c/c

HCL Hungary Kft

Financial Statements

For the year ended 31st March 2018 and 2017

S.R. BATLIBOI & CO. LLP
Chartered Accountants

Golf View Corporate Tower - B
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INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Hungary Kft.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL Hungary Kft ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

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Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matters

This report covering the financial statements of the Company for the year ended March 31, 2018 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. These financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1 (a) to the financial statements of the company, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

S.R. BATLIBOI & CO. LLP GURUGRAM

Place: Gurugram, India
Date: July 11, 2018

HCL Hungary Kft

Balance Sheet as at 31 March 2018

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

	Note No.	As at 31 March 2018 (HUF)	As at 31 March 2017 (HUF)	As at 31 March 2018 Refer note 1(a) (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	2.1	70,068	13,360	18,000
(b) Capital work in progress		5,043	32	1,297
(c) Deferred tax assets (net)	2.2	30	728	8
(2) Current assets				
(a) Inventories	2.3	8,062	2,964	2,071
(b) Financial Assets				
(i) Trade receivables	2.4	218,755	163,544	56,198
(ii) Cash and cash equivalents	2.5	83,056	109,023	21,337
(iii) Others	2.6	0	21,404	0
(c) Other current assets	2.7	11,765	18,358	3,023
TOTAL ASSETS		**396,779**	**329,413**	**101,934**
II. EQUITY				
(a) Equity Share Capital	2.8	9,000	9,000	2,312
(b) Other Equity		64,544	6,239	16,582
TOTAL EQUITY		73,544	15,239	18,894
III. LIABILITIES				
(1) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.9	188,843	214,933	48,514
(ii) Trade payables	2.10	83,135	64,792	21,357
(iii) Others	2.11	27,645	25,792	7,102
(b) Other current liabilities	2.12	22,335	7,730	5,738
(c) Current Tax Liabilities (net)		1,277	927	329
TOTAL EQUITY AND LIABILITIES		**396,779**	**329,413**	**101,934**
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date : 11 July 2018

For and on behalf of the Board of Directors
of HCL Hungary Kft

Shiv Walia
Director

Subramanian Gopalakrishnan
Director

Date : 11 July 2018

HCL Hungary Kft
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in thousands, except share data and as stated otherwise)

		Note No.	Year ended 31 March 2018 (HUF)	Year ended 31 March 2017 (HUF)	Year ended 31 March 2018 Refer note 1(a) (₹)
I	**Revenue**				
	Revenue from operations	2.13	455,890	377,358	117,118
	Other income	2.14	20,920	525	5,374
	Total income		476,810	377,883	122,492
II	**Expenses**				
	Purchase of stock-in-trade		15,850	3,397	4,072
	Changes in inventories of stock-in-trade	2.15	(5,098)	(2,964)	(1,309)
	Employee benefits expense	2.16	125,823	126,304	32,324
	Finance costs	2.17	10,568	7,066	2,715
	Depreciation and amortization expense	2.1	14,230	1,074	3,656
	Outsourcing costs		206,756	198,047	53,116
	Other expenses	2.18	44,834	24,700	11,518
	Total expenses		412,963	357,624	106,091
III	**Profit before tax**		63,847	20,259	16,400
IV	**Tax expense**	2.2			
	Current tax		4,845	7,613	1,245
	Deferred tax charge		698	837	179
	Total tax expense		5,543	8,450	1,424
V	**Profit for the year**		58,304	11,809	14,976
VI	**Other comprehensive income**				
	Items that will not be reclassified to profit or loss		-	-	-
	Items that will be reclassified subsequently to profit or loss		-	-	-
			-	-	-
VII	**Total Comprehensive Income for the year**		58,304	11,809	14,976
	Earnings per equity share of HUF 1 each	2.19			
	Basic		6.48	1.31	1.66
	Diluted		6.48	1.31	1.66
	Summary of significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date

