	Customer relationships	Total
	(JPY)	(JPY)	(JPY)
Gross block as at 1 April 2019	**10**	**-**	**10**
Additions	0	609	610
Gross block as at 31 March 2020	**11**	**609**	**620**
Accumulated depreciation as at 1 April 2019	**7**	**-**	**10**
Charge for the year	2	46	48
Accumulated depreciation as at 31 March 2020	**9**	**46**	**59**
Net block as at 31 March 2020	**1**	**563**	**564**
Estimated remaining useful life (in years)	0.6	10	

The changes in the carrying value for the year ended 31 March 2021

	Software	Customer relationships	Total
	(₹)	(₹)	(₹)
Gross block as at 1 April 2020	**7**	**402**	**410**
Disposals / other adjustments (refer note 2(a))	3	-	3
Gross block as at 31 March 2021	**4**	**402**	**407**
Accumulated depreciation as at 1 April 2020	**6**	**31**	**37**
Charge for the year	1	70	71
Deduction / other adjustments (refer note 2(a))	3	-	3
Accumulated depreciation as at 31 March 2021	**4**	**101**	**105**
Net block as at 31 March 2021	**-**	**301**	**301**
Estimated remaining useful life (in years)		9	

HCL Japan Limited
Notes to special purpose financial statements for the period ended 31 March 2021
(All amount in millions, except share data and as stated otherwise)

2.2 Other financial assets

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(JPY)	**(JPY)**	**(₹)**
Non - current			
Carried at amortized cost			
Finance lease receivables	73	66	48
Security deposits	142	156	94
Unbilled revenue	2	1	2
	217	**224**	**144**
Current			
Carried at amortized cost			
Unbilled revenue	153	245	100
Unbilled revenue-related parties (refer note 2.27(e))	81	-	54
Advance to suppliers	11	-	7
Security deposits	24	58	16
Finance lease receivables	78	55	52
	347	**358**	**229**

2.3 Other non- current assets

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(JPY)	**(JPY)**	**(₹)**
Unsecured considered good unless otherwise stated			
Capital Advances	-	2	-
Prepaid expenses	11	7	8
Deferred contract cost	57	4	37
	68	**13**	**45**

2.4 Inventories

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(JPY)	**(JPY)**	**(₹)**
Stock in trade	10	11	7
	10	**11**	**7**

2.5 Trade Receivable

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(JPY)	**(JPY)**	**(₹)**
Unsecured considered good (refer note below)	3,060	2,855	2,022
Trade receivables which have significant increase in credit risk	58	40	38
	3,118	**2,895**	**2,060**
Impairment Allowance for bad and doubtful debts			
Unsecured, considered good	51	34	34
Trade receivables which have significant increase in credit risk	(58)	(40)	(38)
	3,111	**2,889**	**2,056**

Note:- Trade Receivable includes receivable from related party amouting to JPY 462 millions(₹ 305 millions), (31 March 2020 JPY 310 millions) (refer note 2.27(e))

HCL Japan Limited

Notes to special purpose financial statements for the period ended 31 March 2021

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

2.6 Cash and cash equivalent

	As at		
	31 March 2021	**31 March 2020**	**31 March 2020**
	(JPY)	**(JPY)**	**(₹)**
Balance with banks			
- in current accounts	1,449	2,070	958
	1,449	**2,070**	**958**

2.7 Financial assets - loans

	As at		
	31 March 2021	**31 March 2020**	**31 March 2020**
	(JPY)	**(JPY)**	**(₹)**
Current			
Unsecured, considered good			
Others			
Short term loan- related parties (refer note 2.27(e))	57	-	38
Loans and advances to employees	1	1	1
Loans and advances to employees - doubtful	-	9	-
Less: Provision for doubtful advances	-	(9)	-
	58	**1**	**39**

2.8 Other current assets

	As at		
	31 March 2021	**31 March 2020**	**31 March 2020**
	(JPY)	**(JPY)**	**(₹)**
Unsecured , considered good			
Advances other than capital advances			
Advances to suppliers	2	1	2
Others			
Deferred contract cost	5	2	4
Deferred contract cost - related parties (refer note 2.27(e))	2,092	26	1,382
Prepaid expenses	41	38	27
Prepaid expenses - related parties (refer note 2.27(e))	5	-	3
TDS receivable	3	3	2
Contract assets	205	129	135
	2,353	**199**	**1,555**

