

# **HCL Technologies SEP Holdings, Inc.**

Financial Statements

For the year ended 31 December 2021

**HCL Technologies SEP Holdings, Inc.****Balance Sheet as at 31 December 2021**

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

	Note No.	As at 31 December 2021	As at 31 December 2020
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Financial assets			
(i) Investment	2.1	223,366	223,366
<b>(2) Current assets</b>			
(a) Financial assets			
(i) Cash and cash equivalents	2.2	150	3,340
<b>TOTAL ASSETS</b>		<u>223,516</u>	<u>226,706</u>
<b>II. EQUITY</b>			
(a) Equity share capital			
(b) Other equity	2.3	-	-
<b>TOTAL EQUITY</b>		<u>223,378</u>	<u>160,936</u>
<b>III. LIABILITIES</b>			
<b>(1) Non - current liabilities</b>			
(a) Financial liabilities			
(i) Others	2.4	-	61,232
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Others	2.4	138	4,502
(b) Current tax liabilities		-	36
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>223,516</u>	<u>226,706</u>
<b>Summary of significant accounting policies</b>	<b>1</b>		

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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**

Firm Registration Number : 101248W/W-100022

*Anurag Maheshwary*

**Anurag Maheshwary**

**Partner**

Membership Number: 506533

Place: Gurugram, India

Date: 19 May 2022

For and on behalf of the Board of Directors  
of HCL Technologies SEP Holdings, Inc.

*Vijay Anand Guntur*

**Vijay Anand Guntur**  
**Director**

*prbansal*

**Prahlad Rai Bansal**  
**Director**

Place: Noida (UP), India

Date: 19 May 2022

HCL Technologies SEP Holdings, Inc.

Statement of Profit and Loss for the year ended 31 December 2021

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

	Note No.	Year ended 31 December 2021	Year ended 31 December 2020
<b>I Revenue</b>			
Revenue from operations		-	-
Other income	2.5	4,402	2,338
<b>Total income</b>		<b>4,402</b>	<b>2,338</b>
<b>II Expenses</b>			
Finance costs	2.6	27,280	11,592
Other expenses	2.7	-	3
<b>Total expenses</b>		<b>27,280</b>	<b>11,595</b>
<b>III Loss before tax</b>		<b>(22,878)</b>	<b>(9,257)</b>
<b>IV Current tax expense</b>	2.8		
Current tax		-	36
Tax for previous years		-	(19)
<b>Total tax expense</b>		<b>-</b>	<b>17</b>
<b>V Loss for the year</b>		<b>(22,878)</b>	<b>(9,274)</b>
<b>VI Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>VII Total comprehensive loss for the year</b>		<b>(22,878)</b>	<b>(9,274)</b>
<b>Loss per equity share of USD par value</b>	2.9		
Basic		(1,395.00)	(562.78)
Diluted		(1,388.10)	(562.78)
<b>Summary of significant accounting policies</b>	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  
Firm Registration Number : 101248W/W-100022

Anurag Maheshwary  
Anurag Maheshwary  
Partner  
Membership Number: 506533

Place: Gurugram, India  
Date: 19 May 2022

For and on behalf of the Board of Directors  
of HCL Technologies SEP Holdings, Inc.

  
Vijay Anand Guntur  
Director

  
Prahlad Rai Bansal  
Director

Place: Noida (UP), India  
Date: 19 May 2022

**HCL Technologies SEP Holdings, Inc.****Statement of Changes in Equity for the year ended 31 December 2021**

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

	Equity share capital		Other equity				Total
	Number of Shares	Share capital (refer note below)	Share application money pending allotment	Securities premium	Equity component of Preferred Stock (refer note 2.3)	Reserves and Surplus - Retained earnings	
Balance as of 1 January 2020	16,500	-	-	165,000	9,160	(7,060)	167,100
Loss for the year	-	-	-	-	-	(9,274)	(9,274)
Total comprehensive loss for the year	-	-	-	-	-	(9,274)	(9,274)
Redemption of common stock (refer note 2.3)	(100)	-	-	(1,000)	-	(610)	(1,610)
Revaluation of equity component of preferred stock (refer note 3.3)	-	-	-	-	4,720	-	4,720
Balance as of 31 December 2020	16,400	-	-	164,000	13,880	(16,944)	160,936
Balance as of 1 January 2021	16,400	-	-	164,000	13,880	(16,944)	160,936
Loss for the year	-	-	-	-	-	(22,878)	(22,878)
Total comprehensive loss for the year	-	-	-	-	-	(22,878)	(22,878)
Share application money pending allotment	-	-	99,200	-	-	-	99,200
Redemption of preferred stock (refer note 2.3)	-	-	-	-	(13,880)	-	(13,880)
Balance as of 31 December 2021	16,400	-	99,200	164,000	-	(39,822)	223,378

Note: (In absolute : Share capital amounts to \$16)

**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 &amp; Co. LLP

Chartered Accountants

Firm Registration Number : 101248W/W-100022

For and on behalf of the Board of Directors  
of HCL Technologies SEP Holdings, Inc.*Anurag Maheshwary*

Anurag Maheshwary

Partner

Membership Number: 506533

*Vijay Anand Guntur*

Vijay Anand Guntur

Director

*prbansal*

Prahlad Rai Bansal

Director

Place: Gurugram, India

Date: 19 May 2022

Place: Noida (UP), India

Date: 19 May 2022

HCL Technologies SEP Holdings, Inc.