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Date : 11 July 2018

For and on behalf of the Board of Directors
of HCL Hungary Kft

Shiv Walia
Director

Subramanian Gopalakrishnan
Director

Date : 11 July 2018

HCL Hungary Kft
Statement of cash flows
(All amounts in thousands, except share data and as stated otherwise)

	Year ended 31 March 2018 (HUF)	Year ended 31 March 2017 (HUF)	Year ended 31 March 2018 Refer note 1(a) (₹)
A. Cash flows from operating activities			
Profit before tax	63,847	20,259	16,400
Adjustment for:			
Interest expenses	7,299	5,320	1,875
Depreciation and amortization expense	14,230	1,074	3,656
Provision for doubtful debts	257	-	66
Other non cash (benefits)/expenses	(26,090)	6,738	(6,702)
Operating profit before working capital changes	**59,543**	**33,391**	**15,295**
Movement in Working Capital			
(Increase)/decrease in trade receivables	(55,467)	(59,268)	(14,250)
(Increase)/decrease in inventories	(5,098)	(2,964)	(1,310)
(Increase)/decrease in other financial assets and other assets	27,997	(10,067)	7,192
Increase/ (decrease) in trade payables	18,343	54,158	4,712
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	10,036	25,000	2,578
Cash generated from operations	**55,354**	**40,250**	**14,218**
Direct taxes paid (net of refunds)	4,494	6,867	1,155
Net cash flow from/(used in) operating activities (A)	**50,860**	**33,383**	**13,063**
B. Cash flows from investing activities			
Purchase of property,plant and equipment, including capital work in progress	(71,028)	(14,434)	(18,247)
Proceeds from sale of property,plant and equipment	151	-	39
Net cash flow used in investing activities (B)	**(70,877)**	**(14,434)**	**(18,208)**
C. Cash flows from financing activities			
Proceeds from short term borrowings	-	90,411	-
Interest paid	(5,950)	(1,555)	(1,529)
Net cash flow from financing activities (C)	**(5,950)**	**88,856**	**(1,529)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(25,967)	107,806	(6,674)
Cash and cash equivalents at the beginning of the year	109,023	1,217	28,011
Cash and cash equivalents at the end of the year as per note no 2.5	**83,056**	**109,023**	**21,337**
Summary of significant accounting policies (Note 1)			

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
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per Nilangshu Katriar
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Gurugram, India
Date : 11 July 2018

For and on behalf of the Board of Directors of HCL Hungary Kft

Shiv Walia
Director

Subramanian Gopalakrishnan
Director

Date : 11 July 2018

HCL Hungary Kft

Statement of Changes in Equity for the year ended 31 March 2018

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

(Amounts in HUF)

	Equity share capital		Other Equity
	Shares	Share capital	Reserves and Surplus
			Retained Earnings
Balance as of 1 April, 2016	9,000,000	9,000	(5,570)
Profit for the year	-	-	11,809
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	11,809
Balance as of 31 March, 2017	9,000,000	9,000	6,239
Balance as of 1 April, 2017	9,000,000	9,000	6,239
Profit for the year	-	-	58,304
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	58,304
Balance as of 31 March, 2018	9,000,000	9,000	64,544
Balance as of 31 March, 2018 (Amounts in ₹)	9,000,000	2,312	16,582

Summary of significant accounting policies (Note 1)

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date : 11 July 2018

For and on behalf of the Board of Directors
of HCL Hungary Kft

Shiv Walia
Director

Subramanian Gopalakrishnan
Director

Date : 11 July 2018

ORGANIZATION AND NATURE OF OPERATIONS

HCL Hungary Kft. (hereinafter referred to as the 'Company') is primarily engaged in providing a range of software and infrastructure services. The Company was incorporated in Hungary on May 12, 2009, having its registered office at 1024 Budapest, Lövőház utca 39., Hungary.

The financial statements for the year ended 31st March, 2018 were approved and authorized for issue by the Board of Directors on 11 July, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

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).

