

HCL Technologies, S.A.

Financial Statement

Year ended 31 March 2022 and 2021

HCL Technologies, S.A.**Balance Sheet as at 31 March 2022**

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

	Note No.	As at 31 March 2022 (Refer note 1 (a)) (VES)	As at 31 March 2021 (Refer note 1 (a)) (VES)
I. ASSETS			
(1) Current assets			
(a) Financial Assets			
(i) Trade receivables	2.1		
Billed		520	230
Unbilled		96	140
(ii) Cash and cash equivalents	2.2	31	44
(b) Other current assets	2.3	32	-
(c) Deferred tax assets (Net)	2.15	-	47
TOTAL ASSETS		679	461
II. EQUITY			
(a) Equity Share Capital	2.4	2	2
(b) Other Equity		174	11
TOTAL EQUITY		176	13
III. LIABILITIES			
(1) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.5	131	-
(ii) Trade payables	2.6		
- Billed		232	357
- Unbilled and accruals		68	32
(iii) Others	2.7	0	-
(b) Other current liabilities	2.8	0	6
(c) Current Tax Liabilities (Net)		51	53
(c) Deferred tax Liabilities (Net)	2.15	21	-
TOTAL LIABILITIES		503	448
TOTAL EQUITY AND LIABILITIES		679	461
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**ICAI Firm Registration Number : 101248W/W-100022**

Chartered Accountants

**For and on behalf of the Board of Directors
of HCL Technologies, S.A.****Vimal Chauhan****Partner**

Membership Number: 511230

Raghu Raman Lakshmanan

Director

Gurugram, India

Date: 22nd July, 2022

Texas, USA

Date: 22nd July, 2022

HCL Technologies, S.A.
Statement of Profit and Loss for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

	Note No.	Year ended 31 March 2022 (Refer note 1 (a)) (VES)	Year ended 31 March 2021 (Refer note 1 (a)) (VES)
I Revenue			
Revenue from operations	2.9	565	482
Other Income	2.10	49	-
Net monetary gain		-	542
Total income		614	1,024
II Expenses			
Purchase of traded goods	2.11	223	-
Finance costs	2.12	6	0
Outsourcing costs		12	645
Net monetary loss		20	-
Other expenses	2.13	107	367
Total expenses		368	1,012
III Profit/ (Loss) before tax		246	12
IV Tax expense	2.15		
Net monetary loss/(gain) on tax expense		0	(0)
Current tax		43	48
Deferred tax charge/(credit)		41	(44)
Total tax expense		84	4
V Profit/ (Loss) for the year		162	8
VI Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss		-	-
VII Total Comprehensive Profit/ (Loss) for the year		162	8
Earnings per equity share of VES 1 each			
Basic	2.14	1.64	0.08
Diluted	2.14	1.64	0.08
Summary of significant accounting policies	1		

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Raghu Raman Lakshmanan
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Gurugram, India
Date: 22nd July, 2022

Texas, USA
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HCL Technologies, S.A.
Statement of Changes in Equity for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

	Share capital			Amount in VES
	Equity share	Equity share capital	Share application money pending allotment	Other equity Retained earning
Adjusted Balance as at 1 April 2020	2,498,644	1	-	34
Profit for the year	-	-	-	8
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the year	-	-	-	8
Inflation effect due to last year restatement	-	1	-	(31)
Share application money pending allotment	-	0	(0)	(0)
Restructuring in number of Equity share	(2,399,742)	-	-	-
Balance as at 31 March 2021	98,902	2	(0)	11
Adjusted Balance as at 1 April 2021	98,902	2	-	11
Loss for the year	-	-	-	162
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the year	-	-	-	162
Inflation effect due to last year restatement	-	-	-	1
Balance as at 31 March 2022	98,902	2	-	174

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
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Gurugram, India
Date: 22nd July, 2022

