HCL Technologies Estonia OU
Company Registration No. 12862712
Vaike- Karja 3/ Sauna 2, Talinn city,
Harju County, 10140, Estonia
www.hcl.in

Directors' Report for the Financial Year ended March 31, 2022

To the Members,

The Directors of your Company have pleasure in presenting the Annual Report of the Company together with the Audited Accounts for the financial year ended March 31, 2022.

FINANCIAL RESULTS

The Financial results of your Company for the year ended March 31, 2022 are summarized as follows:

Amount in EUR'000

	Year ended March 31, 2022	**Year ended March 31, 2021**
Total Revenue	779	1,056
Total Expenditure	749	916
Profit/(Loss) before tax	30	140
Provision for tax	-	-
Profit /(Loss) for the year	30	140

DIVIDEND

In order to conserve resources, the directors did not recommend any dividend for the financial year ended on March 31, 2022.

TRANSFER TO RESERVES

Your Company does not propose to transfer to the reserve out of amount available for appropriation.

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

Your Company's primary business is to provide Computer software (IT) services.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There were no major changes affecting the financial position of the Company between the end of the financial year and the date of the report.

CHANGE IN NATURE OF BUSINESS

There was no change in the nature of business of the company during the year under review.

SHARE CAPITAL

As on March 31, 2022, the share capital of the Company comprises of 528,920 equity shares of Eur 1 each aggregating to EUR 528,920.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Your Company does not have any subsidiary, joint venture or associate company.

DIRECTORS

As on March 31, 2022, the Board consisted of two members namely Mr. Shiv Kumar Walia and Mr. Bejoy Joseph George, all of whom are non-executive directors.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company does not have a Nomination and Remuneration Committee ("NRC").

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

Your Company has a proper and adequate system of internal financial controls. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and the transactions are authorised, recorded and reported correctly. The internal financial control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The parent company has an Internal Audit Department headed by an Internal Auditor.

WHISTLE BLOWER/VIGILANCE POLICY

The whistle blower policy/vigil mechanism to report any wrong doing occurring within the Company has been established. Adequate safeguards against victimization of whistleblowers who express their concerns against such wrongdoings has also been established. The whistleblower mechanism operate at the level of the parent company and it covers all the subsidiaries including your Company.

STATUTORY AUDITORS

M/s. B.S.R. & Co. LLP, Chartered Accountants, were appointed as statutory auditors of the Company to hold office for the year 2021-22. It is proposed to appoint M/s. B.S.R. & Co. LLP, Chartered Accountants, as auditors of the Company for the year 2022-23.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS' IN THEIR REPORT

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The provisions relating to Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 and/or erstwhile Section 372A of Companies Act, 1956 are not applicable to the Company, being a body corporate incorporated outside India.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The Company has entered into any contracts or arrangements with related parties on arms' length price.

EXTRACT OF ANNUAL RETURN

The Company is a body corporate since the Corporation is incorporated outside India. Hence, the provisions of Section 92(3) of the Companies Act, 2013, being the extract of annual return (Form MGT-9), need not form part of this report.

DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from the public and as such, no amount on account of principal or interest on deposits from the public was outstanding as on the date of the balance sheet.

FRAUD

Your Company is a very well-managed Company and neither the Auditors nor the Internal Auditors have brought to the notice of the Board of Directors the occurrence or brewing of any fraud in the Company.

HUMAN RESOURCE MANAGEMENT

Your Company believes that human capital is one of the key elements that would give the Company a sustainable competitive advantage in the market. Your Directors record their sincere appreciation for the dedicated efforts of the employees.

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DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors, to the best of their knowledge and ability, confirm that:

i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the Annual Accounts on a going concern basis;

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors also thank the customers, vendors, bankers, and all the stakeholders associated with the Company. The success of your Company would be incomplete without the commendable effort put in by the past and present employees of the Company.