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 so they do not reflect all the disclosures requirements of the Act.

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

The functional currency of the Company is Hungarian Forint (HUF). The translation from HUF to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of HUF 1 = 0.2569, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, HUF at that or any other rate.

(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. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, accrual of warranty costs, income taxes, valuation of share-based compensation, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, impairment of goodwill, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

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(c) 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 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.

(d) 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.

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.

(e) Revenue recognition

Contracts involving provision of services

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Contracts can be primarily categorized as time-and-material or fixed price contracts.

Time-and-material contracts

Revenue with respect to time-and-material contracts is recognized as the related services are performed.

Fixed Price contracts

Revenue related to contracts providing maintenance and support services, is recognized over the term of the contract.

Revenue from technology integration and complex network building contracts is recognized in accordance with the Percentage-Of-Completion (POC) method. Under the POC method, progress towards completion is measured based on either achievement of specified contract milestones, cost incurred as a proportion of estimated total cost or other measures of progress when available. If circumstances arise that change the original estimates of revenues, costs, or extent of progress towards completion, revisions are made to the estimates. These revisions may result in increase or decrease in estimated revenues or costs, and such revisions are reflected in income in the year in which the circumstances that gave rise to the revision become known to the management. If at any time these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

Revenue related to other fixed price contracts is recognized in accordance with the Percentage of Completion method (POC). The cost incurred on the projects is used to measure progress towards completion. Costs are recorded as incurred over the contract period. Any revision in cost to complete would result in increase or decrease in revenue and income and such changes are recorded in the year 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 cost estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenue that will be generated by the contract and are included in Cost of services and classified in other accrued liabilities.

In arrangements involving sharing of customer revenues, revenue is recognized when the amounts are known and the right to receive is established. Incremental revenue from existing contracts arising on future sales to the customers is recognized when it is earned and collectability is reasonably assured.

Revenues from unit-priced contracts are recognized as transactions are processed, based on objective measures of output.

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 is also deferred. Revenue from maintenance services is recognized ratably over the period of the contract.

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, hardware and software products and licenses, revenue for each element is determined based on its fair value.

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 activities in transition services not having standalone value in outsourcing arrangements is deferred and recognized over the period of the arrangement. Direct and incremental costs in relation to such an arrangement are also deferred to the extent of revenue. Certain upfront non-recurring contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred 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 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 Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably whether the Company is the primary obligor to the customer, has established its own pricing, and has inventory and credit risks.

Revenue is recognized net of discounts and allowances, value-added tax and service tax, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

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Revenue from financing leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client. Revenue from operating leases is accounted on a straight-line basis as service revenue over the rental period. Interest attributable to financing leases included therein is recognized on an accrual basis using the effective interest method.

(f) Income taxes

Income tax expense comprises current and deferred income tax.

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

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

(g) 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 asset as a whole.

All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from derecognition of assets 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.

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

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

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

Asset description	Asset life (in years)
Computers	4-5

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives 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.

(h) Borrowing costs

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

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

(i) *Inventory*

Stock-in-trade 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 identifying individual costs of each item. Cost of stock-in-trade, that are interchangeable and not specific to any project is determined using the weighted average cost formula.

(j) Impairment of non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset.

(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.

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(l) Retirement and other employee benefits

i. In respect of social security, a defined contribution plan for applicable employees, the Company contributes to a scheme and such contributions for each year of service rendered by the employees are charged to the statement of profit and loss. The Company has no further obligations to the social security beyond its contributions.

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

(m) 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 value.

Financial instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Derecognition of financial assets

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

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Impairment of financial assets

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

ii. **Financial liabilities**

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

The Company's financial liabilities include trade payables, borrowings including bank overdrafts and other payables.

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

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

Derecognition

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

Offsetting of financial instruments

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

(n) Earnings per share (EPS)

Basic 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 outstanding during the year.