2.9 Share capital

	As at		
	31 March 2021	**31 March 2020**	**31 March 2020**
	(JPY)	**(JPY)**	**(₹)**
Authorized			
12,800 (previous year 12,800) equity shares of JPY 50,000 each	640	640	423
Issued, subscribed and fully paid up			
4,400 (previous year 4,400) equity shares of JPY 50,000 each, fully paid up.	220	220	145

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of JPY 50,000/-. 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.

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

2.9 Share capital (continued)

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

	As at			
	31 March 2021		**31 March 2020**	
	No. of shares	Amount (JPY)	No. of shares	Amount (JPY)
Number of shares at the beginning	4,400	220	4,400	220
Number of shares at the end	4,400	220	4,400	220

Shares held by the holding company

Out of equity shares issued by the Company shares held by its holding company, are as below:

	As at			
	31 March 2021		**31 March 2020**	
	No. of Shares	Amount (JPY)	No. of shares	Amount (JPY)
Equity shares of JPY 50,000 each fully paid				
HCL Technologies UK Limited , the holding company	4,400	220	4,400	220

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

Name of the shareholder	**As at**			
	31 March 2021		**31 March 2020**	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of JPY 50,000 each fully paid				
HCL Technologies UK Limited , the holding company	4,400	100.00%	4,400	100.00%

As per the records of the Company, including its register of shareholders/members and other declarations 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 other than cash and no shares bought back during five years immediately preceding the reporting date.

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.

2.10 Provisions

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(JPY)	**(JPY)**	**(₹)**
Non-current			
Provision for employee benefits			
Provision for leave benefits	1	1	1
	1	**1**	**1**
Current			
Provision for employee benefits			
Provision for leave benefits	186	151	123
	186	**151**	**123**

HCL Japan Limited

Notes to special purpose financial statements for the period ended 31 March 2021

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

2.11 Other non-current liabilities

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(JPY)	(JPY)	(₹)
Contract Liabilities	176	41	117
Employee cost	23	-	15
	199	**41**	**132**

2.12 Trade payables

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(JPY)	(JPY)	(₹)
Trade payables	143	52	94
Trade payables-related parties (refer note 2.27(e))	615	1,289	407
	758	**1,341**	**501**

2.13 Other financial liabilities

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(JPY)	(JPY)	(₹)
Current			
Deferred Consideration	-	592	-
Accrued salaries and benefits			
Employee bonuses accrued	72	2	47
Interest Payable	7	7	5
Others			
Capital accounts payables	-	3	-
Liabilities for expenses	184	156	122
Liabilities for expenses-related parties (refer note 2.27(e))	2,556	1,045	1,691
	2,819	**1,805**	**1,865**

2.14 Other current liabilities

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(JPY)	(JPY)	(₹)
Contract liabilities	1,781	1,359	1,176
Other Advances			
Advances received from customers	19	4	13
Accrued salaries and benefits			
Employee bonuses accrued	183	155	121
Other employee costs	6	4	4
Others			
Withholding and other taxes payable	1,240	1,086	819
Provision for customer discount	38	4	25
Others	9	24	6
	3,276	**2,636**	**2,164**

HCL Japan Limited

Notes to special purpose financial statements for the period ended 31 March 2021

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

2.15 Revenue from operations

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Sale of services	17,622	15,569	11,645
Sale of hardware and software	163	266	108
	17,785	**15,834**	**11,753**

Disaggregate Revenue Information

The disaggregated revenue from contracts with the customers by contract type is as follows:

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Fixed price	12,940	8,930	8,551
Time and material	4,845	6,904	3,202
	17,785	**15,834**	**11,753**

Revenue disaggregation as per geography has been included in segment information (Refer note 2.24).

Remaining performance obligations

As at 31 March 2021, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was JPY 7,514 millions(₹ 4,965 millions) out of which, approximately 89% is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions as below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,

b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or

c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Contract balances

Contract assets : A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in balance sheet. Contract assets primarily relate to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivables represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Contract liabilities : A contract liability arises when there is excess billing over the revenue recognized.

