



Independent auditor's report

To: the General Meeting of Shareholders of HCL Technologies B.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements for the year ended as at March 31, 2021 of HCL Technologies B.V., based in 's-Gravenhage.

In our opinion the accompanying financial statements give a true and fair view of the financial position of HCL Technologies B.V. as at March 31, 2021, and of its result for the financial year ended March 31, 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the balance sheet as at March 31, 2021;
- 2 the profit and loss account for the financial year ended March 31, 2021;
- 3 the statement of cash flows for the financial year ended March 31, 2021; and
- 4 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of HCL Technologies B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Management report;
- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Managing Directors is responsible for the preparation of the other information, including the Management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the Board of Managing Directors for the financial statements

The Board of Managing Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Managing Directors is responsible for such internal control as the Board of Managing Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Board of Managing Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Managing Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Managing Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managing Directors;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for operations. Decisive were the size and/or the risk profile of the operations. On this basis, we selected operations for which an audit had to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Managing Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Zwolle, 16 July, 2021

KPMG Accountants N.V.



W. Hoekstra RA

2020-21 Annual report

of HCL Technologies B.V.

Registered office:
Address:

The Hague
Prinses Beatrixlaan 532, Unit C06.01, 2595BM 's-Gravenhage,
The Netherlands

Table of contents

1	Management report	2
2	Balance sheet as at 31 March, 2021	9
3	Profit and loss account for the financial year ended 31 March, 2021	10
4	Statement of Cash Flows	11
5	Notes to the Financial Statements	12
6	Other information	39

Total number of pages in this report: 39

1 Management report

Management of HCL Technologies B.V. (“the Company”) hereby presents its management report for the financial year ended on 31 March, 2021.

General information

The Company is primarily engaged in providing a range of IT and business services, engineering and R&D services and product & platform services.

The Company is active in the sectors of software-led IT solutions, externally controlled infrastructure management. It provides services to both international and as well as domestic client.

HCL Technologies B.V. (“the Company”) is a wholly owned subsidiary of HCL Technologies UK Limited, United Kingdom. The Company forms part of the HCL group, and the ultimate parent company is HCL Technologies Limited registered in India.

I. Business development and environment

Merger

During the financial year 2020-21, HCL Technologies B.V. purchased the entire shareholding of HCL (Netherlands) B.V. to give effect to a legal merger of HCL (Netherlands) B.V. (‘Disappearing Company’) with HCL Technologies B.V. (‘Acquiring Company’) as defined in Section 2:309 of the Dutch Civil Code.

Previous year numbers of HCL Technologies B.V. is restated by including numbers of HCL (Netherlands) B.V.

Annual yield

During the year ended 31 March, 2021 the turnover of the Company is € 151,074,023 as compared to € 127,933,805 in the previous financial year due to increase in revenue, the profit margin has increased as compared to the previous financial year. The profit for the current year is € 6,999,055.

II. Company situation

Financial situation

Fixed assets and depreciation

The depreciation was conducted according to the linear depreciation method. Deductions are recorded pro-rata for acquisitions and disposals. For the financial year, the depreciation amounted to € 752,597 (2019/20: € 431,079).

Share Capital in FY 2020/21

As on 31 March, 2021, the capital stock and capital surplus together amount to € 100,000.

Cash flow

During the financial year there was net cash inflow of € 11,110,797 (2019/20: € 1,269,628).

Ratios:

The solvency ratio and current ratio of the company as on 31 March, 2021 is 0.30 and 1.29 (2019/2020: 0.27 and 1.22) respectively.

Performance development

Development of sales: There is satisfactory development of sales to € 151,074,023 in comparison to € 127,933,805 in the previous financial year which is due to the strong market conditions.

Development of costs: The operating costs increased to € 141,018,756 in comparison to € 121,272,043 in the previous financial year to commensurate to the overall business of the Company.

Development of profits: The profits before taxes amounted to € 9,180,269. After income taxes, there was a profit for the financial year of € 6,999,055. There is increase in profit as compared to previous year due to increase in revenue in current year.

Personnel

1. Number and structure of employees

For the financial year, the average number of employees were 620 which comprised of 586 men and 34 women in the Company (2019/20: 716).

2. Personnel guidelines

The Company offers continuing education and training for handicapped employees. If the handicap occurs after entering the Company, the Company is obligated to continue employing this individual and adequately qualifying this employee. The Company is also obligated to regularly communicate relevant internal news and decisions. If decisions are made that affect the employees, the employees' opinions will be considered during the decision process.

3. Risks influencing development

The software industry is continuing to grow in a dynamic and strongly competitive environment. This sector is characterized by fast technological changes and innovations that constantly challenge the existing and conventional business models.

4. Dependencies/concentrations

The group led by the parent company, HCL Technologies Ltd. in India, which HCL Technologies B.V. belongs to, maintains a broad customer base to ensure the independence from individual clients, special services, or geographical factors.

5. Human resources

Keeping with the parent Company, the Company approved an initiative by the name of "Employee first". Together with other measures, the goal of this initiative is to make the Company an attractive employer.

Risk Management

The Company has no financial instruments other than cash and short term deposits and other assets and liabilities such as trade receivables and trade payables which arise directly from its business operations. Refer to Note 23 to the financial statements on Financial Instruments for the details.

Principal risks and uncertainties

The software industry thrives on a dynamic and highly competitive business environment, characterised by rapid technological changes and innovations that constantly challenge the conventional business models. The Company faces several business risks, of which prominent ones are discussed below along with the Company's strategy to mitigate these risks:

1. Technology related risks

Risk

The Company operates in an ever evolving and dynamic technology environment and it is of utmost importance that the Company continuously reviews and upgrades its technology, resources and processes to avoid obsolescence.

HCL Group strategy

The Company is not dependent on any single technology or platform. It has developed competencies in various technologies, platforms and operating environment and offers wide range of technology options to clients to choose from for their needs.

2. Competition related risks

Risk

The overall market growth is slowing and more and more competitors are vying with each other for market share. The line is diminishing between the traditional IT services players and non-traditional players. Now the customers have more choices of technology, vendors and service models which force every entity to perform to their best capabilities and to enhance them.

HCL Group strategy

The Company has been quick to respond to the changing competitive dynamics. The company is emphasizing on updating the new technologies and derive growth with new products to ensure company continue to grow and remains financially viable.

3. Business continuity & information security

Risk

The Company is dealing in maintaining, developing and operating time critical Business and IT applications for various customers and any catastrophe may halt business activities and cause irreparable damage to the brand reputation of the Company. Similarly, the vital need for confidentiality and security of confidential data both belonging to clients as well as the Company itself also pose risks of leaks, loss or compromise of information.

HCL Group strategy

The Company has put in place a comprehensive business continuity program to ensure that it meets its business continuity and disaster recovery related requirements. There is also an Information Security team to assess and manage the information security and data privacy and related risks by leveraging on People, Processes & Technology

4. Breach of data privacy and protection / Noncompliance to Global Data Protection Regulation (GDPR)

Risk

Privacy and protection of personal data is an area of increasing concern globally. Legislations like GDPR in Europe carry severe consequences for non-compliance or breach. Any violation or security breach, observed non-compliance or inadequacy of privacy policies and procedures can result in substantive liabilities, penalties and reputational impact.

HCL Group strategy

A global privacy policy is in place covering all applicable geographies and areas of operations.