On behalf of the board of directors
HCL Technologies Estonia OU

Bejoy George (Jun 29, 2022 07:45 CDT)

Date: 29 June 2022

Shiv Walia
Director

Bejoy George
Director

HCL Technologies Estonia OÜ

Financial Statements

For the year ended 31st March 2022 and 31st March 2021

HCL Technologies Estonia OÜ
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 (EUR)	As at 31 March 2021 (EUR)
I.	**ASSETS**			
	(1) Non-current assets			
	(a) Property, plant and equipment	**2.1**	-	-
	(b) Financial Assets			
	(i) Others	**2.4**	209	283
	(2) Current assets			
	(a) Financial assets			
	(i) Trade receivables			
	Billed	**2.2**	139	354
	Unbilled	**2.2**	33	36
	(ii) Cash and cash equivalents	**2.3**	429	421
	(iii) Others	**2.4**	118	97
	(b) Other current assets	**2.5**	135	134
	TOTAL ASSETS		**1,063**	**1,325**
II.	**EQUITY**			
	(a) Equity share capital	**2.6**	529	529
	(b) Other Equity		8	(22)
	TOTAL EQUITY		**537**	**507**
III.	**LIABILITIES**			
	(1) Non - current liabilities			
	(a) Contract liabilities	**2.7**	2	-
	(2) Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables			
	Billed	**2.8**	349	609
	Unbilled and accruals	**2.8**	35	64
	(b) Contract liabilities	**2.7**	134	124
	(c) Other current liabilities	**2.9**	4	11
	(d) Provisions	**2.10**	2	10
	TOTAL EQUITY AND LIABILITIES		**1,063**	**1,325**
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Rakesh Dewan
Rakesh Dewan (Jun 29, 2022 21:07 GMT+5.5)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 29 June 2022

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

Bejoy George (Jun 29, 2022 07:45 CDT)

Shiv Walia
Director

Bejoy George
Director

Date: 29 June 2022

HCL Technologies Estonia OÜ
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 (EUR)	Year ended 31 March 2021 (EUR)
I	**Revenue**			
	Revenue from operations	**2.11**	772	1,051
	Other income	**2.12**	7	8
	Total income		**779**	**1,059**
II	**Expenses**			
	Purchase of traded goods		-	336
	Employee benefits expense	**2.13**	179	258
	Finance costs	**2.14**	4	5
	Depreciation expense	**2.1**	-	11
	Outsourcing costs		534	306
	Other expenses	**2.15**	32	3
	Total expenses		**749**	**919**
III	**Profit before tax**		**30**	**140**
IV	**Tax expense**		-	-
V	**Profit for the year**		**30**	**140**
VI	**Total comprehensive income for the year**		**30**	**140**
	Earnings per equity share of EUR 1 each			
	Basic and Diluted	**2.17**	**0.06**	**0.64**
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

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For B S R & Co. LLP
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For and on behalf of the Board of Directors
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Shiv Walia
Director

Bejoy George (Jun 29, 2022 07:45 CDT)

Bejoy George
Director

Date: 29 June 2022

HCL Technologies Estonia OÜ
Statement of Changes in Equity for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

Amount in EUR

	Equity share capital		Other Equity
	No. of Shares	Share Capital	
Balance as of April 1, 2020	200,000	200	(162)
Profit for the year	-	-	140
Total comprehensive income for the year	-	-	140
Issue of equity shares during the year	328,920	329	-
Balance as of March 31, 2021	**528,920**	**529**	**(22)**
Balance as of April 1, 2021	528,920	529	(22)
Profit for the year	-	-	30
Total comprehensive income for the year	-	-	30
Balance as of March 31, 2022	**528,920**	**529**	**8**

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 attached

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

Rakesh Dewan
Rakesh Dewan (Jun 29, 2022 21:07 GMT+5.5)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 29 June 2022

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

Bejoy George (Jun 29, 2022 07:45 CDT)

Shiv Walia
Director

Bejoy George
Director

Date: 29 June 2022

HCL Technologies Estonia OÜ
Cash flow statement for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
A. Cash flows from operating activities		
Profit before tax	30	140
Adjustment for:		
Depreciation expenses	-	11
Interest expenses	1	3
Other non cash (benefits)/charges	-	(3)
	31	**151**
Net Change in		
Trade receivables	218	(261)
Other financial assets and current assets	52	(411)
Trade payables	(289)	411
Provisions and other liabilities	(3)	(932)
Net cash flow from (used in) operating activities (A)	**9**	**(1,042)**
B. Cash flows from investing activities		
Loan repayment received from related parties	-	796
Net cash flow from investing activities (B)	**-**	**796**
C. Cash flows from financing activities		
Interest paid	(1)	(3)
Proceeds from issue of share capital	-	329
Net cash flow from financing activities (C)	(1)	**326**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	8	80
Cash and cash equivalents at the beginning of the year	421	341
Cash and cash equivalents at the end of the year as per note 2.3	**429**	**421**