Statement of Cash flows for the year ended 31 December 2021

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

	Year ended 31 December 2021	Year ended 31 December 2020
<b>A. Cash flows from operating activities</b>		
Loss before tax	(22,878)	(9,257)
<b>Adjustment for:</b>		
Interest expense on liability component of preferred stock	27,276	11,583
Dividend from subsidiary	(4,400)	(2,188)
Interest income on escrow balance	-	(136)
	<u>(2)</u>	<u>2</u>
<b>Net change in</b>		
Other receivable	-	508
Other payable	36	102
Income taxes	(36)	(76)
<b>Net cash flow from (used) in operating activities (A)</b>	<b>(2)</b>	<b>536</b>
<b>B. Cash flows from investing activities</b>		
Dividend from subsidiary	4,400	2,188
Interest income on escrow balance	-	136
<b>Net cash flow from investing activities (B)</b>	<b>4,400</b>	<b>2,324</b>
<b>C. Cash flows from financing activities</b>		
Payment of dividend on preferred stock	(6,588)	(4,405)
Proceed from share application money	99,200	-
Payment on redemption of preferred stock	(100,200)	(1,610)
<b>Net cash flow used in financing activities (C)</b>	<b>(7,588)</b>	<b>(6,015)</b>
Net decrease in cash and cash equivalents (A+B+C)	(3,190)	(3,155)
Cash and cash equivalents at the beginning of the year	3,340	6,495
<b>Cash and cash equivalents at the end of the year as per note 2.2</b>	<b>150</b>	<b>3,340</b>

**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

Firm Registration Number : 101248W/W-100022

*Anurag Maheshwary*

Anurag Maheshwary

Partner

Membership Number: 506533

Place: Gurugram, India

Date: 19 May 2022

For and on behalf of the Board of Directors  
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*Vijay Anand Guntur*

Vijay Anand Guntur  
Director

*prbansal*

Prahlad Rai Bansal  
Director

Place: Noida (UP), India

Date: 19 May 2022

## **ORGANIZATION AND NATURE OF OPERATIONS**

HCL Technologies SEP Holdings, Inc. (hereinafter referred to as “the Company”) was incorporated in state of Delaware on 28 March 2018. The Company acts as a parent and has invested in subsidiary which is primarily engaged in business of providing software solutions for enterprises.

The financial statements for the year ended 31 December 2021 were approved and authorized for issue by the Board of Directors on 19 May 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 functional currency of the Company is USD.

#### ***(b) Use of estimates***

The preparation of Financial Statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the Financial Statements 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. Actual results could differ from those estimates. Changes in estimates are reflected in the Financial Statements in the year in which the changes are made.

Significant estimates and assumptions are used for fair valuation of financial liabilities, refer note 1 (f)(ii) and note 2.4.

In view of pandemic relating to COVID -19, the company has considered and taken into account internal and external information in assessing the recoverability of investment, including but not limited to the assessment of liquidity and going concern assumption and believes that the impact of COVID-19 is not material to these financial statements. 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) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition related costs are expensed as incurred. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as financial liability is measured at fair value with changes in fair value recognized in the statement of Profit and Loss..

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

**(d) Foreign currency and translation**

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 initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

**(e) 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.

These financial assets and liabilities must be measured using the guidance for fair value hierarchy and related valuation methodologies. The guidance 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 an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

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

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

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

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

- a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.
- 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.

**(f) Financial Instruments**

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

**i. Financial assets**

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

***Cash and cash equivalent***

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

***Equity investments***

Equity investments in subsidiaries are measured at cost less impairment if any. Dividends from subsidiaries are recognized in statement of profit or loss when the right to receive payment of reliably measurable dividend is established and payment is probable.

***Financial instruments at amortized cost***

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

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of Profit and Loss.. The losses arising from impairment are recognized in the statement of Profit and Loss.. This category includes cash and bank balances.

***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.

**ii. Financial liabilities**

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

The subsequent measurement of financial liabilities depends on their classification, as described below:

***Financial liabilities at fair value through profit or loss***

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. Changes in fair value of such liability are recognized in the statement of profit or loss.