Texas, USA
Date: 22nd July, 2022

HCL Technologies, S.A.
Statement of cash flow for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2022 (Refer note 1 (a)) (VES)	Year ended 31 March 2021 (Refer note 1 (a)) (VES)
A. Cash flows from operating activities		
Profit / (Loss) before tax	246	12
Adjustment for:		
Inflation impact on previous year profit and loss account	-	(7)
Provision for doubtful debts/ bad debts written off	-	19
	246	24
Net Change in		
Trade receivables	(450)	(99)
Other financial assets and other assets	(57)	(53)
Trade payables	115	147
Other financial liabilities and other liabilities	16	8
Cash generated from operations	(130)	27
Direct taxes paid (net of refunds)	(14)	-
Net cash flow from operating activities	(144)	27
B. Cash flows from financing activities		
Proceeds from short term borrowings	131	-
Net cash flow from financing activities	131	-
Net increase / (decrease) in cash and cash equivalents	(13)	27
Cash and cash equivalents at the beginning of the year	44	17
Cash and cash equivalents at the end of the year as per note 2.2	31	44
Summary of significant accounting policies (Note 1)		

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR B S R & Co. LLP
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Gurugram, India
Date: 22nd July, 2022

Texas, USA
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HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2022

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

ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies, S.A (herein after referred to as “Company”) is a Business Transformation consultancy aiming to provide medium and large size organizations with Business Transformation solutions that encompasses all elements of Business Consulting, Solution Implementation, and ongoing Application Management. The Company was incorporated on 20 November 2014.

The financial statements for the year ended 31 March 2022 were approved and authorized for issue by the Board of Directors on 22nd July, 2022.

1. Summary of Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 (‘the Act’) read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the financial statements.

The Company is not domiciled in India and hence was not incorporated under Companies Act, 2013 or under any previous Company law in India. These financial statements do not constitute a set of statutory financial statements in accordance with local laws of the Country in which the Company is incorporated.

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 Act.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

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 figures for the current year and previous year have been restated for the changes in the general purchasing power of the functional currency in agreement with Ind AS 29 “Financial Reporting in Hyperinflationary Economies”. As per Ind AS 29, inflation rates can be considered in respect of any stable currency, hence these financials are prepared considering the inflation effect with USD.

As per Ind AS 29 only non-monetary items of the current year are restated from the date of origin in accordance with the conversion factors calculated in the current year, however both monetary and non-monetary items of the previous year are restated in accordance with the accumulated inflation of the current year to make both years comparable. Items of statement of profit and loss for the current year are also restated in accordance with the mid-month rates calculated and previous year figures are restated in accordance with the accumulated inflation of the current year to make both years comparable. In the same way statement for cash flows is also prepared considering the restated figures of both the years.

The functional currency of the Company is Bolivar Digital (VES).

HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2022

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

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. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made.

Significant estimates and assumptions are used for, but not limited to,

- i. Accounting for costs expected to be incurred to complete performance under fixed price projects, refer note 1(d)
- ii. Allowance for uncollectible accounts receivables, refer note 1(g)(i)
- iii. Recognition of income and deferred taxes, refer note 1(f) and note 2.15
- iv. Provisions and contingent liabilities, refer note 1(i)

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, impact on revenues and costs. However, the actual impact of COVID-19 on the company's financial statements may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

c) 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:

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.

d) 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 Company expects to be entitled in exchange for transferring those

HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2022

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

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 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 applicable taxes, 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 standalone selling price. Standalone selling price is the price at which company would sell a promised good or service separately to the customer. When not directly observable, we estimate standalone selling price by using the expected cost plus a margin approach. We establish a standalone 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 a group 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 and generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future 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 and other upfront fee paid to customer are deferred and classified as Deferred contract cost and amortized to revenue or cost, 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

HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2022

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

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 Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably being group 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 balance sheet. Contract assets primarily relate to unbilled amounts on those contracts utilizing the cost-to-cost method of revenue recognition and right to consideration is not unconditional. 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.

e) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of the transaction. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the year in which the transaction is settled. Revenue, expenses and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

f) Income Taxes

Income tax expense comprises current and deferred income tax.

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.

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.

HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2022

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

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.

g) Financial Instruments

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

i. Financial assets

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

Cash and cash equivalent

Cash in the balance sheet comprise cash in banks, which is subject to an insignificant risk of changes in values.