Summary of significant accounting policies (Note1)

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Rakesh Dewan
Rakesh Dewan (Jun 29, 2022 21:07 GMT+5.5)

Rakesh Dewan
Partner

Membership Number: 092212

Gurugram, India
Date: 29 June 2022

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

Bejoy George (Jun 29, 2022 07:45 CDT)

Shiv Walia
Director

Bejoy George
Director

Date: 29 June 2022

Company Overview

HCL Technologies Estonia OÜ (hereinafter referred to as 'Company') is a Business Transformation consultancy company aiming to provide medium and large size organizations with Business Transformation solutions that encompass all elements of Business Consulting, Solution Implementation and ongoing Application Management. The Company was incorporated on 8 June 2015 in Harju.

The financial statements for the year ended 31 March 2022 were approved and authorized for issue by the Board of Directors on 29 June 2022.

1. Significant Accounting Policies

a) Basis of preparation

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

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

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

The functional currency of the company is European EURO (EUR).

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statement and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances.

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

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 and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note 1(d)
ii. Allowance for uncollectible accounts receivables, refer note 1(i)(i)

iii. Provisions and contingent liabilities, refer note 1(k) and note 1(l)

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 including but not limited to assessment of liquidity and going concern assumption. 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:

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

In accordance with Ind AS 113, assets and liabilities are to be measured based on the following valuation techniques:

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

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

iii. Cost approach – Replacement cost method.

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

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 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 statement of profit and loss.

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.

Proprietary Software Products

Revenue from distinct proprietary perpetual license software is recognized at a point in time at the inception of the arrangement when control transfers to the client. Revenue from proprietary term license software is recognized at a point in time for the committed term of the contract. In case of renewals of proprietary term licenses with existing customers, revenue from term license is recognized at a point in time when the renewal is agreed on signing of contracts. Revenue from support and subscription (S&S) is recognized over the contract term on a straight-line basis as the Company is providing a service of standing ready to provide support, when-and-if needed, and is providing unspecified software upgrades on a when-and-if available basis over the contract term. In case software are bundled with one year of support and subscription either for perpetual or term based license, such support and subscription contracts are generally priced as a percentage of the net fees paid by the customer to purchase the license and are generally recognized as revenues ratably over the contractual period that the support services are provided. Revenue from these proprietary software products is classified under sale of services.

Multiple performance obligations

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 group would sell a promised good or service separately to the customer. When not directly observable, we typically estimate standalone selling price by using the expected cost plus a margin approach. We typically 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 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 Group is a principal to the transaction and net of costs when the Group is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Group 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 expenses.

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 consolidated 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).

e) Property, plant and equipment

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

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

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

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

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

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

	Life (in years)
Computer	4-5

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

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

f) Foreign currency transactions

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

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

g) Taxation

HCL Estonia is domiciled in a tax-free country hence no current tax and deferred tax are provided for in the financial statements.

h) Inventories

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of stock in trade procured for specific projects is assigned by identification of individual costs of each item. Cost of stock in trade, that are interchangeable and not specific to any project and cost of stores and spare parts are determined using the weighted average cost formula.

i) Financial Instruments

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

i. Financial assets: Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets at amortized cost

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

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by considering 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 receivables, trade and other receivables.

ii. Financial liabilities - Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

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

j) Earnings per share

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

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

k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

l) Contingent liabilities

A contingent liability is a possible obligation that may arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

m) Retirement and other employee benefits

Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits. The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur.

n) Cash and cash equivalents

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

o) 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 financial statements of the Company:

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

The amendments clarifies 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 financial statements.

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

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2022

	Computers	Total
	(EUR)	(EUR)
Gross block as at 1 April 2021	88	88
Additions	-	-
Gross block as at 31 March 2022	88	88
Accumulated depreciation as at 1 April 2021	88	88
Charge for the year	-	-
Accumulated depreciation as at 31 March 2022	88	88
Net block as at 31 March 2022	-	-

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

	Computers	Total
	(EUR)	(EUR)
Gross block as at 1 April 2020	88	88
Additions	-	-
Gross block as at 31 March 2021	88	88
Accumulated depreciation as at 1 April 2020	77	77
Charge for the year	11	11
Accumulated depreciation as at 31 March 2021	88	88
Net block as at 31 March 2021	-	-