The below table discloses the movement in balances of contract liabilities :

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Balance as at beginning of the year	1,400	47	925
Additional amounts billed but not recognized as revenue	685	1,392	454
Deduction on account of revenues recognized during the year	(129)	(39)	(85)
Balance as at end of the year	**1,956**	**1,400**	**1,294**

HCL Japan Limited
Notes to special purpose financial statements for the period ended 31 March 2021
(All amount in millions, except share data and as stated otherwise)

2.15 Revenue from operations(continued)

Deferred contract cost : Deferred contract cost primarily represents the contract fulfilment cost and cost for obtaining the contract.

The below table discloses the movement in balance of deferred contract cost:

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Balance as at beginning of the year	32	28	21
Additional cost capitalised during the year	2,128	32	1,406
Deduction on account of cost amortised during the year	(6)	(28)	(4)
Balance as at end of the year	**2,154**	**32**	**1,423**

2.16 Other income

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Interest income			
- Others	6	-	4
Exchange differences (net)	-	8	-
	6	**8**	**4**

2.17 Changes in inventories of traded goods

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Opening stock	(1)	10	(1)
Closing stock	10	11	7
	(11)	**(1)**	**(8)**

2.18 Employee benefits expense

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Salaries, wages and bonus	4,456	3,952	2,945
Contribution to Japan legal welfare and other funds	462	395	306
Staff welfare expenses	2	9	2
	4,920	**4,356**	**3,253**

2.19 Finance cost

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Interest			
-on loans from banks	-	4	-
-on the lease liability	21	2	14
-others	4	18	2
Bank charges	2	3	2
	27	**28**	**18**

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

2.20 Other expenses

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Rent	31	90	21
Power and fuel	9	18	6
Repairs and maintenance			
- Plant and machinery	3	1	2
- Buildings	7	2	5
- Others	20	5	13
Communication costs	23	22	15
Travel and conveyance	38	72	25
Business promotion	32	15	21
Legal and professional charges	95	85	63
Rates and taxes	5	9	3
Recruitment, training and development	35	29	23
Provision for doubtful debts/ bad debts written off	2	-	1
Exchange differences (net)	12	-	8
Miscellaneous expenses	11	6	7
	323	**353**	**213**

2.21 Income taxes

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Current income tax charge	313	185	207
Correction of prior year provision	9	117	6
Deferred tax charge	(10)	30	(7)
	312	**332**	**206**

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

	Year ended 31 March 2021 (JPY)	Year ended 31 March 2020 (JPY)	Year ended 31 March 2021 (₹)
Profit before income tax	768	633	507
Statutory tax rate	37.87%	33.79%	-
Expected tax expense	**291**	**214**	192
Deduction for Enterprise tax	(16)	(25)	(11)
Non-deductible expenses	13	10	9
Correction of prior year provision	9	117	6
Others(net)	15	16	10
Total taxes	**312**	**332**	**206**
Effective income tax rate	40.64%	52.54%	40.64%

HCL Japan Limited
Notes to special purpose financial statements for the period ended 31 March 2021
(All amount in millions, except share data and as stated otherwise)

2.21 Income taxes (continued)

Components of deferred tax assets and liabilities as on 31 March 2021 **Amount in (JPY)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provision for doubtful debts	2	1	3
Accrued employee costs	110	69	179
Amortization of Intangibles	23	(6)	17
Depreciation and amortization	13	6	19
Provision for Expenses	25	16	41
Others	-	6	6
Net deferred tax assets	**172**	**92**	**265**
Deferred tax liabilities			
Intangibles	44	58	102
Others	3	(3)	-
Gross deferred tax liabilities (B)	**47**	**55**	**102**
Net deferred tax assets (A-B)	**126**	**37**	**163**