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. 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.

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(o) Recently issued accounting pronouncements

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending the following standards:

Appendix B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration'

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

Ind AS 115, Revenue from Contract with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.
The standard permits two possible methods of transition:

- Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

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Notes to financial statements for the year ended 31 March 2018

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

2. Notes to financial statements

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2018

	Computers	Office Equipments	Total	Computers	Office Equipments	Total
	(HUF)	(HUF)	(HUF)	(₹)	(₹)	(₹)
Gross block as at 1 April 2017	14,434	-	14,434	3,708	-	3,708
Additions	66,296	4,793	71,089	17,031	1,231	18,262
Disposals	(154)	-	(154)	(39)	-	(39)
Gross block as at 31 March 2018	**80,576**	**4,793**	**85,369**	**20,700**	**1,231**	**21,931**
Accumulated depreciation as at 1 April 2017	1,074	-	**1,074**	276	-	276
Charge for the year	14,154	76	14,230	3,636	20	3,656
Deduction/other adjustments	(3)	-	(3)	(1)	-	(1)
Accumulated depreciation as at 31 March 2018	**15,225**	**76**	**15,301**	**3,911**	**20**	**3,931**
Net block as at 31 March 2018	**65,351**	**4,717**	**70,068**	**16,789**	**1,211**	**18,000**
Net block as at 31 March 2017	**13,360**	**-**	**13,360**	**3,432**	**-**	**3,432**

The changes in the carrying value for the year ended 31 March 2017

	Computers	Total
	(HUF)	(HUF)
Gross block as at 1 April 2016	-	-
Additions	14,434	14,434
Gross block as at 31 March 2017	**14,434**	**14,434**
Accumulated depreciation as at 1 April 2016	-	-
Charge for the year	1,074	1,074
Accumulated depreciation as at 31 March 2017	**1,074**	**1,074**
Net block as at 31 March 2017	**13,360**	**13,360**
Net block as at 31 March 2016	**-**	**-**

2.2 Income taxes

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Income tax charged to statement of profit and loss			
Current income tax charge	5,099	7,611	1,310
Deferred tax charge (credit)	914	837	235
Adjustment in respect of prior year Current tax	(254)	2	(65)
Adjustment in respect of prior year Deffered tax	(216)	-	(56)
	5,543	**8,450**	**1,424**

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

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Profit before income tax	63,847	20,259	16,402
Statutory tax rate in Hungary	9%	10%	9%
Expected tax expense	5,746	2,026	1,477
Permanent Difference	638	-	164
Reversal of prior year provision	(470)	2	(121)
Withholding tax	(371)	6,598	(95)
Prior year adjusment of DTA	-	(176)	-
Total taxes	5,543	8,450	1,424
Effective tax rate	8.68%	41.71%	8.68%

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Notes to financial statements for the year ended 31 March 2018

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

Components of deferred tax assets and liabilities as on 31 March 2018

(Amounts in HUF)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Business losses	728	(728)	-
Provision for doubtful debts	-	18	18
Others	-	12	12
Gross deferred tax assets (A)	728	(698)	30
Deferred tax liabilities	-	-	-
Gross deferred tax liabilities (B)	-	-	-
Net deferred tax assets (A-B)	728	(698)	30

Components of deferred tax assets and liabilities as on 31 March 2017

(Amounts in HUF)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Business losses	1,565	(837)	728
Gross deferred tax assets (A)	1,565	(837)	728
Deferred tax liabilities	-	-	-
Gross deferred tax liabilities (B)	-	-	-
Net deferred tax assets (A-B)	1,565	(837)	728

Components of deferred tax assets and liabilities as on 31 March 2018

(Amounts in ₹)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Business losses	187	(187)	-
Provision for doubtful debts	-	5	5
Others	-	3	3
Gross deferred tax assets (A)	187	(179)	8
Deferred tax liabilities	-	-	-
Gross deferred tax liabilities (B)	-	-	-
Net deferred tax assets (A-B)	187	(179)	8