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

2.2 Trade Receivables

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Billed		
Unsecured considered good (refer note below)	139	354
Trade Receivables- credit impaired	15	-
	154	**354**
Impairment allowance for bad and doubtful debts	(15)	-
	139	**354**
Unbilled Recievables	33	36
	172	**390**

Note: Includes receivables from related parties amounting to EUR 54 thousands as on 31 March 2022 & EUR 302 thousands as on 31 March 2021 (refer note 2.16)

Trade receivables - current	**Not Due**	**Outstanding as at 31 March 2022 from the due date of payment**					
		Less than 6 months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed – considered good	72	67	-	-	-	-	139
Undisputed – credit impaired	-	-	-	15	-	-	15
							154
Impairment allowance for bad and doubtful debts							(15)
Unbilled receivables							33
							172

Trade receivables - current	**Not Due**	**Outstanding as at 31 March 2021 from the due date of payment**					
		Less than 6 months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed – considered good	37	317	-	-	-	-	354
							354
Unbilled receivables							36
							390

2.3 Cash and bank balances

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Cash and cash equivalents		
Balance with banks		
- in current accounts	429	421
	429	**421**

2.4 Other financial assets

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Non - current		
Carried at amortized cost		
Finance lease receivables	209	283
	209	**283**
Current		
Carried at amortized cost		
Finance lease receivables	118	97
	118	**97**

2.5 Other current assets

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Unsecured , considered good		
Advances to vendors	-	2
Deferred contract cost - related parties (refer note no. 2.16)	135	132
	135	**134**

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

2.6 Share Capital

	As at	
	31 March 2022	31 March 2021
	(EUR)	(EUR)
Authorized		
20,00,000 Equity shares of EUR 1 each	2,000	2,000
Issued, subscribed and fully paid up		
528,920 Equity shares of EUR 1 each	529	529

Terms/ rights attached to equity shares

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

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

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

	As at		As at	
	31 March 2022		31 March 2021	
	No. of shares	Amount in EUR	No. of shares	Amount in EUR
Number of shares at the beginning	528,920	529	200,000	200
Add: Shares issued during the year	-	-	328,920	329
Number of shares at the end	**528,920**	**529**	**528,920**	**529**

Shares held by holding Company:-

	As at		As at	
	31 March 2022		31 March 2021	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of EUR 1 each fully paid				
HCL Tehnologies UK limited, the holding company	528,920	100%	528,920	100%

As per the records of the Company, including its register of shareholders, the above shareholding represents both legal and beneficial ownership of shares.

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

Capital management

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

HCL Technologies Estonia OÜ
Notes to Financial Statements for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

2.7 Contract liabilities

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Non - current		
Contract liabilities	2	-
	2	**-**
Current		
Contract liabilities	134	124
	134	**124**

2.8 Trade payables

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Trade payables	-	51
Trade payables-related parties (refer note no. 2.16)	349	558
	349	**609**
Unbilled and accruals	23	2
Unbilled and accruals - related parties (refer note no.2.16)	12	62
	384	**673**

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	-	349	-	-	-	349
						349
Unbilled and accruals						35
						384

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	-	607	2	-	-	609
						609
Unbilled and accruals						64
						673

2.9 Other current liabilities

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Withholding and other taxes payable	4	11
	4	**11**

2.10 Provisions

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Provision for Employee benefits		
Provision for Leave Encashment	2	10
	2	**10**

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

2.11 Revenue from operations

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Sale of services	772	668
Sale of hardware and software	-	383
	772	**1,051**

Disaggregate Revenue Information

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

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Contract type		
Fixed price	710	875
Time and material	62	176
Total	**772**	**1,051**
Geography wise		
Europe	749	1,051
India	23	-
Total	**772**	**1,051**

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 EUR 450 (31 March 2021,EUR 653) out of which, approximately 47% (31 March 2021, 78%) 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 our consolidated 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 :

	31 March 2022 (EUR)	31 March 2021 (EUR)
Balance as at beginning of the year	124	119
Additional amounts billed but not recognized as revenue	220	539
Deduction on account of revenues recognized during the year	(208)	(534)
Balance as at end of the year	**136**	**124**

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:

	31 March 2022 (EUR)	31 March 2021 (EUR)
Balance as at beginning of the year	132	-
Additional cost capitalised during the year	13	132
Deduction on account of cost amortised during the year	(10)	-
Balance as at end of the year	**135**	**132**