Components of deferred tax assets and liabilities as on 31 March 2020 **Amount in (JPY)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provision for doubtful debts	2	(0)	2
Accrued employee costs	90	20	110
Amortization of Intangibles	33	(10)	23
Depreciation and amortization	21	(8)	13
Provision for Expenses	8	17	25
Others	1	(1)	-
Net deferred tax assets	**155**	**17**	**172**
Deferred tax liabilities			
Intangibles	-	44	44
Others	-	3	3
Gross deferred tax liabilities (B)	**-**	**47**	**47**
Net deferred tax assets (A-B)	**155**	**(29)**	**126**

Components of deferred tax assets and liabilities as on 31 March 2021 **Amount in (₹)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provision for doubtful debts	1	-	1
Accrued employee costs	75	45	120
Amortization of Intangibles	15	(4)	11
Depreciation and amortization	9	4	13
Provision for Expenses	16	10	26
Others	-	4	4
Net deferred tax assets	**116**	**59**	**175**
Deferred tax liabilities			
Intangibles	29	38	67
Others	2	(2)	-
Gross deferred tax liabilities (B)	**31**	**36**	**67**
Net deferred tax assets (A-B)	**85**	**23**	**108**

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

2.22 Earnings Per Share (EPS)

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(JPY)	**(JPY)**	**(₹)**
Net profit as per Statement of profit and loss for computation of EPS	456	301	301
Weighted average number of equity shares outstanding in calculating basic and dilutive EPS	4,400	4,400	4,400
Nominal value of equity shares	50,000	50,000	50,000
Earnings per equity share			
- Basic and Diluted	103,636	68,472	68,503

2.23 Leases

(a) Company as a lessee

The company's significant leasing arrangements is in respect of leases for office accomodation.

The details of the right-of-use asset held by the company is as follows:

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(JPY)	**(JPY)**	**(₹)**
Balance as at beginning of the year	727	-	481
Transition impact of Ind AS 116 (refer note 1(c))	-	30	-
Depreciation charge for the year	(164)	(47)	(109)
Additions	3	744	2
Other adjustment	18	-	12
Balance as at end of the year	**584**	**727**	**386**

The reconciliation of lease liabilities is as follows:

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(JPY)	**(JPY)**	**(₹)**
Balance as at beginning of the year	732	-	484
Transition impact of Ind AS 116 (refer note 1(c))	-	30	-
Additions	8	744	5
Amounts recognized in statement of profit and loss as interest expense	21	2	14
Payment of lease liabilities	(156)	(44)	(103)
Balance as at end of the year	**605**	**732**	**400**

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March 2021:

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(JPY)	**(JPY)**	**(₹)**
Within one year	155	148	102
One to two years	168	159	111
Two to three years	167	165	110
Three to five years	152	165	101
Thereafter	-	152	-
Total lease payments	**642**	**790**	**424**
Imputed interest	37	58	24
Total lease liabilities	**605**	**732**	**400**

Certain lease agreements include options to terminate or extend the leases. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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

2.23 Leases (continued)

(b) Company as a lessor

The Company has given servers to its customers on finance lease basis. The future lease payment receivables in respect of assets given on finance lease are as follows:

Particulars	Total minimum lease payments receivable	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
31 March 2021 (JPY)			
Not later than one year	82	4	78
Later than one year but not later than five years	77	4	73
Later than five years	-	-	-
	159	**8**	**151**
31 March 2020 (JPY)			
Not later than one year	42	(13)	55
Later than one year but not later than five years	70	4	66
Later than five years	-	-	-
	113	**(8)**	**121**
31 March 2021 (₹)			
Not later than one year	55	3	52
Later than one year but not later than five years	51	3	48
Later than five years	-	-	-
	106	**6**	**100**

2.24 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance.