A new organizational unit has been set up to ensure compliance to various Data Privacy Regulations, including GDPR.

Continued focus on employee related agreements with respect to Personally Identifiable Information (PII) and Sensitive Personal Data and Information (SPDI).

Data protection controls are a part of the engagement security management process

Robust risk response mechanisms are in place to cater to protection of sensitive data in the Company's ecosystem as well protection of such data in Client-managed networks in Offshore/ Global Delivery centres.

Sensitive and complex engagements leverage industry standard practice of data masking technologies to protect PII and SPDI.

Data Protection Impact Assessments of all applications / processes both within Company's enterprise systems and outside.

Enhancement of vendor contracts.

Formal Data Transfer Agreements for explicit agreements on data sharing.

Embedding privacy by design in our systems to secure personal data.

5. Cyber Attack

Risk

Risks of cyber-attacks with its fast evolving nature, continue to remain a threat. In addition to impact on business operations, a security breach could result in reputational damage, penalties and legal and financial liabilities.

HCL Group strategy

Investments in automated prevention and detection solutions

Continued reinforcement of stringent security policies and procedures

Collaboration with Computer Emergency Response Team (CERT) and other private Cyber Intelligence agencies, and enhanced awareness of emerging cyber threats

Enterprise-wide training and awareness programs on Information Security

Periodic rigorous testing to validate effectiveness of controls through Vulnerability Assessment and Penetration Testing

Risk Appetite and Management.

As part of its risk management measures, the Company is continually monitoring the most common risk associated with the software industry i.e. frequent changes in technologies. In the Company's opinion, company is well versed to adopt the changes in technologies via research and development which is done centrally by the parent company. Hence, adoption of changes in technologies offers adequate coverage for the financial consequences of the Company's business. The financial impact of this risk can't be quantified.

Further, ultimate holding company i.e. HCL Technologies Limited will provide financial support (if required) to HCL Technologies B.V. to meet any of its financial liability. The Company believes that the support from the parent company also offers adequate coverage to finance its current and future financial obligations.

Research and Development

As the Company has the function of a sales office, the research and development is done centrally by HCL Technologies Limited.

IV. Fraud risk analysis

There are no risk which is identified and the company has a proper and adequate system of internal financial controls. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and the transactions are authorised, recorded and reported correctly. The internal financial control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

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

IV. Information concerning application of code of conduct

The Code of conduct is established by the parent company and it covers all the subsidiaries including HCL Technologies B.V.

VI. Prognosis of future development

The Directors believe that future profits will be created through the positive business development. In order to sustain the business operations, the parent company is obligated to provide financial support if needed. The company will focus on three categories of service for development of business :

Software Services : Information Technology (“IT”) services such as custom application development and maintenance, technology services, product engineering, and package implementation.

Infrastructure Services : Infrastructure related IT enabled services such as Remote Infrastructure Management (“RIM”), data center operations, end user computing, network management, and security management.

Business Process Outsourcing Services : IT enabled services such as technical helpdesk, back office services, transaction processing, and call center services.

Below are the brief outlook on business:

1. Outlook on R&D :

The research and development is done centrally by the parent company, HCL Technologies Ltd.

2. Outlook on human resource :

The Company’s human resources strategy is focused on providing a stimulating environment which is flexible, nurtures social contract, fosters innovation, builds a result-oriented, high performance culture.

3. Outlook on financing of the company :

The company is a delivery centre and is financed by its ultimate holding company i.e. HCL Technologies Limited.

4. Outlook on business (e.g. expectation of sales, customers, etc.), including but not limited to:

The Company has strong customer base in the Netherlands and primarily having 161 active engagements with the well known customers.

Many of the engagements are pan European in nature so delivering services to multiple countries within EU region. As Netherlands is conveniently located within EU region and given its strong economic performance, is a good hub for our growth in EU region. Plus, in order to service clients in the region, the Company will invest in a local talent pool more as opposed to delivering from global delivery centers. The Company requires significant amount of local consulting capability and program management capability to manage such large client engagements. The Company has recently started the process to set-up a small delivery center in The Hague to service the clients across the region in the new wave of “Customer Experience Service Delivery” and to help clients to become more digitized organizations. This will create more employment opportunities in the region and will ultimately lead more jobs in the local market. Immediately, we do anticipate new jobs to be fulfilled from the local market either through direct recruitment or on a contract basis from our local partners.

Impact of Covid-19

The outbreak of Covid-19 (Coronavirus) continues to impact the global economy and markets. At this time, the impact of the outbreak on our business has been limited as delivery of our services is uninterrupted, and we have currently not witnessed significant changes in demand, whereas our service delivery is intact and our liquidity remains healthy. However, going forward the Covid-19 outbreak may negatively impact amongst others our, workforce, operations, and market demand and liquidity. In this respect, the Company has brought Covid-19 under the purview of “Executive Crisis Management Team” to develop and implement contingency plans, and we are closely and continuously evaluating the

developments. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders.

Based on our current knowledge and available information, we do not expect Covid-19 to have an impact on our ability to continue as a going concern in the future.

4.1 Strategy of financing and expected or planned future financing

The Company may require investment funds mostly on two fronts – operational expense of the company and sales/marketing investments.

4.2 Strategy of human resources and expected or planned future changes to human resources

The Company is expecting to have growth in the business in Netherland as well as in EU regions, hence it is expected that more employment opportunities may result in the company.

4.3 Known future circumstances which significantly influence the profitability or recoverability

The Company is consistently growing year on year and also expecting good business opportunities which will result not only in growth of the company but also growth of the region. The company is focusing on the following:

- Engagement of local talent people more as opposed to delivering from global delivery centers.
- Significant amount of local consulting capability and program management capability need to be added to our overall portfolio
- To pursue and explore inorganic means to acquire capability to meet our revenue goals and also capability objectives

VII. Merger and acquisitions

HCL Technologies Limited has its subsidiaries/step down subsidiaries in various countries. In many European countries, where there are 2 or more entities in the same country which exist due to certain business reasons like acquisition, rebadging etc., it is continuous endeavor to reduce the number of entities by either merging or by business transfer/closure etc. The feasibility to either merger or transfer or closure depends upon local regulations, business transaction, tax approvals etc.

The reduction in the number of entities in the same country will lead to greater organizational efficiency, reduction in managing costs and optimization of the resources used.

With a view to achieve the aforesaid object, The entire share capital of the HCL (Netherlands) B.V. held by the HCL Great Britain Limited, a limited liability company organized under the laws of England and Wales, with registered office at Axon Centre, Church Road, Egham, Surrey, TQ2 9QB, United Kingdom, registered with Companies House under number 03299523, hereby sold to HCL Technologies B.V., who purchases four hundred (400) shares in the capital of the Company, each share having a nominal value of forty-six euro (EUR 46).

Legal merger as defined in Section 2:309 of the Dutch Civil Code as was effected in the FY 2020-21. The HCL Technologies B.V., a private company with limited liability, with corporate seat in 's-Gravenhage, and office address at Prinses Beatrixlaan 532, Unit C06.01, 2595 BM 's-Gravenhage, registered with the Trade Register under number 58805206, (Acquiring Company) has acquired all assets and liabilities of the HCL (Netherlands) B.V. (Disappearing Company), under universal title and the Disappearing Company ceased to exist, aforementioned merger.