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

HCL Technologies Estonia OÜ
Notes to Financial Statements for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

2.12 Other income

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Interest income	7	1
Provisions no longer required written back (net)	-	3
Exchange differences (net)	-	1
Miscellaneous income	-	3
	7	**8**

2.13 Employee benefits expense

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Salaries, wages and bonus	134	194
Contribution to employee benefits funds	44	64
Other welfare expenses	1	-
	179	**258**

2.14 Finance cost

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Interest expense	1	3
Bank charges	3	2
	4	**5**

2.15 Other expenses

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Rent	1	-
Legal and professional charges	6	3
Provision for doubtful debt/advances written off	15	-
Exchange differences (net)	10	-
	32	**3**

HCL Technologies Estonia OÜ
Notes to Financial Statements for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

2.16 Related party transactions

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 year

Ultimate Holding company
HCL Technologies Limited
Holding company
HCL Technologies UK Limited
Fellow subsidiaries
HCL EAS Limited
HCL (Ireland) Information Systems Limited
HCL Technologies Denmark ApS
HCL Axon Solutions (Shanghai) Co., Limited
HCL Technologies (Shanghai) Limited
HCL Technologies Norway AS
HCL Singapore Pte. Limited, Singapore
HCL Technologies Sweden (IOMC)
HCL Technologies Greece Single Member P.C.
HCL Technologies Sollutions GmBh (fly Axon Soltns Schz GmbH)
HCL Great Britain Limited
HCL Technologies Malaysia SDN BHD (Fy HCLAxonMalaysiaSDNBHD)
HCL Technologies Romania s.r.l.
HCL Guatemala, Sociedad Anonima

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

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Outsourcing costs	312	249	39	-	111	34
Interest income	-	-	-	1	-	-
Revenue from operations	23	-	227	224	39	54
Short term loan received back	-	-	-	796	-	-

d) Outstanding balances of related parties **(EUR)**

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	As at		As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade receivables	23	-	31	51	-	251
Trade payables	259	317	-	-	90	241
Deferred contract cost	135	132	-	-	-	-
Liability for expenses (unbilled & accruals)	12	62	-	-	-	-

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

2.17 Earnings per equity share (EPS)

Particulars	As at	
	31 March 2022	31 March 2021
	(EUR)	(EUR)
Net profit/(Loss) as per statement of profit and loss for computation of EPS	30	140
Weighted average number of equity shares outstanding in calculating Basic and dilutive EPS	528,920	220,726
Nominal value of equity shares	1	1
Earnings per equity share		
- Basic and Diluted	**0.06**	**0.64**

2.18 Leases

i) Finance Lease: In case of assets given on lease

The Company has given networking equipment to its customers on finance lease basis. The future lease receivables in respect of assets given on finance lease as at 31 March 2022 are as follows:

	Total minimum lease payments (EUR)	Interest included in minimum lease payments receivable (EUR)	Present value of minimum lease payments receivable (EUR)
Not later than one year	123	5	118
Later than one year and not later than 5 years	215	6	209
Total	**338**	**11**	**327**

The future lease receivables in respect of assets given on finance lease as at 31 March 2021 are as follows:

	Total minimum lease payments (EUR)	Interest included in minimum lease payments receivable (EUR)	Present value of minimum lease payments receivable (EUR)
Not later than one year	102	5	97
Later than one year and not later than 5 years	293	10	283
Total	**395**	**15**	**380**

2.19 Segment Reporting

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

Revenue disaggregation as per geography is given in note 2.11.

2.20 Financial Instruments

(a) Financial assets and liabilities

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

	Amortized Cost	Total Carrying Value
	(EUR)	(EUR)
Financial Assets		
Trade Receivables (including unbilled)	172	172
Cash and Cash Equivalents	429	429
Others (refer note 2.4)	327	327
Total	**928**	**928**
Financial Liabilities		
Trade Payables (including unbilled and accruals)	384	384
Total	**384**	**384**

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

	Amortized Cost	Total Carrying Value
	(EUR)	(EUR)
Financial Assets		
Trade Receivables (including unbilled)	390	390
Cash and Cash Equivalents	421	421
Others (refer note 2.4)	380	380
Total	**1,191**	**1,191**
Financial Liabilities		
Trade Payables (including unbilled and accruals)	673	673
Total	**673**	**673**