The Company's ultimate holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and Products & Platforms segment. The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

Segment revenue from customers by geographic area based on location of the customer is as follows:

Particulars	Year ended		
	31 March 2021 JPY	**31 March 2020 JPY**	**31 March 2021 (₹) (Refer note 1(a))**
America	775	706	512
Europe	418	183	276
India	712	1,368	471
Japan	15,359	6	10,150
Others	521	13,571	344
Total	**17,785**	**15,834**	**11,753**

HCL Japan Limited
Notes to special purpose financial statements for the period ended 31 March 2021
(All amount in millions, except share data and as stated otherwise)

2.25 Commitments

Particulars	As At		
	31 March 2021	31 March 2020	31 March 2021
	(JPY)	(JPY)	(₹)
Capital Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for(net of advances)	66	16	44
	66	**16**	**44**

2.26 Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2021 is as follows:

Particulars	Amortized cost	Total carrying value	Amortized cost	Total carrying value
	(JPY)	(JPY)	(₹)	(₹)
Financial assets				
Trade receivables	3,111	3,111	2,056	2,056
Cash and cash equivalents	1,449	1,449	958	958
Loans	58	58	38	38
Others	564	564	373	373
Total	**5,182**	**5,182**	**3,425**	**3,425**
Financial liabilities				
Trade payables	758	758	501	501
Lease Liabilties	605	605	400	400
Others	2,819	2,819	1,863	1,863
Total	**4,182**	**4,182**	**2,764**	**2,764**

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

Particulars	Amortized cost	Total carrying value	Amortized cost	Total carrying value
	(JPY)	(JPY)	(₹)	(₹)
Financial assets				
Trade receivables	2,889	2,889	2,008	2,008
Cash and cash equivalents	2,070	2,070	1,439	1,439
Loans	1	1	1	1
Others	582	582	405	405
Total	**5,543**	**5,543**	**3,853**	**3,853**
Financial liabilities				
Trade payables	1,341	1,341	932	932
Lease Liabilties	732	732	509	509
Others	1,806	1,806	1,255	1,255
Total	**3,879**	**3,879**	**2,697**	**2,697**

(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.

HCL Japan Limited

Notes to special purpose financial statements for the period ended 31 March 2021

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

2.26 Financial assets and liabilities(continued)

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 curreny. An insignificant portion of the Company's revenue is in other foreign currency while a large protion of costs are in JPY . The fluctuation in exchange rates in respect to JPY may not have potential impact on the special purpose statement fo 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 JPY 8 millions(₹ 6 millions) for the year ended 31 March 2021.

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 2021 and 31 March 2020 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2021 (JPY)	31 March 2020 (JPY)	31 March 2021 (JPY)	31 March 2020 (JPY)
EUR/JPY	18	4	9	(2)
GBP/JPY	-	-	11	-
USD/JPY	28,135	1,562	26,628	44

(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 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.

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

	Year 1 Current	Year 2	Year 3	Year 4-5 and thereafter	Total
As at 31 March 2021					
Trade payables	758	-	-	-	758
Lease liabilities	139	156	160	150	605
Other financial liabilities	2,819	-	-	-	2,819
Total	**3,716**	**156**	**160**	**150**	**4,182**
As at 31 March 2020					
Trade payables	1,341	-	-	-	1,341
Lease liabilities	121	147	158	312	738
Other financial liabilities	1,805	-	-	-	1,805
Total	**3,267**	**147**	**158**	**312**	**3,884**

2.27 Related party transactions

a) Related parties where control exists

HCL Technologies Limited (Ultimate holding company)
HCL Technologies UK Limited (Holding company)

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

HCL Technologies Limited (Ultimate holding company)
HCL Technologies UK Limited (Holding company)

Fellow Subsidiaries

Axon Solutions Limited
C3i Japan GK
C3i Services &Technologies (Dalian) Co., Limited
Filial Espanola De HCL Technoloiges, S.L.(HCL Spain)
Geometric China, Inc.
HCL (Brazil) Technologia Da Informacao EIRELI