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Notes to financial statements for the year ended 31 March 2018

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

2.3 Inventories

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Stock in trade	8,062	2,964	2,071
	8,062	**2,964**	**2,071**

2.4 Trade Receivable

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Unsecured considered good	218,755	163,544	56,198
Unsecured considered doubtful	257	-	66
	219,012	**163,544**	56,264
Provision for doubtful receivables	(257)	-	(66)
	218,755	**163,544**	**56,198**

Note:-

1. Include receivables from related parties amounting to HUF 39,241 (31 March 2017, HUF 91,596; 31 March 2018,₹ 10,081)

2.5 Cash and cash equivalent

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Balance with banks			
- in current accounts	83,056	109,023	21,337
	83,056	**109,023**	**21,337**

2.6 Other financial assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Current			
Carried at amortized cost			
Unbilled revenue	0	3,494	0
Unbilled revenue-related parties (refer note 2.22)	-	17,910	-
	0	**21,404**	**0**

2.7 Other current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Unsecured , considered good			
Advances other than capital advances			
Advances to related parties (refer note 2.22)	4,326	4,830	1,111
Advances to employees	1,828	8,588	470
Advances to suppliers	930	-	239
Others			
Deferred cost - related parties (refer note 2.22)	2,816	-	724
Prepaid expenses	1,865	29	479
Other advances	-	4,911	-
	11,765	**18,358**	**3,023**

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Notes to financial statements for the year ended 31 March 2018
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2.8 Share Capital

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Authorized			
9,000,000 (31 March 2017-9,000,000) equity shares of HUF 1 each	9,000	9,000	2,312
Issued, subscribed and fully paid up			
9,000,000 (31 March 2017-9,000,000) equity shares of HUF 1 each	9,000	9,000	2,312

Terms/ rights attached to equity shares

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

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

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

	As at					
	31 March 2018		31 March 2017		31 March 2018	
	No. of shares	(HUF)	No. of shares	(HUF)	No. of shares	(₹)
Number of shares at the beginning	9,000,000	9,000	9,000,000	9,000	9,000,000	2,312
Add: Shares issued during the year	-	-	-	-	-	-
Number of shares at the end	9,000,000	9,000	9,000,000	9,000	9,000,000	2,312

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

Name of the shareholder	As at			
	31 March 2018		31 March 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of HUF 1 each fully paid				
HCL Bermuda Limited	9,000,000	100.00%	9,000,000	100.00%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back during five years immediately preceding the reporting date.

Capital management

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

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Notes to financial statements for the year ended 31 March 2018

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

2.9 Borrowings

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Unsecured			
Loan from related parties (refer note-2.22)	188,843	214,933	48,514
	188,843	**214,933**	**48,514**

2.10 Trade payables

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Trade payables-related parties (refer note 2.22)	81,175	62,038	20,854
Trade payables	1,960	2,754	503
	83,135	**64,792**	**21,357**

2.11 Other financial liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Current			
Carried at amortized cost			
Interest accrued but not due on borrowings - related parties (refer note 2.22)	5,353	4,005	1,375
Others			
Capital accounts payable	7,440	2,366	1,911
Liabilities for expenses	12,035	2,056	3,092
Liabilities for expenses-related parties (refer note 2.22)	2,816	17,365	724
	27,645	**25,792**	**7,102**

2.12 Other current liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Revenue received in advance	2,816	2,147	724
Accrued salaries and benefits			-
Employee bonuses accrued	1,250	1,871	321
Other employee costs	4,410	3,712	1,133
Others			
Withholding and other taxes payable	13,858	-	3,560
	22,335	**7,730**	**5,738**

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Notes to financial statements for the year ended 31 March 2018

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

2.13 Revenue from operations

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Sale of services	443,474	376,887	113,928
Sale of hardware and software	12,416	471	3,190
	455,890	**377,358**	**117,118**