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

2.20 Financial Instruments (continued)

(b) Financial risk management

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

The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

Market risk

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

(i) Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in curriences other than functional currency. The fluctuation in exchange rates in respect to EUR may not have significant 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 nominal amount of approximately EUR 514 (absolute figure) 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 functional currency of the Company. 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
	(EUR)	(EUR)	(EUR)	(EUR)
USD/EUR	180	170	181	171
CNY/EUR	-	-	5	2
NOK/EUR	-	268	35	236

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled receivables. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

Liquidity risk

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

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

	Year 1 (Current)	Year 2	Year 3	Year 4-5 and thereafter	Total
	(EUR)	(EUR)	(EUR)	(EUR)	(EUR)
As at 31 March 2022					
Trade Payables (including unbilled and accruals)	384	-	-	-	384
Total	**384**	**-**	**-**	**-**	**384**
As at 31 March 2021					
Trade Payables (including unbilled and accruals)	671	2	-	-	673
Total	**671**	**2**	**-**	**-**	**673**

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

2.21 Ratios

				Year ended		
Ratio	**Numerator**	**Denominator**	**Units**	**31 March 2022**	**31 March 2021**	**Variance**
Current ratio	Current assets	Current liabilities	Times	1.63	1.27	28%
Return on equity ratio	Profit for the year	Average total equity	%	6%	51%	-89%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	2.74	3.55	-30%
Trade payables turnover ratio	Net credit purchases	Average trade payables	Times	1.07	1.47	-27%
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 2)	Times	2.34	4.70	-50%
Net profit ratio	Profit for the year	Revenue from operations	%	4%	13%	-71%
Return on capital employed	Earning before interest and taxes	Capital employed	%	6%	29%	-78%

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) Average is calculated based on simple average of opening and closing balances

Explanation where change in the ratio is more than 25%

Current ratio : There is decrease in trade paybles in current year , consequently current liability has decreased in current year. Thus, Current ratio is in increasing trend.
Return on equity ratio : During last year capital was introduced, thus average capital was less in last year. Consequently, return on equity is less in current year.
Trade receivables turnover ratio : Due to decline in the revenue, trade recievales turnover ratio has decreased.

Trade payables turnover ratio : There is decrease in net credit purchase which has resulted in decrease in Trade paybles turnover ratio.
Net capital turnover ratio : Decline in revenue has primarily contributed to the decrease in net capital turnover ratio.
Net profit ratio : Decline in revenue has primarily contributed to the decrease in net profit ratio
Return on capital employed : Decline in revenue and earning before interest and taxes has contributed to the decrease in return on capital employed.

2.22 Subsequent events

The Company has evaluated all the subsequent events through 29 June 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 statements in "EUR in thousands" and accordingly, amounts less than EUR 0.50 thousands are rounded off to "-".

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

Rakesh Dewan
Rakesh Dewan (Jun 29, 2022 21:07 GMT+5.5)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 29 June 2022

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

Bejoy George (Jun 29, 2022 07:45 CDT)

Shiv Walia
Director

Bejoy George
Director

Date: 29 June 2022

HCL Technologies Estonia OU
Company Registration No. 12862712
Vaike- Karja 3/ Sauna 2, Talinn city,
Harju County, 10140, Estonia
www.hcl.in

29 June,2022

B S R & Co. LLP
Chartered accountants
Building No. 10, 12th Floor,
Tower C, DLF Cyber City,
Gurugram, Haryana – 122002

Dear Sir,

This representation letter is provided in connection with your audit of the financial statements of HCL Technologies Estonia OÜ (the "Company") which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss including other comprehensive income (loss), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information, for the purpose of expressing an opinion as to whether any material modifications should be made to the financial statements for them to conform with Indian generally accepted accounting principles.

We acknowledge our responsibility as set out in the terms of the audit engagement letter dated February 17, 2022 for preparing the financial statements of the Company which give a true and fair view of the state of affairs of the Company as at March 31, 2022, profit/loss and other comprehensive income, changes in equity and cash flows of the Company for the year ended on that date and for the preparation of financial statements in accordance with Indian generally accepted accounting principles.

We confirm that, to the best of our knowledge and belief, as of June 29, 2022, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves in order to provide the following representations to you during your audit:

Section A – General Representations

1 We acknowledge that control over and responsibility for the prevention and detection of fraud, irregularities and error remains with us. This responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles in India and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud.