Since all shares in the capital of the Disappearing Company were held by the Acquiring Company at the time of the Merger, no measures with respect to the transfer of the shareholding in the Disappearing Company has taken. Since all shares in the capital of the Disappearing Company were held by the Acquiring Company at the time of the Merger, no measures with respect to the transfer of the shareholding in the Disappearing Company were taken. The Merger did not influenced the amount of the goodwill of the Acquiring Company. The distributable reserves of the Acquiring Company got increased with the distributable reserves of the Disappearing Company.

The previous year numbers of the company presented in the financial statements is restated by including the audited number of HCL (Neherlands) B.V. also.

The Board of Managing Directors



Bejoy Joseph George



Shiv Kumar Walia



Manish Anand



Subramanian Gopalakrishnan

HCL Technologies B.V.

Date: 16 July, 2021

FINANCIAL STATEMENTS

For the Financial year ended 01 April, 2020 to 31 March, 2021

2. Balance sheet as at 31 March, 2021

All amounts in € before appropriation of results

Assets

		31 March, 2021	31 March, 2020 (Restated)
		<hr/>	<hr/>
Fixed assets			
Intangible fixed assets	Note (1)	1,502,526	1,842,961
Tangible fixed assets	Note (1)	984,233	941,369
Tangible fixed assets under construction	Note (1)	2,939	27,480
Financial fixed assets	Note (2)	6,518,122	4,620,530
		<hr/>	<hr/>
		9,007,820	7,432,340
Current assets			
Inventories	Note (3)	179,982	16,101
Receivables	Note (4)	46,807,421	44,339,492
Cash at bank	Note (5)	18,912,915	7,802,118
		<hr/>	<hr/>
Total assets		74,908,138	59,590,051
		<hr/> <hr/>	<hr/> <hr/>

Shareholder's equity and liabilities

		31 March, 2021	31 March, 2020 (Restated)
		<hr/>	<hr/>
Shareholder's equity			
Share capital paid up and called up	Note (6)	100,000	100,000
Other reserves	Note (6)	15,701,286	10,925,432
Undistributed reserves	Note (6)	6,999,055	4,794,005
		<hr/>	<hr/>
		22,800,341	15,819,437
Provisions	Note (7)	6,484,346	5,392,364
Non Current liabilities	Note (8)	682,148	1,064,160
Current liabilities	Note (9)	44,941,303	37,314,090
		<hr/>	<hr/>
Total shareholder's equity and liabilities		74,908,138	59,590,051
		<hr/> <hr/>	<hr/> <hr/>

The notes 1 to 9 forms an integral part of these financial statements.

3. Profit and loss account

for the financial year ended 31 March, 2021

		31 March, 2021	31 March, 2020 (Restated)
Net turnover	Note (10)	151,074,023	127,933,805
Changes in inventories for finished products and goods for resale		163,882	(48,441)
Total operating income		151,237,905	127,885,364
Cost of raw material and consumables		(1,890,625)	(538,333)
Cost of outsourced services and other external costs	Note (11)	(73,078,615)	(55,499,575)
Wages and salaries	Note (12)	(54,607,983)	(48,951,707)
Social security and pension charges	Note (13)	(7,485,930)	(9,074,902)
Depreciation and amortization	Note (1)	(752,597)	(431,079)
Other operating expenses	Note (14)	(3,203,006)	(6,776,447)
Total operating expenses		(141,018,756)	(121,272,043)
Interest income and similar income	Note (15 A)	17,012	39,989
Interest expenses and similar charges	Note (15 B)	(1,055,892)	(227,988)
Profit before taxation		9,180,269	6,425,322
Tax on result	Note (16)	(2,181,214)	(1,631,317)
Net profit		6,999,055	4,794,005

The notes 10 to 16 forms an integral part of these financial statements.

4. Statement of Cash Flows

for the financial year ended 31 March, 2021

		31 March, 2021	31 March, 2020 (Restated)
<i>Operating activities</i>			
Profit before tax		9,180,269	6,425,322
Adjustments to reconcile net income with net cash provided by operating activities:			
- Depreciation and amortization	(Note 1)	752,597	431,079
- Interest expenses	(Note 14)	73,210	30,355
- Interest income	(Note 14)	(17,012)	(39,989)
- Change in receivables	(Note 5)	4,622,569	(11,806,867)
- Change in inventories	(Note 3)	(163,882)	48,441
- Changes in current/ non- current assets	(Note 4 & 2)	(7,933,515)	(3,087,328)
- Changes in provision		1,091,981	1,361,212
- Change in current liabilities	(Note 9)	9,775,163	19,733,233
- Change in non current liabilities	(Note 8)	(382,012)	(431,826)
Cash flow from operations		16,999,368	12,663,632
- Interest received	Note 15 A)	17,012	39,989
- Interest paid	(Note 15 B)	(73,210)	(11,859)
- Income tax paid		(2,354,762)	(1,730,154)
Net cash flow from operating activities		14,588,408	10,961,608
<i>Investing activities</i>			
- Purchase of fixed assets	(Note 1)	(1,410,431)	(1,279,617)
- Purchase of shares of subsidiaries		(18,152)	-
Net cash used in investing activities		(1,428,583)	(1,279,617)
<i>Financing activities</i>			
- Repayment of Short term loan	(Note 9)	(2,049,028)	(8,412,363)
Net cash used in financing activities		(2,049,028)	(8,412,363)
Change in cash		11,110,797	1,269,628
Cash at beginning of financial year		7,802,118	6,532,490
Cash at end of financial year		18,912,915	7,802,118

5 Notes to the Financial Statements

(I) General

HCL Technologies B.V. ("The Company") forms part of the HCL group, the ultimate parent is HCL Technologies Ltd. at Uttar Pradesh, India. HCL Technologies B.V. registered at Prinses Beatrixlaan 532, Unit C06.01, 2595BM 's-Gravenhage, The Netherlands is a wholly owned subsidiary of HCL Technologies UK limited, United Kingdom.

The activities of the Company and the Group are carried out both inland and abroad, with the countries of the European Union being the primary sales market.

The registration number of HCL Technologies B.V. is 58805206.

(II) Financial Reporting Period

These financial statements cover the financial year 2020-2021, which ended at the balance sheet date of 31 March, 2021.

(III) Basis for preparation of the Financial Statements

- (i) The financial statements are prepared in accordance with Part 9 of Book 2 of the Dutch civil code.
- (ii) HCL (Netherlands) B.V. has been merged with HCL Technologies B.V. using pooling of interests method and the comparative figures have been restated from 01 April, 2019.
- (iii) The reporting and functional currency of the Company is Euro.

The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

(IV) Going Concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

(V) Accounting Policies

1) General

Assets and liabilities are measured at historical cost, unless stated otherwise in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the

economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

2) Financial Instruments

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

i) Financial assets

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

Cash and cash equivalent

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

Financial instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and 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.

ii) Financial liabilities

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

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

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method except for deferred consideration recognized in a business combination which is subsequently measured at

fair value through profit and loss. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

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

Derecognition

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

Offsetting of financial instruments

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

3) Use of estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

- i) Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note.
- ii) Allowance for uncollectible accounts receivables, refer note.
- iii) Recognition of income and deferred taxes.
- iv) Useful lives of property, plant and equipment.
- v) Lives of intangible assets.
- vi) Key assumptions used for impairment of goodwill.
- vii) Identification of leases and measurement of lease liabilities.