2.14 Other income

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Interest income			
- Others	0	-	0
Provision no longer required written back (net)	-	525	-
Exchange differences (net)	20,920	-	5,374
	20,920	**525**	**5,374**

2.15 Changes in inventories of stock in trade

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Opening stock	2,964	-	762
Closing stock	8,062	2,964	2,071
	(5,098)	**(2,964)**	**(1,309)**

2.16 Employee benefits expense

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Salaries, wages and bonus	122,557	119,815	31,485
Staff welfare expenses	84	-	21
Contribution to provident fund and other employee benefits	3,182	6,489	818
	125,823	**126,304**	**32,324**

2.17 Finance cost

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Interest			
on loan from bank	123	15	32
others	7,175	5,305	1,843
Bank charges	3,270	1,746	840
	10,568	**7,066**	**2,715**

2.18 Other expenses

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Travel and conveyance	8,762	7,558	2,251
Repairs and maintenance			
- Others	12,358	34	3,175
Legal and professional charges	9,274	4,560	2,383
Exchange differences (net)	-	8,917	-
Rates and taxes	12,457	3,095	3,200
Provision for doubtful advances / advances written off	257	-	66
Recruitment, training and development	200	-	51
Communication costs	846	371	217
Miscellaneous expenses	680	165	175
	44,834	**24,700**	**11,518**

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2.19 Earnings Per Share

The computation of earnings per share is as follows:

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Net profit as per statement of profit and loss for computation of EPS	58,304	11,809	14,976
Weighted average number of equity shares outstanding in calculating Basic EPS	9,000,000	9,000,000	9,000,000
Dilutive effect of stock options outstanding	-	-	-
Weighted average number of equity shares outstanding in calculating dilutive EPS	9,000,000	9,000,000	9,000,000
Nominal value of equity shares	1	1	1
Earnings per equity share			
- Basic	6.48	1.31	1.66
- Diluted	6.48	1.31	1.66

2.20 Financial Instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2018 is as follows:

	Amortized cost	Amortized cost	Total carrying value	Total carrying value
	(HUF)	(₹)	(HUF)	(₹)
Financial assets				
Trade receivables	218,755	56,198	218,755	56,198
Cash and cash equivalents	83,056	21,337	83,056	21,337
Others (refer note 2.6)	0	0	0	0
Total	**301,811**	**77,535**	**301,811**	**77,535**
Financial liabilities				
Borrowings	188,843	48,514	188,843	48,514
Trade payables	83,135	21,357	83,135	21,357
Others (refer note 2.11)	27,645	7,102	27,645	7,102
Total	**299,623**	**76,973**	**299,623**	**76,973**

The carrying value of financial instruments by categories as at 31 March 2017 is as follows:

	31 March 2017	
	Amortized Cost	Total Carrying Value
	(HUF)	(HUF)
Financial assets		
Trade receivables	163,544	163,544
Cash and cash equivalents	109,023	109,023
Others (refer note 2.6)	21,404	21,404
Total	**293,971**	**293,971**
Financial liabilities		
Borrowings	214,933	214,933
Trade payables	64,792	64,792
Others (refer note 2.11)	25,792	25,792
Total	**305,517**	**305,517**

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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.

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

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency. A significant portion of the Company revenue is in US Dollar, Euro and GBP while a large portion of costs are in HUF. The fluctuation in exchange rates in respect to HUF may not have potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately HUF 3,973 (₹ 1) for the year ended 31 March, 2018.

The rate sensitivity is calculated by aggregation of the net foreign exchange exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies 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, 2018 and 31 March 2017 in major currencies is as below:

	Net financial assets			Net financial liabilities		
	31 March 2018	31 March 2017	31 March 2018	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)	(HUF)	(HUF)	(₹)
USD / HUF	42,999	17,395	11,046	206,439	263,758	53,034
EUR / HUF	14,049	65,505	3,609	196,197	23,522	50,403
GBP / HUF	-	-	-	23,953	9,931	6,154

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Hence the Company is not significantly exposed to interest rate risk.