2 Further, we confirm that we have considered all relevant events and conditions arising from COVID-19 outbreak in the preparation of the financial statements as at and for year ended March 31, 2022. We confirm that there is no material impact to be accounted for or/and disclosed in the financial statements as per applicable accounting standards, other than those already accounted for or / and disclosed in the financial statements.

3 We have made available/disclosed to you:

- All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to make inquiries.
- All minutes of the meetings of shareholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.

- All side agreements or other arrangements known to us.

4 All material transactions have been recorded in the accounting records and are reflected in the financial statements.

5 The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral except those disclosed in the financial statements.

6 There is no fraud, allegations of fraud or suspected fraud affecting the entity involving:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

7 We have no knowledge of any officer or director of the Company, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.

8 We have shared with you the annual compliance update presented to the Board and the legal tracker maintained by the legal team. These reports are comprehensive and include all known instances of non-compliance with laws and regulations, claims and litigation (including possible litigations and noncompliance with laws and regulations), and assessments, communication from regulatory agencies (including deficiencies in financial reporting practices), if any, whose effects and disclosure should be and have been considered when preparing the financial statements in accordance with IND AS 37 Provisions, Contingent Liabilities and Contingent Assets.

9 There are no uncorrected financial statement misstatements identified.

10 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and have been properly recorded or disclosed in the financial statements. Financial projections used for all processes where forecasts are relevant, e.g. goodwill, taxes, are based on internal forecasts and business approved projections that reflect management's best estimates and factors in expectation and information available till date.

11 We have disclosed to you the identity of our related parties, related party relationships and transactions of which we are aware, in accordance with IND AS 24 Related Party Disclosures and such relationships and transactions have been appropriately accounted for and disclosed. We confirm that related party transactions were conducted on terms equivalent to those prevailing in an arm's length transaction and in the ordinary course of business.

12 The following have been properly recorded or disclosed in the financial statements.

- Significant estimates and material concentrations known to management that are required to be disclosed in accordance with IND AS 1 Presentation of Financial Statements.
- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balance, lines of credit, or similar arrangements.
- Change in accounting principles affecting consistency.

13 All events, including on account of COVID-19 outbreak having material impact, subsequent to the date of the financial statements and through the date of this letter for which IND AS requires adjustment to or disclosure have been adjusted or disclosed.

14 The Company has evaluated any risk of non-compliance with contracts informed by concerned business teams or claims raised by customers and necessary effects wherever material have been considered in the financial statements.

15 The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities other than disclosed to you.

16 We confirm that all scanned/digitized/filmed/electronic documents provided by us to the audit team are 'True Copies' of the original documents which are in the possession of the Company.

17 The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

With respect to the estimates, we confirm:

- We have taken into account all relevant information with respect to the significant judgments in making the accounting estimates.
- We confirm that the selection or application of the methods, assumptions and data used by us in making the accounting estimates are consistent and appropriate.
- We confirm that the assumptions appropriately reflect our intent and ability to carry out specific courses of action, when relevant to the accounting estimates and disclosures.
- We confirm that disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable;
- We confirm that appropriate specialized skills or expertise has been applied in making the accounting estimates;
- We confirm that no subsequent event requires adjustment to the accounting estimates and related disclosures included in the IND AS financial statements.

Going concern

18 We have made an assessment of the Company's ability to continue as a going concern, taking into account all available information about the future, which under IND AS 1 Presentation of Financial Statements is at least, but is not limited to, twelve months from the end of the reporting period. We confirm that we have not identified events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern

Fair Value Measurements

19 We are responsible for making the fair value measurements and disclosures included in the financial statements in accordance with IND AS 113, Fair Value Measurement. As part of fulfilling this responsibility, we have established an accounting and financial reporting process for determining the fair value measurements and disclosures, in accordance with the fair value techniques included in IND AS 113, considered the appropriateness of valuation techniques, including circumstances in which a practical expedient may be used to estimate fair value, adequately supported any significant assumptions used, and ensured that the presentation and disclosure of the fair value measurements are in accordance with Indian Accounting Standard accepted accounting principles including the disclosure requirements of IND AS 113. We believe the assumptions and techniques used by us, including those used by specialists engaged by us, are in accordance with the definition of fair value in IND AS 113 and the disclosures adequately describe the level of the inputs used in the fair value measurement, in accordance with the fair value hierarchy in IND AS 113.