4) 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.

5) Business combinations under common control

A business combination under common control is a business combination of an entity that is under common control with the acquirer. Such business combinations are also referred to as common control transactions.

Business combinations under common control are accounted for using the 'pooling of interests' method.

6) Fixed assets

Intangible fixed assets

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

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

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

Intangible assets consist of software license, Customer Relationship and Goodwill. Amortization is based on the useful lives as follows:

Category of asset	Useful life (Years)
Software license	1 to 3
Customer Relationship	10
Goodwill	10

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Plant and equipment and tangible fixed assets under construction are measured at cost, less accumulated depreciation and impairment losses. The cost comprises the price of acquisition or manufacture, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenditure is only capitalised when it extends the useful life of the asset. The cost of self-constructed assets includes the cost of materials and consumables and other costs that can be directly attributed to the construction. In addition, the cost of construction includes a reasonable part of the indirect costs and interest on loans for the period attributable to the construction of the asset.

Assets retired from active use are measured at the lower of book value or net realisable value.

7) Depreciation of fixed assets

Depreciation of fixed assets is provided on the straight-line method based on estimated useful lives as estimated by the management. No depreciation is recognised on tangible fixed assets under construction. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment.

Category of asset	Useful life (Years)
Computer and Networking equipment	4 to 5
Furniture, Fixtures & office equipments	5 to 7
Machinery & Equipments	10 to 17

8) Impairment of fixed assets

Tangible and intangible fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated . The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs .

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount . If there is an impairment loss for a cash-generating unit, the loss is first allocated to goodwill allocated to the cash-generating unit. Any residual loss is allocated to the other assets of the unit pro rata to their book values .

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash- generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

Fixed assets available for sale are measured at the lower of their carrying amount and net realisable value.

9) Financial Instruments

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

i) Financial assets

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

Cash and cash equivalent

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

Financial instruments at amortized cost

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

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

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

Derecognition of financial assets

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

Impairment of financial assets

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

ii) Financial liabilities

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

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

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

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

Derecognition

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

Offsetting of financial instruments

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

10) Leasing

The Company may enter into finance and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases . For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

At inception of an arrangement, the Company assesses whether the lease classifies as a finance or operating lease.

Finance leases

If the Company acts as a lessor in a finance lease, the leased asset is initially recognised as a receivable for the amount equal to the net investment in the lease. The subsequent measurement is as such that interest income recognised in each year of the lease term shows a constant periodic rate of return, based on the net investment outstanding in respect of the finance lease.

Operating leases

If the Company acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised to the profit and loss account on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

11) Inventories

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

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

12) Receivables

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading 'Financial instruments'.

13) Shareholder's equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholder's equity. Payments to holders of these instruments are deducted from the shareholder's equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

The purchase of own shares is deducted from the other reserves

14) Current liabilities

The valuation of current liabilities is explained under the heading 'Financial instruments'.

15) Revenue recognition

Revenue from software services comprises income from time and material and fixed price contracts. Revenue with respect to time and material contracts is recognized as related services are performed. Revenue from fixed price contracts and fixed time frame contracts is recognized in accordance with the percentage completion method under which the sales value of performance, including earnings thereon, is recognized on the basis of cost incurred in respect of each contract as a proportion of total cost expected to be incurred. The cumulative impact of any revision in estimates of the percentage of work

completed is reflected in the year in which the change becomes known. Provisions for estimated losses are made during the year in which a loss becomes probable based on current contract estimates. Revenue from sale of licenses for the use of software applications is recognized on transfer of title in the user license. Revenue from annual service contracts is recognized on a pro rata basis over the period in which such services are rendered. Income from revenue sharing agreements is recognized when the right to receive is established.

Earnings in excess of billing are classified as unbilled revenues, while billing in excess of earnings are classified as unearned revenue. Incremental revenue from existing contracts arising on future sales of the customers' products will be recognized when it is earned. Revenue and related direct costs from transition services in outsourcing arrangements are deferred and recognized over the period of the arrangement. Certain upfront non-recurring costs incurred in the initial phases of outsourcing contracts and contract acquisition costs, are deferred and amortized usually on a straight line basis over the term of the contract. The Company periodically estimates the undiscounted cash flows from the arrangement and compares it with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

The Company accounts for volume discounts and pricing incentives to customers. The discount terms in the Company's arrangements with customers generally entitle the customer to discounts, if the customer completes a specified level of revenue transactions. In some arrangements, the level of discount varies with increases in the levels of revenue transactions. The Company recognizes discount obligations as a reduction of revenue based on the ratable allocation of the discount to each of the underlying revenue transactions that result in progress by the customer toward earning the discount.

Revenues are shown net of sales tax; value added tax, service tax and applicable discounts and allowances. The revenue is recognized net of discounts and allowances.

16) Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities. The cost of services for software development is charged to profit and loss account in the same year.

17) Foreign exchange transactions

Foreign exchange transactions are recorded at initial recognition at the exchange rates. Foreign currency Realised gains and losses on foreign exchange transactions are recognised in the profit and loss account. Foreign currency monetary assets and liabilities are translated at the financial year end rate whereas non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction and resultant gains/losses on foreign exchange translations are recognised in the profit and loss account.

Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in profit and loss in the period in which the exchange difference arise.

18) Employee benefits

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

For benefits with accumulating rights, sabbatical leave, profit-sharing and bonuses the projected costs are taken into account during the employment. An expected payment resulting from profit-sharing and bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made. Contributions received as a result of a life-course savings scheme ('levensloopregeling') are taken into account in the period in which the contributions are due.

If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to

continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised .

The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

For disability risks that are insured, a provision is recognised for the part of the insurance premiums payable in the future that is directly attributable to the individual claims record of the Company . If no reliable estimate can be made of the part of the insurance premiums payable in the future that is directly attributable to the individual claims record of the entity to be paid in the future, no provision is recognised .

19) Pension

Pension charge to be recognised for the reporting period is equal to the pension contributions payable to the pension provider over the period.

In so far as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid at balance sheet date exceed the payable contributions, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

If, on the basis of an administration agreement with respect to a group plan/multi-employer plan, there is an obligation at balance sheet date, a provision is recognised when it is probable that the measures, which are necessary for the recovery of the existing funding ratio at balance sheet date, will result in an outflow of resources and the amount thereof can be estimated reliably.

If there are adjustments to rights accrued as at the balance sheet date arising from future salary increases that are already committed to at the balance sheet date and which shall be paid by the Company, a provision is recognised.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is probable that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the employees and other (explicit or implicit) commitments to the employees. The provision is measured at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date. The pre-tax discount rate reflects the market interest rate at the balance sheet date of high quality corporate bonds/yield on government bonds. Risks that have already been taken into account in estimating future expenditure are not included in the discount rate.

For any surplus at the pension provider as at balance sheet date, a receivable is recognised if the Company has the power to withdraw this surplus, if it is likely that the surplus will flow to the Company and if the receivable can be reliably determined.

20) Interest income and similar income and interest expenses and similar charges

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

21) Taxation

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years .

If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences.

For taxable temporary differences, a provision for deferred tax liabilities is recognised .