**HCL Technologies SEP Holdings, Inc.**  
**Notes to financial statements for the year ended 31 December 2021**

*Financial liabilities at amortized cost*

The Company's financial liabilities at amortized cost includes trade payables, borrowings including bank overdrafts and other payables.

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

**(g) Income taxes**

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the statement of Profit and Loss. 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.

Deferred income tax assets and liabilities recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. For this purpose, reversal of timing differences is determined using first-in-first-out method.

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.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year 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.

**(h) Dividend**

Dividends are provided for on declaration by the Board of Directors.

**(i) Earnings per share (EPS)**

Basic 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 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 at a later date. Dilutive potential equity shares are determined independently for each year presented.

*(j) Provisions and contingent liabilities*

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.

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.

*(k) Nature and purpose of reserves*

**Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares.

**Equity component of Preferred Stock**

The reserve used to record the equity component of compound financial instrument issued by the Company as per the accounting guidance. Same has been utilized for the redemption of preferred stock.

**HCL Technologies SEP Holdings, Inc.**

**Notes to financial statements for the year ended 31 December 2021**

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

**2.1 Investments**

	As at	
	31 December 2021	31 December 2020
Investment in equity shares of Actian Corporation Inc.	223,366	223,366
	<b>223,366</b>	<b>223,366</b>

**2.2 Cash and cash equivalent**

	As at	
	31 December 2021	31 December 2020
<b>Carried at amortized cost</b>		
Balance with banks		
- in current accounts	150	3,340
	<b>150</b>	<b>3,340</b>

**HCL Technologies SEP Holdings, Inc.****Notes to financial statements for the year ended 31 December 2021**

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

**2.3 Share Capital**

	As at	
	31 December 2021	31 December 2020
<b>Authorized</b>		
16,400 (31 December 2020, 16,400) common stock of par value \$0.001 per share	0	0
<b>Issued, subscribed and fully paid up</b>		
16,400 (31 December 2020, 16,400) common stock of par value \$0.001 per share *	0	0
Nil (31 December 2020, 4,000) Series A Preferred Stock of par value \$0.001 per share **	0	0

\* Absolute amount \$16

\*\* Absolute amount Nil (31 December 2020- \$4)

**Terms / rights attached to common stock**

Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the share holders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

**Reconciliation of the number of common stock outstanding at the beginning and at the end of the financial year**

	As at			
	31 December 2021		31 December 2020	
	No. of shares	(USD)	No. of shares	(USD)
Number of shares at the beginning	16,400	0	16,500	0
Less: shares redeemed during the year (refer note below)	-	-	100	-
Number of shares at the end	16,400	0	16,400	0

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

Name of the shareholder	As at			
	31 December 2021		31 December 2020	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of par value \$0.001 each fully paid</b>				
HCL America Inc.	16,400	100.00%	16,400	100.00%

**Terms/ rights attached to Series A Preferred Stock**

Series A Preferred Stock qualifies as "compound financial instrument" (equity and financial liability) in the books of the Company. The compound financial instrument carried 11% cumulative dividend rights with participating dividend rights, conversion rights into equity, voting rights and had a put option, after the expiry of 3 years to require the Company to repurchase all the stake owned by SEP at a price dependent upon performance of the subsidiary "Actian Corporation". The parent also had a call option to purchase all stake held by SEP after the expiry of 4.5 years at a price dependent upon the performance of "Actian Corporation".

In Pursuant to the joint venture agreement, the Company has redeemed Series A Preferred Stock held by SEP on 29 December 2021 for \$100,200. The total cash consideration of \$100,200 has been settled against financial liability of \$68,220, Equity component of Preferred Stock of \$13,880 and balance \$18,100 has been recognized in statement of profit and loss.

## HCL Technologies SEP Holdings, Inc.

### Notes to financial statements for the year ended 31 December 2021

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

#### 2.3 Share Capital (continued)

##### Capital management

This is an investment Company for acquisition of Actian Corporation Inc. and initial funding requirement was contributed by the shareholders of the Company. The continuous funding requirements are generally met through cash flows received from subsidiary by way of dividend and funding received from parent company.

#### 2.4 Other financial liabilities

	As at	
	31 December 2021	31 December 2020
<b>Non - current</b>		
<b>Carried at fair value through profit and loss</b>		
Liability component of preferred stock (refer note 2.3)	-	61,232
<b>Current</b>		
<b>Carried at amortized cost</b>		
Other payable - related party (refer note 2.10)	138	102
<b>Carried at fair value through profit and loss</b>		
Liability component of preferred stock (refer note 2.3)	-	4,400
	138	4,502

The financial liability component of preferred share capital is initially and subsequently re-measured based on independent third party valuation using "Monte Carlo Simulation" methodology. Change in significant unobservable input of volatility in the valuation by 500 bps does not have a significant impact on the carrying value of the liability in the financial statement.