Credit risk
Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables and unbilled revenue. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties.

The customers of the Company are primarily corporations based in Hungary and accordingly, trade receivables and finance lease receivables are concentrated in Hungary. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables.

	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
Balance at the beginning of the year	(0)	644	(0)
Additional provision during the year	257	-	66
Effect of change in exchange rate	-	12	-
Deductions on account of write offs and collections	-	656	-
Balance at the end of the year	257	(0)	66

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.

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2.21 Segment Reporting

The Company's operations predominantly relate to providing a range of IT services targeted at Global 2000 companies spread across America, Europe & Rest of the World. IT services include software services & IT infrastructure management services. Within software services, the Company provides application development & maintenance, enterprise application, next generation SAAS (Software As A Service) application services and engineering and R&D (Research and Development) services to several global customers. Infrastructure management services involve managing customer's IT assets effectively.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance by business segment, comprising software services and infrastructure management services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting. The CODM assesses the performance of the operating segments based on a measure of segment earnings.

The Company operates from four geographies: America, Europe, India and Others. Europe mainly comprises of business operations conducted in United Kingdom, Spain, Hungary, Netherlands, Denmark and Switzerland. All other customers, mainly in UAE is included in Others.

Segment accounting policies

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in note 1 to the financial statements on significant accounting policies. The accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses

Segment revenue is directly attributable to the segment and segment expenses have been allocated to various segments on the basis of specific identification. However, segment revenue does not include other income. Segment expenses do not include finance cost.

b) Segment assets and liabilities

Assets and liabilities are not identified to any reportable segments, since these are increasingly used interchangeably across segments and consequently, the management believes that it is not practicable or meaningful to provide segment disclosures relating to assets and liabilities.

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Financial information about the business segments for the year ended 31 March 2018 is as follows: (Amount In HUF)

	Software services	IT Infrastructure services	Total
Segment revenues	212,981	242,909	455,890
Net revenue of operations from external customers	**212,981**	**242,909**	**455,890**
Segment Results	**50,581**	**3,171**	**53,752**
Finance cost			(10,568)
Other income			20,920
Other Expenses			(257)
Profit before tax			**63,847**
Tax expense			(5,543)
Net profit after taxes			**58,304**
Significant non-cash items			
Depreciation and amortization	14,174	56	14,230
Provision for doubtful debts & advances / bad debts & advances written off			257

Financial information about the business segments for the year ended 31 March 2017 is as follows: (Amount In HUF)

	Software services	IT Infrastructure services	Total
Segment revenues	157,634	219,724	377,358
Net revenue of operations from external customers	**157,634**	**219,724**	**377,358**
Segment Results	**21,102**	**14,615**	**35,717**
Finance cost			(7,066)
Other income			525
Interest income			-
Other Expenses			(8,917)
Net profit after taxes			**11,809**
Significant non-cash items			
Depreciation and amortization	28	1,046	1,074
Provision for doubtful debts & advances / bad debts & advances written off			(525)

Financial information about the business segments for the year ended 31 March 2018 is as follows: (Amount In ₹)

	Software	IT Infrastructure	Total
Segment revenues	54,714	62,404	117,118
Net revenue of operations from external customers	**54,714**	**62,404**	**117,118**
Segment Results	**12,992**	**815**	**13,807**
Finance cost			(2,715)
Other income			5,374
Other Expenses			(66)
Profit before tax			**16,400**
Tax expense			(1,424)
Net profit after taxes			**14,976**
Significant non-cash items			
Depreciation and amortization	3,642	14	3,656
Provision for doubtful debts & advances / bad debts & advances written off			66

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

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(HUF)	(HUF)	(₹)
America	12,341	18,966	3,171
Europe	370,010	185,808	95,056
India	73,539	136,740	18,891
Others	-	35,844	-
Total	**455,890**	**377,358**	**117,118**

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Notes to financial statements for the year ended 31 March 2018

2.22 Related party transactions

a) Related parties where control exists

HCL Technologies Limited (Ultimate Holding Company)

HCL Bermuda Limited, Bermuda (Holding Company)

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

Ultimate Holding Company

HCL Technologies Limited

Fellow Subsidiaries

Axon Solutions Ltd.