For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset in the balance sheet if the company has a legally enforceable right to offset current tax assets against current tax liabilities, insofar as they relate to the same financial year and deferred tax assets relate to income taxes levied by the same tax authority on the same taxable Company, or the same fiscal unity.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

22) Provisions and Contingent liabilities

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

If all or part of the payments that are necessary to settle a provision are likely to be fully or partially compensated by a third party upon settlement of the provision, then the compensation amount is presented separately as an asset.

Provisions are measured at the nominal value of the best estimate of the expenditures that are expected to be required to settle the liabilities and losses.

23) Notes to offsetting

Assets and 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.

24) Notes to the statement of cash flows

The Company applies the indirect method. The statement of cash flows is derived from the profit and loss account and other changes between the opening and closing balance sheets, eliminating the effect of currency translation differences.

Cash flows in foreign currency are translated into euros using the weighted average exchange rate for the reporting period/the exchange rate at the dates of the transactions.

Receipts and payments of interest and income taxes are presented within the cash flows from operating activities.

25) Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

26) Transactions with related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel.

There have been no transactions with related parties that have not been carried on normal market terms.

27) Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

Notes to the balance sheet as at 31 March, 2021

Fixed assets (1)

a) Intangible fixed assets

	<u>31 March, 2021</u>	<u>31 March, 2020</u> (Restated)
Software license	7,292	18,213
Customer Relationship	661,535	814,204
Goodwill	833,699	1,010,544
	<u>1,502,526</u>	<u>1,842,961</u>

Movements in these items were as follows:

	Software license	Customer relationship	Goodwill
Balance as at 01 April, 2020 (Restated)			
Purchase price	237,226	881,209	1,010,544
Accumulated depreciation and impairment	(219,013)	(67,005)	-
Carrying amount (Restated)	<u>18,213</u>	<u>814,204</u>	<u>1,010,544</u>
Changes in carrying amount			
Investments/(Retirement)	(54,196)	-	-
Amortization Retirement	54,196	-	-
Amortization	(10,921)	(152,669)	(176,845)
Balance	<u>(10,921)</u>	<u>(152,669)</u>	<u>(176,845)</u>
Balance as at 31 March, 2021			
Purchase price	183,030	881,209	1,010,544
Accumulated depreciation and impairment	(175,738)	(219,674)	(176,845)
Carrying amount	<u>7,292</u>	<u>661,535</u>	<u>833,699</u>

b) Tangible fixed assets

	<u>31 March, 2021</u>	<u>31 March, 2020</u> (Restated)
Machinery and equipment	984,233	941,369
	<u>984,233</u>	<u>941,369</u>

Movements in these items were as follows:

	Machinery and Equipment	Tangible fixed assets under construction
Balance as at 01 April, 2020 (Restated)		
Purchase price	1,766,408	27,480
Accumulated depreciation and impairment	(825,039)	-
Carrying amount (Restated)	941,369	27,480
Changes in carrying amount		
Investments	455,026	2,939
Retirement	(196,630)	-
Amortization retirement	196,630	-
Amortization	(412,162)	-
Transferred to fixed assets for the year	-	(27,480)
Balance	42,864	(24,541)
Balance as at 31 March, 2021		
Purchase price	2,024,804	2,939
Accumulated depreciation and impairment	(1,040,571)	-
Carrying amount	984,233	2,939

Financial fixed assets (2)

	31 March, 2021	31 March, 2020 (Restated)
Deferred cost	417,610	468,569
Finance lease receivables	581,204	897,472
Prepaid expenses	246,850	391,457
Unbilled revenue	5,165,968	2,722,445
Deferred tax assets	72,265	106,362
Security deposits	34,225	34,225
	6,518,122	4,620,530

Finance Lease: In case of assets given on lease

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

	Total minimum lease payments receivable	Interest included in minimum lease payments receivable	Present value of minimum lease payment receivable
As on 31 March, 2021			
Not later than one year	1,186,404	22,026	1,164,378
Later than one year and not later than 5 years	606,508	25,304	581,204
	1,792,912	47,330	1,745,582
As on 31 March, 2020 (Restated)			
Not later than one year	508,264	11,548	496,716
Later than one year and not later than 5 years	967,408	69,936	897,472
	1,475,672	81,484	1,394,188

Inventory (3)

	<u>31 March, 2021</u>	<u>31 March, 2020</u> (Restated)
Finished products and goods for resale	179,982	16,101
	<u>179,982</u>	<u>16,101</u>

Finished products and goods for resale

	<u>31 March, 2021</u>	<u>31 March, 2020</u> (Restated)
Cost of acquisition of goods available for resale	187,588	19,305
Less :- Provision for obsolescence	(7,606)	(3,204)
	<u>179,982</u>	<u>16,101</u>

Receivables (4)

	<u>31 March, 2021</u>	<u>31 March, 2020</u> (Restated)
Trade receivables	14,947,484	18,701,703
Amount receivables from group companies	10,341,995	11,210,344
Other amounts receivable	21,517,942	14,427,445
	<u>46,807,421</u>	<u>44,339,492</u>

Trade receivables includes receivables of € 115,838 (2019-20 : € 104,646) which are due for more than 365 days and all other receivables have an estimated maturity shorter than one year. Amount receivable from group companies is interest free.

Trade receivables

	<u>31 March, 2021</u>	<u>31 March, 2020</u> (Restated)
Amortized cost of outstanding receivables	15,063,322	18,806,349
Less :- Allowance for doubtful debts	(115,838)	(104,646)
	<u>14,947,484</u>	<u>18,701,703</u>

Other receivables

	<u>31 March, 2021</u>	<u>31 March, 2020</u> (Restated)
Unbilled revenue – Group Companies	1,700,158	2,482,057
Unbilled revenue	9,703,267	8,604,594
Employee receivables	125,541	202,346
Advance to supplier	76,412	71,033
Deferred cost – Group Companies	6,193,038	1,455,767
Deferred tax assets	-	83,714
Prepaid expenses	994,717	629,706
Prepaid expenses – Group Companies	31,053	-
Deposits	62,761	102,760
Finance lease receivable	1,164,378	496,716
Deferred cost	240,145	244,665
Advance taxes	1,226,472	54,087
	<u>21,517,942</u>	<u>14,427,445</u>

Cash and cash equivalent (5)

	31 March, 2021	31 March, 2020 (Restated)
Cash at bank	18,912,915	7,802,118
	18,912,915	7,802,118

All the cash is readily available for use by the company.

Shareholder's equity (6)**HCL (Netherlands) B.V.**

	Share Capital paid up and called up	Other Reserves	Undistributed Reserve	Total
Balance at 01 April, 2018	18,151	835,468	1,609,010	2,462,629
Appropriation of results	-	1,609,010	(1,609,010)	-
Results for the year 2018/19	-	-	1,481,135	1,481,135
Balance at 31 March, 2019	18,151	2,444,478	1,481,135	3,943,764
Balance at 01 April, 2019	18,151	2,444,478	1,481,135	3,943,764
Appropriation of results	-	1,481,135	(1,481,135)	-
Result for the year 2019/20	-	-	901,691	901,691
Balance at 31 March, 2020	18,151	3,925,613	901,691	4,845,455

HCL Technologies B.V.