Financial assets 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, unbilled revenue, trade and other receivables.

Derecognition of financial assets

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

Impairment of financial assets

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

HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2022

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

ii. Financial liabilities

All financial liabilities are recognized initially at fair value net of directly attributable transaction costs.

Financial liabilities at amortized cost

The company's financial liabilities include trade and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method except for deferred consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

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

Offsetting of financial instruments

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

h) Earnings per share

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

Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued later. Dilutive potential equity shares are determined independently for each year presented.

i) Provisions and contingent liabilities

A provision is recognized if, because 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.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

j) Cash and cash equivalents

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

HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2022

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

k) Recently issued accounting pronouncements

On 23 March 2022, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2022 effective from 1 April 2022. Following is key amended provision which may have an impact on the standalone financial statements of the Company:

Onerous Contracts - Cost of Fulfilling a Contract (Amendment to Ind AS 37)

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs and allocation of other direct costs. The Company does not expect the adoption of this update to have a material impact on its standalone financial statements.

HCL Technologies, S.A.

Notes to the financial statements for the year ended 31 March 2022

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

2.1 Trade Receivable

	As at	
	31 March 2022	31 March 2021
	(VES)	(VES)
Current		
Billed		
Unsecured considered good (refer note below)	520	230
Unbilled receivables (refer note below)	96	140
	616	370

Note:-

Includes receivables from related parties amounting to 31 March 2022 , VES 57 (31 March 2021, VES 272). (Refer note 2.19(d))

Trade receivables - current	Not Due	Outstanding as at 31 March 2022					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3	More than 3 years	
Undisputed - considered good	189	321	10	-	-	-	520
							520
Unbilled receivables							96
							616

Trade receivables - current	Not Due	Outstanding as at 31 March 2021					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3	More than 3 years	
Undisputed - considered good	199	-	30	1	-	-	230
							230
Unbilled receivables							140
							370

2.2 Cash and cash equivalent

	As at	
	31 March 2022	31 March 2021
	(VES)	(VES)
Balance with banks - in current accounts	31	44
	31	44

2.3 Other current assets

	As at	
	31 March 2022	31 March 2021
	(VES)	(VES)
Others		
Duties & Taxes Recoverable	32	-
	32	-

HCL Technologies, S.A.**Notes to the financial statements for the year ended 31 March 2022**

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

2.4 Share Capital

	As at	
	31 March 2022	31 March 2021
	(VES)	(VES)
Authorized 280,000 common shares of VES 0.001/- each (31 March 2021: 280,000 common shares of VES 0.001/- each)	109	109
Issued, subscribed and fully paid up 98,902 common shares of VES 0.001/- each (31 March 2021: 98,902 common shares of VES 0.001/- each)	2	2

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of VES 0.001 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.

Outstanding share as per the share certificate issued. Share issued/restructured during the year represents the difference between opening closing number of shares.

Details of shares held by holding/ultimate holding company and/or their subsidiaries/ associates:

Name of the shareholder	As at			
	31 March 2022		31 March 2021	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Common shares of 0.001 VES each, fully paid HCL Technologies UK Limited; the holding company	98,882	99.98%	98,882	99.98%

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

Name of the shareholder	As at			
	31 March 2022		31 March 2021	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Common shares of 0.001 VES each, fully paid HCL Technologies UK Limited; the holding company	98,882	99.98%	98,882	99.98%

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation.

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the company while maximizing the shareholder value. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated.

HCL Technologies, S.A.

Notes to the financial statements for the year ended 31 March 2022

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

2.5 Borrowings

	As at	
	31 March 2022	31 March 2021
	(VES)	(VES)
Short term borrowings		
Unsecured		
Loan from related parties (Refer note 2.19 (d))	131	-
	131	-

2.6 Trade payables

	As at	
	31 March 2022	31 March 2021
	(VES)	(VES)
Billed		
Trade payables	45	211
Trade payables-related parties (Refer note 2.19 (d))	187	146
Unbilled and accruals		
Unbilled and accruals-related parties (refer note 2.19(d))	30	11
	38	21
	300	389