HCL (Ireland) Information Systems Limited
HCL (New Zealand) Limited, New Zealand
HCL America Inc.
HCL America Solutions Inc.
HCL Argentina s.a.
HCL Asia Pacific Pte Limited
HCL Australia Services Pty. Limited, Australia
HCL Axon Solutions (Shanghai) Co., Limited
HCL Canada Inc. (Fy HCL Axon Technologies Inc.)
HCL GmbH
HCL Great Britain Limited
HCL Guatemala, Sociedad Anonima
HCL Hong Kong SAR Limited, Hong Kong
HCL Hungary Kft
HCL Istanbul Bilisim Teknolojileri Limited sirketi
HCL Latin America Holding LLC
HCL Netherlands B.V.
HCL Poland Sp.z.o.o.
HCL Singapore Pte. Limited, Singapore
HCL Sweden AB
HCL Technologies (PTY) Limited. (Fy HCL Axon PTY Limited.)
HCL Technologies (Shanghai) Limited
HCL Technologies (Taiwan) Limited.
HCL Technologies (Thailand) Limited.
HCL Technologies Austria GmbH
HCL Technologies Beijing Co., Limited
HCL Technologies Belgium BVBA
HCL Technologies BV
HCL Technologies Colombia SAS
HCL Technologies Corporate Services Limited
HCL Technologies Czech Republic s.r.o.
HCL Technologies Denmark ApS
HCL Technologies Finland Oy
HCL Technologies France
HCL Technologies Germany GmbH
HCL Technologies Italy S.p.A.
HCL Technologies Limited
HCL Technologies Luxembourg S.a.r.l
HCL Technologies Malaysia SDN BHD (Fy HCL Axon Malaysia SDN BHD)
HCL Technologies Mexico
HCL Technologies Norway AS
HCL Technologies Philippines Inc
HCL Technologies Romania s.r.l.
HCL Technologies S.A.
HCL Technologies Sollutions GmBh (fly Axon Soltns Schz GmbH)
HCL Technologies Sweden (IOMC)
HCL Technologies Vietnam Company Limited
PT. HCL Technologies Indonesia
Urban Fulfillment Services LLC

Key Management Personel

Neelanjan Bhattacharjee- Vice President

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

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

	Revenue	Operating and other expenses	Interest expense
For the year ended 31 March 2021(JPY)			
Ultimate holding company	712	10,234	-
Holding company	4	88	-
Fellow Subsidiaries	665	582	-
Total	**1,381**	**10,904**	**-**
For the year ended 31 March 2020(JPY)			
Ultimate holding company	1,368	9,164	-
Holding company	21	3	-
Fellow Subsidiaries	425	535	7
Total	**1,814**	**9,702**	**7**
For the year ended 31 March 2021(₹)			
Ultimate holding company	471	6,763	-
Holding company	3	58	-
Fellow Subsidiaries	439	385	-
Total	**913**	**7,206**	**-**

d) Transactions with Key Managerial personnel during the year

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
	(JPY)	(JPY)	(₹)
Representative Directors Remuneration	27	27	18
	27	**27**	**18**

The remuneration to the key management personnel does not include provision made for leave benefits, as they are determined on an actuarial basis for the Company as a whole.

e) Outstanding balances

	Trade receivables & other receivables	Unbilled revenue	Interest payable short term loans	Trade payables	Liability for expenses	Deferred contract cost and prepaid expenses	Short term loan
As at 31 March 2021(JPY)							
Ultimate holding company	200	80	-	417	2,556	2,097	-
Holding company	2	-	-	6	-	-	-
Fellow Subsidiaries	260	1	7	192	-	-	57
Total	**462**	**81**	**7**	**615**	**2,556**	**2,097**	**57**
As at 31 March 2020(JPY)							
Ultimate holding company	91	-	-	1,280	1,043	26	-
Holding company	2	-	-	0	-	-	-
Fellow Subsidiaries	217	-	7	9	2	-	-
Total	**310**	**-**	**7**	**1,289**	**1,045**	**26**	**-**
As at 31 March 2021(₹)							
Ultimate holding company	132	53	-	276	1,689	1,386	-
Holding company	1	-	-	4	-	-	-
Fellow Subsidiaries	172	1	5	127	-	-	38
Total	**305**	**54**	**5**	**406**	**1,689**	**1,386**	**38**

2.28 Subsequent event

The Company has evaluated all the subsequent events through 24 July 2021, which is the date on which these special purpose financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the special purpose financial statements.

The Company has presented its financial statements in "JPY in millions" and accordingly, amounts less than JPY 0.50 millions are rounded off to zero.

As per our report of even date

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

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date:

For and on behalf of the Board of Directors of HCL Japan Limited

Neelanjan Bhattacharjee

Neelanjan Bhattacharjee
Director

Sridharan S

Sundaram Sridharan
Director

Date: 28 July 2021