	Share Capital paid up and called up	Other Reserves	Undistributed Reserve	Total
Balance at 01 April, 2018	100,000	1,142,979	2,535,402	3,778,381
Appropriation of results	-	2,535,402	(2,535,402)	-
Results for the year 2018/19	-	-	3,303,287	3,303,287
Balance at 31 March, 2019	100,000	3,678,381	3,303,287	7,081,668
Balance at 01 April, 2019	100,000	3,678,381	3,303,287	7,081,668
Appropriation of results	-	3,303,287	(3,303,287)	-
Result for the year 2019/20	-	-	3,892,314	3,892,314
Balance at 31 March, 2020	100,000	6,981,668	3,892,314	10,973,982

HCL Technologies B.V. (after merger)

	Share Capital paid up and called up	Other Reserves	Undistributed Reserve	Total
Balance at 01 April, 2019	100,000	3,678,381	3,303,287	7,081,668
Appropriation of results	-	3,303,287	(3,302,287)	-
Merger HCL (Netherlands) B.V.	-	3,943,764	-	3,943,764
Balance restated 01 April, 2019	100,000	10,925,432	-	11,025,432
Results for the year 2019/20	-	-	4,794,005	4,794,005
Balance at 31 March, 2020	100,000	10,925,432	4,794,005	15,819,437
Balance at 01 April, 2020	100,000	10,925,432	4,794,005	15,819,437
Appropriation of results	-	4,794,005	(4,794,005)	-
Merger HCL (Netherlands) B.V.	-	(18,151)	-	(18,151)
Result for the year 2020/21	-	-	6,999,055	6,999,055
Balance at 31 March, 2021	100,000	15,701,286	6,999,055	22,800,341

During the financial year 2020-21, HCL Technologies B.V. purchased the entire shareholding of HCL (Netherlands) B.V. to give effect to a legal merger of HCL (Netherlands) B.V. ('Disappearing Company') with HCL Technologies B.V. ('Acquiring Company') as defined in Section 2:309 of the Dutch Civil Code.

Further, all shares in the capital of the Disappearing Company were held by the Acquiring Company at the time of the Merger accordingly, no measures with respect to the transfer of the shareholding in the Disappearing Company were taken. The distributable reserves of the Acquiring Company got increased with the distributable reserves of the Disappearing Company.

The share capital of HCL (Netherlands) B.V. was shown under 'Reserve' in the equity of HCL Technologies B.V. as at 31.03.2020. In the current year, pursuant to merger of HCL Technologies B.V. with HCL (Netherlands) B.V., the entire share capital of HCL (Netherlands) B.V. got extinguished and accordingly, the closing balance of 'Reserve' of HCL Technologies B.V. was reduced with the amount of share capital of HCL (Netherlands) B.V.

Appropriation of profit of FY 2019-2020

The financial statements for the financial year 2019-2020 of HCL Technologies BV and HCL Netherlands BV have been adopted by the General Meeting on 23 Sep'2020. The General Meeting has adopted the appropriation of profit after tax € 3,892,314 and € 901,691 of HCL Technologies BV and HCL Netherlands respectively as proposed by the Board of Management.

Appropriation of profit of FY 2020-2021

The financial statements for the financial year 2020-2021 will be adopted by the General Meeting. The Board of Management proposes to the General Meeting to appropriate the profit after tax for financial year 2020-2021 by adding the whole amount of profit after tax to other reserves .

In the April 2021, the Company has paid a dividend of € 6,500,000 to its shareholder HCL Technologies UK Ltd.

Issued share capital

The issued share capital amounts to Eur 100,000 comprises of 1,000 ordinary shares for a nominal amount per share of Eur 100. During this year, issued capital was not subject to any change.

Provisions (7)

	<u>31 March, 2021</u>	<u>31 March, 2020</u> <u>(Restated)</u>
Provision	6,484,346	5,392,364
	<u>6,484,346</u>	<u>5,392,364</u>

Movements in provisions were as follows:

	Provisions
Balance at 1 April, 2019 (Restated)	4,031,152
Addition during the year	5,392,364
Deletion during the year	(4,031,152)
Balance at 31 March, 2020 (Restated)	<u>5,392,364</u>
Balance at 1 April, 2020	5,392,364
Addition during the year	6,484,346
Deletion during the year	(5,392,364)
Balance at 31 March, 2021	<u>6,484,346</u>

Non Current liabilities (8)

	<u>31 March, 2021</u>	<u>31 March, 2020</u> <u>(Restated)</u>
Deferred Revenue	642,268	1,055,567
Accrued Bonus	4,687	8,593
Capital lease obligation	35,193	-
	<u>682,148</u>	<u>1,064,160</u>

Current liabilities (9)

	<u>31 March, 2021</u>	<u>31 March, 2020</u> <u>(Restated)</u>
Trade creditors/suppliers	1,387,338	676,379
Amounts payable to group companies	9,541,008	9,751,042
Deferred tax liabilities	7,070	-
Interest payable on short term loan group companies	49,473	49,473
Bank Overdraft	-	2,049,028
Taxes and social security contributions	6,177,838	5,211,755
Other and accrued liabilities	27,778,576	19,576,413
	<u>44,941,303</u>	<u>37,314,090</u>

All accounts payable to suppliers and trade creditors are due within one year. All other current liabilities have an estimated maturity shorter than one year. All the amount payable to group companies is interest free.

The carrying values of the recognised current liabilities approximate their respective fair values, given the short maturities of the positions.

The taxes and social security charges payable recognised in the balance sheet can be broken down as follows:

	<u>31 March, 2021</u>	<u>31 March, 2020</u> <u>(Restated)</u>
VAT payable	2,639,974	2,462,170
Payroll tax	1,202,429	1,189,427
Social security contribution	363,394	371,853
Pension payable	-	90,218
Corporate income tax payable	1,972,041	1,098,087
	<u>6,177,838</u>	<u>5,211,755</u>

The other and accrued liabilities recognised in the balance sheet can be broken down as follows:

	<u>31 March, 2021</u>	<u>31 March, 2020</u> <u>(Restated)</u>
Accrued employee cost and vacation	2,753,287	2,799,479
Accrued bonus	1,924,946	1,412,026
Deferred consideration	-	980,049
Deferred revenue	7,006,000	3,681,621
Advance received from customer	5,066,006	5,782,186
Accrued liabilities – Group companies	9,668,543	3,410,704
Other Current Liabilities	1,359,794	1,510,348
	<u>27,778,576</u>	<u>19,576,413</u>

Notes to the Profit and loss account

Net turnover (10)

	<u>For the financial year ended 31 March, 2021</u>		
	Third Parties	Inter- Company	Total
Standard software services	125,610,735	23,370,179	148,980,914
Sale of goods	2,093,109	-	2,093,109
	<u>127,703,844</u>	<u>23,370,179</u>	<u>151,074,023</u>
	<u>For the financial year ended 31 March, 2020</u> <u>(Restated)</u>		
	Third Parties	Inter- Company	Total
Standard software services	112,512,358	14,763,523	127,275,881
Sale of goods	642,249	15,675	657,924
	<u>113,154,607</u>	<u>14,779,198</u>	<u>127,933,805</u>

Details of inter-company revenue is as below :-

<u>Inter-company revenue</u>	<u>For the financial year ended 31 March, 2021</u>	<u>For the financial year ended 31 March, 2020 (Restated)</u>
Ultimate Holding Company	5,852,331	4,077,634
Holding Company	4,164,846	562,755
Fellow subsidiaries	<u>13,353,002</u>	<u>10,138,809</u>
	<u>23,370,179</u>	<u>14,779,198</u>

All the inter-company revenue is carried at arm length principle.