	Year ended	
	31 December 2021	31 December 2020
Balance at the beginning of the year	65,632	58,454
Fair value changes on liabilities carried at fair value through profit and loss	27,276	11,583
Redemption of preferred stock and dividend on preferred stock	(92,908)	(4,405)
Balance at the end of the year	-	65,632

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

Maturity profile of the above liability based on expected payments is as below:

	As at	
	31 December 2021	31 December 2020
Year 1 (current)	-	4,400
Year 2 onwards	-	61,232
	-	65,632

Also refer note 2.3 for terms/ rights attached to Series A Preferred Stock

HCL Technologies SEP Holdings, Inc.

Notes to financial statements for the year ended 31 December 2021

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

2.5 Other income

	Year ended	
	31 December 2021	31 December 2020
Dividend from subsidiary	4,400	2,188
Interest		
-on escrow balance	-	136
-on bank balance	2	14
	<b>4,402</b>	<b>2,338</b>

2.6 Finance cost

	Year ended	
	31 December 2021	31 December 2020
Fair value changes on liabilities carried at fair value through profit and loss	27,276	11,583
Bank charges	4	9
	<b>27,280</b>	<b>11,592</b>

2.7 Other expenses

	Year ended	
	31 December 2021	31 December 2020
Legal and professional charges	-	3
	-	<b>3</b>

2.8 Income taxes

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

	Year ended	
	31 December 2021	31 December 2020
Profit before income tax	(22,878)	(9,257)
Statutory tax rate in USA	27.03%	25.66%
<b>Expected tax expense</b>	<b>(6,183)</b>	<b>(2,375)</b>
Permanent differences for dividend and finance costs		
Dividend from subsidiary	(1,189)	(561)
Finance cost	7,372	2,972
Tax benefit for US parent consolidated return for previous year	-	(19)
<b>Total taxes</b>	<b>-</b>	<b>17</b>
Effective income tax rate	0.00%	-0.18%

**HCL Technologies SEP Holdings, Inc.****Notes to financial statements for the year ended 31 December 2021**

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

**2.9 Earnings Per Share**

The computation of earnings per share is as follows:

	31 December 2021	31 December 2020
Net loss as per statement of profit and loss	(22,878)	(9,274)
Weighted average number of equity shares outstanding in calculating Basic EPS	16,400	16,479
Impact of share application money pending allotment on dilution	82	-
Weighted average number of equity shares outstanding in calculating dilutive EPS (refer note below)	16,482	16,479
Nominal value of equity shares (in USD)	0.00	0.00
Earnings per equity share (in USD)		
- Basic	(1,395.00)	(562.78)
- Diluted	(1,388.10)	(562.78)

On 18 January 2022, the Company has issued 9,920 shares against share application money pending allotment.

**2.10 Related party transactions****a) Related parties where control exists****Ultimate Holding Company**

HCL Technologies Limited

**Holding Company**

HCL America Inc

**Subsidiary**

Actian Corporation

**b) Others**HCL America, Inc.  
SEP Octavian L.P.Holding Company  
Significant influence till 29 December 2021

Transactions with related parties during the normal course of business	Subsidiary	Holding Company	Significant influence
<b>For the year ended 31 December 2021</b>			
Dividend income	4,400	-	-
Fair value changes on liabilities carried at fair value through profit and loss	-	-	27,276
Payment of dividend on preferred stock	-	-	6,588
Payment on redemption of preferred stock	-	-	100,200
Proceed from share application money	-	99,200	-
<b>For the year ended 31 December 2020</b>			
Dividend income	2,188	-	-
Fair value changes on liabilities carried at fair value through profit and loss	-	-	11,583
Payment of dividend on preferred stock	-	-	4,405

HCL Technologies SEP Holdings, Inc.

Notes to financial statements for the year ended 31 December 2021

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

2.10 Related party transactions (continued)

Outstanding balances	Subsidiary	Holding Company	Significant influence
<b>As at 31 December 2021</b>			
Other payable	-	138	-
<b>As at 31 December 2020</b>			
Liability component of preferred stock	-	-	65,632
Other payable	-	102	-

2.11 Segment reporting

The company is involved in single business activity of holding investments and earning income thereon and operates in a single geography. Accordingly, segment reporting as envisaged in the Ind AS-108 "Operating Segments" is not applicable.

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm Registration Number : 101248W/W-100022

*Anurag Maheshwary*

Anurag Maheshwary  
Partner

Membership Number: 506533

For and on behalf of the Board of Directors  
of HCL Technologies SEP Holdings, Inc.

*Vijay Anand Guntur*

Vijay Anand Guntur  
Director

*Prahlaad Rai Bansal*

Prahlaad Rai Bansal  
Director

Place: Gurugram, India

Date: 19 May 2022

Place: Noida (UP), India

Date: 19 May 2022