Particulars	Not Due	Outstanding as at 31 March 2022 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
		(i) Others	-	232	-	-
Unbilled and accruals						68
						300

Particulars	Not Due	Outstanding as at 31 March 2021 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
		(i) Others	-	301	56	-
Unbilled and accruals						32
						389

2.7 Other Financial liabilities

	As at	
	31 March 2022	31 March 2021
	(VES)	(VES)
Current		
Carried at amortized cost		
Interest Payable-related parties(Refer note 2.19(d))	0	-
	0	-

2.8 Other current liabilities

	As at	
	31 March 2022	31 March 2021
	(VES)	(VES)
Advance from customers	0	-
Withholding and other taxes payable	-	6
	0	6

HCL Technologies, S.A.**Notes to the financial statements for the year ended 31 March 2022****(All amounts in thousands except share data and as stated otherwise)****2.9 Revenue from operations**

	Year ended	Year ended
	31 March 2022	31 March 2021
	(VES)	(VES)
Sale of services	313	482
Sale of hardware and software	252	-
	565	482

Disaggregate Revenue Information

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

	Year ended	Year ended
	31 March 2022	31 March 2021
	(VES)	(VES)
Fixed price	565	482
	565	482
Geography wise		
Europe	-	9
India	-	122
Others	565	351
	565	482

Remaining performance obligations

As at 31 March 2022, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was VES 592.70 out of which, approximately 40%, is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions of below:

- Contracts for which we recognize revenues based on the right to invoice for services performed,
- 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
- Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

The contracted price equals the revenue recognized since there is no reduction towards variable consideration component during the year.

HCL Technologies, S.A.**Notes to the financial statements for the year ended 31 March 2022**

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

2.10 Other income

	Year ended	Year ended
	31 March 2022	31 March 2021
	(VES)	(VES)
Exchange differences (net)	49	-
	49	-

2.11 Purchase of stock in trade

	Year ended	Year ended
	31 March 2022	31 March 2021
	(VES)	(VES)
Cost of goods sold	223	-
	223	-

2.12 Finance cost

	Year ended	Year ended
	31 March 2022	31 March 2021
	(VES)	(VES)
Interest		
-others	0	-
Bank charges	6	0
	6	0

2.13 Other expenses

	Year ended	Year ended
	31 March 2022	31 March 2021
	(VES)	(VES)
Legal and professional charges	101	93
Rates and taxes	2	-
Provision for doubtful debts/ bad debts written off	4	19
Exchange differences (net)	-	255
	107	367

2.14 Earnings per share (EPS)

	As At	
	31 March 2022	31 March 2021
	(VES)	(VES)
Profit/(loss) as per statement of profit and loss for computation of EPS	162	8
Weighted average number of equity shares outstanding in calculating basic and diluted EPS	98,902	98,902
Nominal value of equity shares	1,000	1,000
Earning per equity share		
Basic	1.64	0.08
Diluted	1.64	0.08

Note:-

The number of shares and dilutive equity shares are adjusted retrospectively for all periods presented for shares restructured during the year.

2.15 Income taxes

	Year ended	
	31 March 2022	31 March 2021
	(VES)	(VES)
Income tax charged to statement of profit and loss		
Current income tax charge	43	48
Deferred tax charge (credit)	41	(44)
	84	4

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 2022	31 March 2021
	(VES)	(VES)
Profit before income tax	246	12
Statutory tax rate	34%	34%
Expected tax expense	84	4
Adjustment due to Hyper inflation	(1)	(3)
Withholding taxes write off	-	3
Creation/(reversal) of prior year provisions	1	-
Total taxes	84	4
Effective income tax rate	34%	35%

Components of deferred tax assets and liabilities as on 31 March 2022

(Amount in VES)

	Opening balance	Inflation Impact due to last year restatement	Recognized in profit and loss	Closing balance
Deferred tax assets				
Provision for doubtful debts	2	(1)	1	2
Adjustments for foreign exchange	45	(26)	(19)	-
Deferred tax assets	47	(27)	(18)	2
Deferred tax liabilities				
Adjustments for foreign exchange	-	-	23	23
Deferred tax liabilities	-	-	23	23
Net deferred tax Assets/(Liabilities)	47	(27)	(41)	(21)