Geographical wise revenue for the year ended 31 March, 2021 is as below:

<u>Geography</u>	<u>For the financial year ended 31 March, 2021</u>	<u>For the financial year ended 31 March, 2020 (Restated)</u>
America	2,940,311	1,248,347
Europe	141,447,700	121,923,096
India	5,852,336	4,112,102
Others	<u>833,676</u>	<u>650,260</u>
	<u>151,074,023</u>	<u>127,933,805</u>

Cost of outsourced services and other external costs (11)

	<u>For the financial year ended 31 March, 2021</u>	<u>For the financial year ended 31 March, 2020 (Restated)</u>
Consulting charges group	63,524,245	45,360,165
Consulting charges Others	9,366,367	8,480,226
Annual maintenance charges	(470,361)	887,883
Hosting charges	658,364	771,301
	<u>73,078,615</u>	<u>55,499,575</u>

Wages and salaries (12)

	<u>For the financial year ended 31 March, 2021</u>	<u>For the financial year ended 31 March, 2020 (Restated)</u>
Wages and salaries	54,607,983	48,951,707
	<u>54,607,983</u>	<u>48,951,707</u>

The wages & salary charges recognised in the Profit & loss can be broken down as follows

Wages and Salaries

	<u>For the financial</u> <u>year ended</u> <u>31 March, 2021</u>	<u>For the financial</u> <u>year ended</u> <u>31 March, 2020</u> <u>(Restated)</u>
Wages & salary	49,867,481	46,692,591
Bonus	4,740,502	2,259,116
	<u>54,607,983</u>	<u>48,951,707</u>

Social Security and pension charges (13)

	<u>For the financial</u> <u>year ended</u> <u>31 March, 2021</u>	<u>For the financial</u> <u>year ended</u> <u>31 March, 2020</u> <u>(Restated)</u>
Pension costs	1,315,514	1,543,107
Social Security charges	3,930,450	4,131,524
Other benefits	1,600,116	2,597,121
Staff welfare	639,850	803,150
	<u>7,485,930</u>	<u>9,074,902</u>

Other operating expenses (14)

	<u>For the financial</u> <u>year ended</u> <u>31 March, 2021</u>	<u>For the financial</u> <u>year ended</u> <u>31 March, 2020</u> <u>(Restated)</u>
Travel cost	370,787	2,678,389
Establishment & maintenance	769,211	822,281
Communication	510,541	328,055
Provision for Bad Debts	10,874	107,166
Marketing Cost	88,550	261,101
Other expenses	1,453,043	2,579,455
	<u>3,203,006</u>	<u>6,776,447</u>

The other expenses recognised in the statement of Profit & loss can be broken down as follows:

Other expenses (14)

	<u>For the financial</u> <u>year ended</u> <u>31 March, 2021</u>	<u>For the financial</u> <u>year ended</u> <u>31 March, 2020</u> <u>(Restated)</u>
Legal & professional costs	419,911	1,482,041
Other administration & general costs	(18,393)	18,393
Audit Fee	55,600	56,545
Recruitment fees	284,893	399,125
Subscription Fee	55,098	117,347
Miscellaneous expenses	655,934	506,004
	<u>1,453,043</u>	<u>2,579,455</u>

Interest income and similar Income (15 A)

	<u>For the financial</u> <u>year ended</u> <u>31 March, 2021</u>	<u>For the financial</u> <u>year ended</u> <u>31 March, 2020</u> <u>(Restated)</u>
Interest income on current accounts	769	35,015
Interest on customer receivables	16,243	4,974
	<u>17,012</u>	<u>39,989</u>

Interest expense & similar charges (15 B)

	<u>For the financial</u> <u>year ended</u> <u>31 March, 2021</u>	<u>For the financial</u> <u>year ended</u> <u>31 March, 2020</u> <u>(Restated)</u>
Interest on loan from related parties	-	18,496
Interest expenses related to bank	73,210	11,859
Bank charges	36,522	25,244
Tax authorities	3,712	9,033
Supplier and trade creditors	5,916	17,748
Exchange differences	936,532	145,608
	<u>1,055,892</u>	<u>227,988</u>

Income taxes (16)

The tax charge in the profit and loss account can be broken down as follows:

	<u>For the financial</u> <u>year ended</u> <u>31 March, 2021</u>	<u>For the financial</u> <u>year ended</u> <u>31 March, 2020</u> <u>(Restated)</u>
Result before tax	9,180,269	6,425,322
Income tax using the applicable tax rate in the Netherlands	2,277,671	1,514,403
Tax effect of:		
· Rate change	1,160	76,797
· Non-deductible expenses	50,324	49,160
· Incentive on additional investment	-	(1,134)
Recognition of previously not recognised tax losses		
Adjustment for prior periods	(150,061)	(7,909)
Others	2,120	-
	<u>2,181,214</u>	<u>1,631,317</u>

The applicable tax rate for the financial year is 24.81% (2019/20: 26.41%).

The effective tax rate for the financial year is 23.78% (2019/20: 25.39%).

Workforce (17)

The average number of staff employed by the company in 2020/21 was 620 (2019/20: 716) comprises of 586 men and 34 women and all employees are located in the Netherlands.

Employee Benefit Plan (18)

In Netherland employee and employer contribute towards the pensions depending upon the age and the salary of the employee. This scheme is known as defined contribution scheme. A defined contribution scheme means that HCL makes a pension premium available which depends on employee salary and age. Since every inhabitant of the Netherlands is entitled to a state old-age pension, the so-called "AOW", this must be taken into account in relation to pension accrual with HCL. This is done by deducting the AOW offset from the pensionable salary.

Remuneration to Board (19)

There is no remuneration paid to Board because members are assigned to another Group entity.

Equity interests (20) (Ultimate) Parent company

HCL Technologies Limited, is the ultimate parent company of HCL Technologies B.V. and includes the financial data of HCL Technologies B.V. in its consolidated financial statements.

Related party transaction (21)

- a) Related party where control exists

Holding Company

HCL Technologies UK Limited

Ultimate Holding Company

HCL Technologies Limited, India

- b) Related party where transactions have taken place during the year

Holding Company

HCL Technologies UK Limited

Ultimate Holding Company

HCL Technologies Limited, India

Fellow Subsidiaries

HCL America Solutions Inc
 HCL America Inc.
 HCL Technologies Germany
 HCL Tech. Belgium BVBA
 HCL Technologies France
 HCL Great Britain Ltd.
 HCL Technologies Vietnam
 HCL Brazil Tecnologia da In
 HCL Technologies Mexico
 HCL America Inc. (Axon)
 HCL Axon (Pty) Ltd
 HCL Axon Tech. Inc – Sd
 HCL GmbH
 HCL Technologies (Shanghai)
 HCL Axon Malaysia Sdn Bhd
 HCL Hong Kong SAR Limited
 HCL (Newzealand) Limited
 HCL Sweden AB