HCL Japan Ltd.

HCL (Brazil) Tecnologia Da Inf

HCL (Ireland) Infor. Syst Ltd.

HCL (Netherlands) B.V.

HCL (New Zealand) Ltd.

HCL America Inc.

HCL Argentina S.A

HCL Axon (Pty) Ltd.

HCL Axon Malaysia SDN. BHD. -SD

HCL Axon Technologies (Shanghai) Co. Ltd.

HCL EAS Ltd.

HCL GMBH

HCL Technologies B.V.

HCL Technologies Belgium BVBA

HCL Technologies Denmark Aps

HCL Technologies Ltd. UAE

HCL Technologies Middle East FZLLC

HCL Technologies Norway AS

HCL Technologies Philippines

HCL Technologies Sweden AB

HCL Technologies UK Ltd.

S.R. BATLIBOI & CO. LLP GURUGRAM

HCL Hungary Kft
Notes to financial statements for the year ended 31 March 2018
(All amounts in thousands, except share data and as stated otherwise)

Transactions with related parties during the normal course of business	Sale of materials and services	Purchase of services	Interest Expense	Proceeds of loan	Repayment of loan
For the Year 2017-18 (HUF)					
Ultimate Holding Company	91,967	17,186	-	-	-
Fellow Subsidiaries	35,222	127,989	7,175	-	26,090
Total	127,189	145,175	7,175	-	26,090
For the Year 2016-17 (HUF)					
Ultimate Holding Company	141,145	6,604	-	-	-
Fellow Subsidiaries	107,422	191,413	5,305	97,675	-
Total	248,567	198,017	5,305	97,675	-
For the Year 2017-18 (₹)					
Ultimate Holding Company	23,626	4,415	-	-	-
Fellow Subsidiaries	9,049	32,880	1,843	-	6,702
Total	32,675	37,295	1,843	-	6,702

c) Outstanding balances

Outstanding balances	Trade receivables	Unbilled Revenue	Other Assets	Trade Payables and other Current Liabilities	Borrowings	Interest accrued but not due on borrowings
As on 31st March, 2018 (HUF)						
Ultimate Holding Company	11,635	-	7,142	112	-	-
Fellow Subsidiaries	27,605	-	-	83,879	188,843	5,353
Total	39,241	-	7,142	83,991	188,843	5,353
As on 31st March, 2017 (HUF)						
Ultimate Holding Company	64,902	8,152	4,830	17,023	-	-
Fellow Subsidiaries	26,694	9,758	-	62,380	214,933	4,005
Total	91,596	17,910	4,830	79,403	214,933	4,005
As on 31st March, 2018 (₹)						
Ultimate Holding Company	2,989	-	1,835	29	-	-
Fellow Subsidiaries	7,092	-	-	21,549	48,514	1,375
Total	10,081	-	1,835	21,578	48,514	1,375

3. Previous year comparatives

The Company has changed its presentation from " in absolute" to " in thousand" and accordingly, amounts less than 0.50 thousands are rounded off to Nil. The figures of previous year have been re-arranged to conform to current year presentation.

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number :
301003E/E300005
Chartered Accountants

per Nilanghu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date : 11 July 2018

For and on behalf of the Board of Directors
of HCL Hungary Kft

Shiv Walia
Director

Subramanian Gopalakrishnan
Director

Date : 11 July 2018