Components of deferred tax assets and liabilities as on 31 March 2021

(Amount in VES)

	Opening balance	Inflation Impact due to last year restatement	Recognized in profit and loss	Closing balance
Deferred tax assets				
Provision for doubtful debts	0	-	2	2
Adjustments for foreign exchange	81	(78)	42	45
Deferred tax assets	81	(78)	44	47
Net deferred tax assets	81	(78)	44	47

2.16 Financial Instruments

Financial Assets & Liabilities

The carrying value of financial instruments by categories as at 31 March, 2022 is as follows:-

	Amortized Cost	Total Carrying Value
	(VES)	(VES)
Financial Assets		
Trade receivables	616	616
Cash and cash equivalents	31	31
Total	647	647
Financial Liabilities		
Borrowings	131	131
Trade payables	300	300
Total	431	431

Financial Assets & Liabilities

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

	Amortized Cost	Total Carrying Value
	(VES)	(VES)
Financial Assets		
Trade receivables	370	370
Cash and cash equivalents	44	44
Total	414	414
Financial Liabilities		
Borrowings		
Trade payables	389	389
Total	389	389

(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.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's operations.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than functional currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in VES. The fluctuation in exchanges rates in respect to VES may not have potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately VES 1 for the year ended 31 March, 2022.

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, 2022 and 31 March, 2021 in major currencies is as below:

	Financial assets		Financial liabilities	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(VES)	(VES)	(VES)	(VES)
USD/VES	315	154	285	370
EUR/VES	-	-	-	18

2.16 Financial Instruments (continued)

(ii) Interest rate risk

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

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled revenue. By their nature, all such financial instruments involve risks, including the credit risk of 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 Company financial liabilities based on contractual payments is as below:

	Year 1	Total
	(VES)	(VES)
As at 31 March 2022		
Borrowings	131	131
Trade payables	300	300
Total	431	431

	Year 1	Total
	(VES)	(VES)
As at 31 March 2021		
Trade payables	389	389
Total	389	389

2.17 Financial Reporting in Hyperinflationary Economies

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is required to prepare financial statement on basis of historical cost or current cost approach based on the measuring unit current at the end of the reporting period.

HCL Venezuela entity currency VES falls under hyperinflationary economy requiring reinstatement of financials based on general price Index for reinstatement of both monetary and non-monetary items. The government of Venezuela has abolished its currency Bolivar Sovereign (VEF) and introduced new currency Bolivar Soberano (VES) form mid of August 2018. On the date of introduction of new currency 'VES' the conversion rate was 100,000 VEF equals to 1 VES. The government of Venezuela however restricted the central bank of Venezuela to publish General price Index and freezed it to December 2015. Accordingly, the Company have used the exchange rate "Convenio Cambiario N° 33 (d)" published by Central Bank of Venezuela to work out the inflation rates to restate the financials from historical currency unit to current currency unit. Inflation rates for the period from April 2015 till March 2022 were taken to restate the figures.

In October 2021, the government of Venezuela removed six zeroes from its currency while adapting a newer version of the bolivar currency system under a project known as "Digital bolivar".

HCL Technologies, S.A.

Notes to the financial statements for the year ended 31 March 2022

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

2.18 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose 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".

Revenue disaggregation as per geography is given in note 2.9

2.19 Related party transaction

a) Related parties where control exists

Ultimate Holding company

HCL Technologies limited

Holding company

HCL Technologies UK Limited

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

Ultimate Holding company

HCL Technologies limited

Fellow Subsidiary

HCL Argentina S.A.

HCL Hong Kong SAR Limited

HCL Tech Norway AS

HCL Technologies B.V.

HCL Technologies Thailand

HCLT Philippines Inc

HCL Technologies, S.A.