HCL Technologies Romania SRL
 HCL Tech Denmark ApS
 HCL Hungary Kft
 HCL Technologies Sweden AB
 Hcl Axon Technologies Inc
 HCL Axon Solutions Tianjin
 HCL Japan Limited
 HCLT Philippines Inc
 HCL Arabia LLC
 HCL Tech Norway AS
 HCL (Malaysia) SDN BHD
 HCL Technologies Taiwan L
 HCL Technologies Thailand
 Point to Point Products L
 Latin America Costa Rica
 HCL Tech. Italy S.p.A.
 Filial Española De Hcl SI
 Hcl Guatemala, Sociedad A

HCL Singapore Pte Limited
HCL Technologies B.V.
HCL Technologies Austria GMBH
HCL Axon Solutions Shanghai
Axon Solutions Ltd
HCL Australia Services Pty Ltd
HCL Argentina S.A.
HCL Technologies S.A.
HCL Technologies Middle East
C3i Europe Eood
HCL Axon Solutions (Shanghai)
HCL Technologies Beijing
HCL Technologies Czech Republic
Gapp- Korea Branch

Hcl Belgium N.V./S.A.
HCL Technologies Chile SPA
State Street HCL Services
HCL Tech.Solutions Gmbh
HCL Istanbul Bilisim Tekn
HCL Poland Sp.Z O.O.
Pt. Hclt Indonesia
Hcl Technologies Corporat
Hcl Ireland Information S
Hcl Technologies Colombia
Hcl Technologies Luxemboug
Hcl Technologies Egypt Limited
HCL EAS Limited

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

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Revenue	5,852,331	4,077,634	4,164,846	562,755	13,353,002	10,138,809
Consulting charges	42,364,322	23,553,147	1,046,962	868,686	20,112,961	20,938,332
Insurance Cost	68,771	28,814	-	-	-	-
Cost of Goods sold	-	-	-	-	-	19,759
Interest on loan from related parties	-	-	-	18,496	-	-

d) Outstanding balances of related parties as at 31 March 21

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Amount receivables from group companies	1,558,423	2,716,344	5,604,539	93,837	3,179,033	8,400,163
Deferred cost - group companies	6,193,038	1,455,767	-	-	-	-
Unbilled revenue - group Companies	1,525,263	2,482,057	-	-	174,895	-
Prepaid expenses - group companies	31,053	-	-	-	-	-
Amounts payable to group companies	4,718,175	5,368,453	264,454	170,141	4,558,379	4,212,448
Inerest payable - group companies	-	-	49,473	49,473	-	-
Accrued liabilities - Group companies	9,632,224	3,407,853	-	-	36,319	2,851

Audit fees (22)

The costs of the Company for the external auditor, the audit organisation and the entire network to which the audit organisation belongs charged to the financial year are set out below:

	KPMG Accountants N.V. 31 March,2021	KPMG Accountants N.V. 31 March, 2020
Audit of Financial statements	55,600	56,545
Other services	-	23,310
Total	<u>55,600</u>	<u>79,855</u>

Financial instruments (23)

General

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks. The Company does not use derivatives financial instruments nor trade in financial instruments.

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

Market Risk

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

Credit Risk

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

	31 March,2021	31 March,2020 (Restated)
Balance at the beginning of the year	104,646	2,312
Addition during the year	11,192	102,334
Balance at the end of the year	<u>115,838</u>	<u>104,646</u>

Interest rate risk and cash flow risk

The interest rate risk is limited as the Company has no external financing.

Currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than functional currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in EUR. The fluctuation in exchange rates in respect to EUR 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 € 61,504 for the year ended 31 March, 2021.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company and its branches. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March, 2021 and 31 March, 2020 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March, 2021	31 March, 2020 (Restated)	31 March, 2021	31 March, 2020 (Restated)
EUR/GBP	1,056	41,317	1,713	32,484
EUR/USD	158,843	115,559	96,682	75,357
EUR/THB	-	-	-	2,052
Total	159,899	156,876	98,395	109,893

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.

Carrying value

The carrying value of financial instruments recognised on the balance sheet can be specified as follows:

	31 March, 2021		31 March, 2020 (Restated)	
	Amortized Cost	Carrying Amount	Amortized Cost	Carrying Amount
Financial assets				
Finance lease receivables	1,745,582	1,745,582	1,394,187	1,394,187
Trade receivables	14,947,484	14,947,484	18,701,703	18,701,703
Amount receivables from group companies	10,341,995	10,341,995	11,210,344	11,210,344
Unbilled revenue group companies	1,700,158	1,700,158	2,482,057	2,482,057
Unbilled revenue	9,703,267	9,703,267	8,604,594	8,604,594
Deposits and advance to suppliers	139,173	139,173	173,793	173,793
Cash at bank	18,912,915	18,912,915	7,802,118	7,802,118
Total	57,490,574	57,490,574	50,368,796	50,368,796
Financial liabilities				
Trade creditors/suppliers	1,387,338	1,387,338	676,379	676,379
Amounts payable to group companies	9,541,008	9,541,008	9,751,042	9,751,042
Interest payable on short term loan group companies	49,473	49,473	49,473	49,473
Bank Overdraft	-	-	2,049,028	2,049,028
Other and accrued liabilities	27,778,576	27,778,576	19,576,413	19,576,413
Total	38,756,395	38,756,395	32,102,335	32,102,335

Previous year number (24)

HCL (Netherlands) B.V. has merged with HCL Technologies B.V. with effect from 01 April, 2020 for accounting purpose. We have restated the previous year numbers by including audited numbers of HCL (Netherlands) B.V.

Off-balance sheet assets and liabilities (25)

Long term financial commitments

Long-term unconditional commitments have been entered into in respect of long-term leases and operating leases (including office premises and motor vehicles).

The operating leasing costs are recognised on a straight-line basis in the profit and loss account over the lease period. The remaining term can be specified as follows:

Particulars	31 March, 2021	31 March, 2020 (Restated)
No more than 1 year	242,808	174,814
Between 1 and 5 years	82,108	164,216
Longer than 5 years	-	-
Total	324,916	339,030

Lease payments that have been recognized as an expense in 2020-21, amount to € 412,838 (2019-20 : € 545,373)

The company has issued a guarantee of € 19,287 in favour of Bouwinvest Dutch Institutional B.V. The guarantees have no fixed expiry date.

Other commitments not shown in the balance sheet

No guarantees have been issued by the Company for members of the Board of Managing Directors, its group companies or subsidiaries.

All commitments to related parties are included in the balance sheet.

Subsequent Events (26)

The Company has evaluated all the subsequent events through 16 July, 2021, which is the date on which these financial statements were issued.

Dividend

In the April 2021, the Company has paid a dividend of € 6,500,000 to its shareholder HCL Technologies UK Ltd.

The Board of Managing Directors


Bejoy Joseph George


Shiv Kumar Wallia


Manish Anand


Subramanian Gopalakrishnan

Date: 16 July, 2021

6 Other information

Articles of Association provisions governing profit appropriation

In accordance with the Company's Articles of Association the result is at the disposal of the Shareholder's meeting. The Company can only distribute profits to its' shareholder and other entitled entities, as far as Shareholder's equity exceeds the total of the issued and paid-up share capital together with the statutory and legal reserves. The proposal is to add current period's results to the retained earnings and this is already processed as such in the financial statements.

Independent Auditor's report

The independent auditor's report with respect to the financial statements is set out on the following page.