20 The Company is responsible for determining the fair value of financial instruments as required by IND AS 109, Financial Instruments. The amounts disclosed represent the Company's best estimate of fair value of financial instruments required to be disclosed under IND AS 109 and other assets or liabilities, if separately disclosed. The Company also has disclosed the methods and significant assumptions used to estimate the

fair value of financial instruments and any changes to those methods and significant assumptions, if any, as required by IND AS 109.

Cyber Security

21 We confirm that there have been no cyber security incidents during the year.

Section B – Additional specific representations

Taxation

22 As per the current tax system, it has eliminated traditional corporate income tax system and introduced distribution tax. Corporate taxpayers are not subject to Corporate Income tax. Accordingly, no income tax and deferred tax has been recorded in the books. Also since no profits has been distributed during the year ended 31st March 2022, no distribution tax is applicable.

Equity Share capital

23 The Company has only one class of shares. We have recorded or disclosed, as appropriate, for the class of share capital, the number and amount of shares authorized, the number of shares issued, subscribed and fully paid, and subscribed but not fully paid, par value per share, a reconciliation of the number of shares outstanding at the beginning and at the end of the year, other requirements in respect of the company's capital including:

- The shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by it or by subsidiaries or associates of the holding company or the ultimate holding company, in aggregate.

- Shares in the company held by each shareholder holding more than 5 per cent shares specifying the number of shares held.

24 The Company does not have any share application money pending allotment as of March 31, 2022.

Cash and Bank

25 We confirm that the Company has not made any transactions in cash during the year and does not have any cash in hand as at March 31, 2022.

Revenue and Receivables

26 Receivables reported in the financial statements represent valid claims against debtors for sales or other charges arising on or before the financial statements date.

27 Management confirms that accounts receivables, unbilled receivables, are valued after making reserve for allowances based on factors like ageing, likelihood of increased credit risk and expected realizability, nature of customer verticals.

28 Management has made assessment of revenue recognized by the Company in respect of year ended March 31, 2022, and it meets the criteria specified by IND AS 115, Revenue from contracts with customers.

Following have been considered during this process:

a) All sales transactions entered into by the Company are final and there are no side agreements (either written or oral) with customers or resellers. Further, wherever applicable, side agreement has been considered.

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Vaike- Karja 3/ Sauna 2, Talinn city,
Harju County, 10140, Estonia
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b) The estimates of standalone selling prices used in the allocation of the transaction price to performance obligations are based on a reasonable estimation approach, maximize the use of observable inputs, are applied on a consistent basis for similar goods or services to customers and represent our best estimates.

c) The Company has deferred revenue attributable to certain process transition activities, with respect to its customers where such activities do not represent separate performance obligation except where such transition revenues are less than 5% of the total contract value and underlying transition activities are completed, in which case such transition revenues are recognized upfront. Revenues relating to such transition activities when deferred are classified under contract liabilities and subsequently recognized ratably over the period in which the related services are performed. Costs relating to transition activities are fulfillment costs which are directly related to the contract and result in generation or enhancement of resources and are expected to be recoverable under the contract and thereby classified as Deferred contract cost and are recognized ratably over the estimated expected period of benefit, under Cost of Revenue.

d) Revenue for performance obligations that are satisfied over time is recognized in accordance with the methods prescribed for measuring progress. The input (cost expended) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

29 We believe that all material expenditures that have been deferred to future periods will be recoverable.

30 The Company has evaluated the impact of COVID-19 resulting from (a) increase in cost budget of fixed price projects due to additional efforts; (b) onerous projects; (c) penalties for not meeting SLAs; (d) volume discounts; and (e) termination/deferment of projects to ensure that revenue is recognized after considering all these impacts to the extent known and available currently. We would continue to assess its impact as we go along due to uncertainties associated with it.

Other matters

31 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".

32 We have disclosed to you the identity of the Company's related parties and all related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Ind AS 24, Related Party Disclosures.

- We confirm that related party transactions do not involve any undisclosed side agreements.

- We confirm that all related party transactions were conducted on terms equivalent to those prevailing in an arm's length transaction and in the ordinary course of business.

Very truly yours,

On behalf of the board of directors
HCL Technologies Estonia OU

Bejoy George (Jun 29, 2022 07:45 CDT)

Shiv Walia
Director

Bejoy George
Director

Date – 29 June 2022