Notes to the financial statements for the year ended 31 March 2022

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

c) Transactions with related parties

Particulars	Sale of services		Interest on Short Term Loan	
	Year ended	Year ended	Year ended	Year ended
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(VES)	(VES)	(VES)	(VES)
Ultimate Holding Companies	-	122	0	-
Fellow Subsidiaries	-	11	-	-
Grand Total	-	133	0	-

Particulars	Proceeds from Loan taken	
	Year ended	Year ended
	31 March 2022	31 March 2021
	(VES)	(VES)
Fellow Subsidiaries	131	-
Grand Total	131	-

d) Outstanding balances with related parties

Particulars	Trade receivables (Billed)		Liability for Expenses	
	As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(VES)	(VES)	(VES)	(VES)
Ultimate Holding Companies	0	0	-	-
Fellow Subsidiaries	32	151	38	21
Grand Total	32	151	38	21

Particulars	Trade Payables (Billed)		Unbilled receivables	
	As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(VES)	(VES)	(VES)	(VES)
Ultimate Holding Companies	187	0	25	121
Holding Companies	0	0	-	-
Fellow Subsidiaries	0	146	-	-
Grand Total	187	146	25	121

Particulars	Interest payable		Short Term loan	
	As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(VES)	(VES)	(VES)	(VES)
Ultimate Holding Companies	0	-	-	-
Fellow Subsidiaries	-	-	131	-
Grand Total	0	-	131	-

2.20 Ratio

Ratio	Numerator	Denominator	Units	Year ended		% Variance
				31 March 2022	31 March 2021	
Current ratio	Current assets	Current liabilities	Times	1.41	0.93	52%
Return on equity ratio	Profit for the year	Average total equity	%	171%	33%	416%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	1.146	1.301	-12%
Trade payables turnover ratio	Net credit purchases (refer note below 1)	Average trade payables	Times	1.0	2.6	-62%
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 2)	Times	2.9	(14.5)	-120%
Net profit ratio	Profit for the year	Revenue from operations	%	29%	2%	1645%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 3 below)	%	140%	-34%	-506%

Notes :

- (1) Net credit purchase includes purchase of stock-in-trade , change in inventories of stock-in-trade, outsourcing costs and other expenses
(2) Working capital = current assets - current liabilities
(3) Capital employed = Total Equity - Deferred tax assets
(4) Average is calculated based on simple average of opening and closing balances.

Explanation where change in the ratio is more than 25%

Current ratio : Trade receivables and other current assets increased more in comparison of previous year, results in better ratio in current year.

Return on equity ratio : As a result of restructuring in previous years the average equity was lesser in earlier year so the ratio.

Trade payable turnover ratio : The credit cost has been decreased in comparison of last year, results in decrease in ratio.

Net capital turnover ratio : Higher working capital in current year is reason of decrease in ratio in current year.

Net profit ratio : Net profit has increased due to comparatively lower direct cost , resulting in better ratio for the current period.

Return on capital employed : Higher ratio's reason in current year is better shareholder's net worth.

HCL Technologies, S.A.

Notes to the financial statements for the year ended 31 March 2022

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

2.29 Change in classification

1. Pursuant to amendment in Schedule III to the Companies Act, 2013, effective from 1 April 2021, the Company has modified the classification of certain assets and liabilities. Comparative amounts in the notes to the financial statements were reclassified for consistency.

	As earlier reported (Restated Amount)	Revised classification (Restated Amount)	Difference
Financial assets			
Trade receivables - unbilled (current)	-	140	140
Others (current)	140	-	(140)
Financial liabilities			
Trade payable - unbilled and accruals	-	32	32
Others	38	6	(32)

2.21 Subsequent events

The Company has evaluated all the subsequent events through 22nd July 2022, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements

3. The Company has presented its financial statement in " VES in thousands" and accordingly, amounts less than VES 0.50 thousands are rounded off to zero. Previous year and current year figures are reclassified based on the inflation rates of Venezuela in comparison with the stable currency i.e USD.

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

**For and on behalf of the Board of Directors
of HCL Technologies, S.A.**

Vimal Chauhan
Partner
Membership Number: 511230

Raghu Raman Lakshmanan
Director

Gurugram, India
Date: 22nd July, 2022

Texas, USA
Date: 22nd July, 2022