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FILIAL ESPAÑOLA DE HCL TECHNOLOGIES SL

Financial Statements

For the year ended 31st March 2018 and 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Filial Espanola De HCL Technologies SL.

Report on the Ind AS Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



Opinion

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

Other matters

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

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Nilangshu Katriar**

Partner

Membership Number: 058814



Place: Gurugram

Date: July 11, 2018

FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL
Balance Sheet as at 31 March 2018

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

	Note No.	As at 31 March 2018 (EUR)	As at 31 March 2017 (EUR)	As at 31 March 2018 Refer note 1(a) (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	2.1	569	107	46,021
(b) Capital work in progress		6	10	449
(c) Deferred tax assets (net)	2.20	35	0	2,769
(d) Other non-current assets	2.2	22	5	1,797
(2) Current assets				
(a) Inventories	2.3	88	336	7,103
(b) Financial Assets				
(i) Trade receivables	2.4	2,984	1,620	241,113
(ii) Cash and cash equivalents	2.5	-	595	-
(iii) Others	2.6	86	135	6,923
(c) Other current assets	2.7	370	503	29,911
TOTAL ASSETS		4,160	3,311	336,086
II. EQUITY				
(a) Equity Share Capital	2.8	300	300	24,242
(b) Other Equity		755	429	60,989
TOTAL EQUITY		1,055	729	85,231
III. LIABILITIES				
(1) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.9	263	-	21,282
(ii) Trade payables	2.10	1,667	1,522	134,676
(iii) Others	2.11	714	232	57,703
(b) Other current liabilities	2.12	405	762	32,699
(c) Provisions	2.13	34	-	2,723
(d) Current tax liabilities (net)		22	66	1,772
TOTAL EQUITY AND LIABILITIES		4,160	3,311	336,086
Summary of significant accounting policies	1			

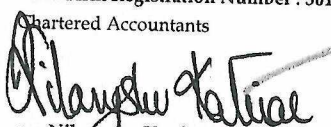
The accompanying notes are an integral part of the financial statements

As per our report of even date

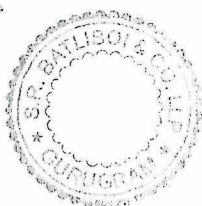
FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants



per Nilangshu Katriar
Partner
Membership Number: 58814




Gurugram, India

Date: 11 July 2018

For and on behalf of the Board of Directors

of FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL



Bejoy George
Director



Shiv Walia
Director

Date: 11 July 2018



FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in thousands, except share data and as stated otherwise)

	Note No.	Year ended 31 March 2018 (EUR)	Year ended 31 March 2017 (EUR)	Year ended 31 March 2018 Refer note 1(a) (₹)
I Revenue				
Revenue from operations	2.14	7,932	6,106	640,958
Other income	2.15	63	32	5,080
Total income		7,995	6,138	646,038
II Expenses				
Purchase of stock in trade		113	628	9,122
Changes in inventories of stock in trade	2.16	248	(336)	20,016
Employee benefits expense	2.17	1,474	664	119,068
Finance costs	2.18	6	3	495
Depreciation and amortization expense	2.1	106	14	8,598
Outsourcing costs		5,289	4,685	427,408
Other expenses	2.19	325	160	26,314
Total expenses		7,561	5,818	611,021
III Profit before tax		434	320	35,017
IV Tax expense	2.20			
Current tax		142	79	11,491
Deferred tax credit		(34)	(0)	(2,736)
Total tax expense		108	79	8,755
V Profit for the year		326	241	26,262
VI Other comprehensive income				
Items that will not be reclassified to statement of profit or loss		-	-	-
Items that will be reclassified subsequently to statement of profit or loss		-	-	-
VII Total Comprehensive Income for the year		326	241	26,262
Earnings per equity share of EUR 10 par value	2.21			
Basic		10.85	8.05	875.42
Diluted		10.85	8.05	875.42

Summary of significant accounting policies

1

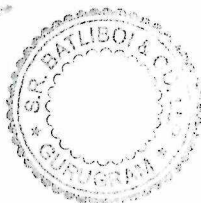
The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 11 July 2018



For and on behalf of the Board of Directors
of FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL

Bejoy George
Director

Shiv Walia
Director

Date: 11 July 2018

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FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL

Statements of cash flows

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

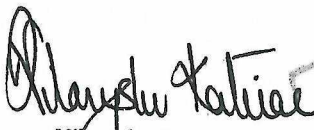
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018 Refer note 1(a)
	(EUR)	(EUR)	(₹)
A. Cash flows from operating activities			
Profit before tax	434	320	35,017
Adjustment for:			
Depreciation and amortization	106	14	8,598
Interest income	-	(12)	-
Interest expenses	1	-	95
Provision for Doubtful Debts	10	-	816
Provision written back	-	(19)	-
Operating profit before working capital changes	551	303	44,526
Movement in Working Capital			
(Increase)/decrease in trade receivables	(1,373)	291	(110,951)
(Increase)/decrease in inventories	248	(336)	20,016
(Increase)/decrease in other financial assets and other assets	150	(451)	12,103
Increase/ (decrease) in trade payables	145	(920)	11,686
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	140	584	11,351
Cash generated (used in)/ from operations	(139)	(529)	(11,269)
Direct taxes paid (net of refunds)	(187)	(26)	(15,072)
Net cash flow (used in)/ from operating activities (A)	(326)	(555)	(26,341)
B. Cash flows from investing activities			
Purchase of property, plant and equipment, including capital work in progress	(544)	(110)	(43,996)
Interest received	14	-	1,146
Loan to related party	-	(2,300)	-
Proceeds from maturity of loan given to related party	-	3,244	-
Net cash flow from / (used in) investing activities (B)	(530)	834	(42,850)
C. Cash flows from financing activities			
Proceeds from short term borrowings	263	-	21,282
Interest paid	(2)	(0)	(176)
Net cash flow used in financing activities (C)	261	(0)	21,106
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(595)	279	(48,085)
Cash and cash equivalents at the beginning of the year	595	316	48,085
Cash and cash equivalents at the end of the year as per note 2.5	-	595	-
Summary of significant accounting policies (Note 1)			

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants


per Nilangshu Katriar
Partner
Membership Number: 58814



For and on behalf of the Board of Directors
of FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL


Bejoy George
Director


Shiv Walia
Director

Gurugram, India

Date: 11 July 2018

Date: 11 July 2018



FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL
Statement of Changes in Equity for the year ended 31 March 2018
(All amounts in thousands, except share data and as stated otherwise)

(Amount in EUR)

	Equity share capital		Other equity
	Shares	Share capital	Reserves and Surplus
			Retained earnings
Balance as of April 1, 2016	30,000	300	188
Profit for the year	-	-	241
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	-
Balance as of March 31, 2017	30,000	300	429
Balance as of April 1, 2017	30,000	300	429
Profit for the year	-	-	326
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	326
Balance as of March 31, 2018	30,000	300	755
Balance as of March 31, 2018 (₹)	30,000	24,242	60,989

Summary of significant accounting policies (Note 1)

As per our report of even date.

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

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814



For and on behalf of the Board of Directors
of FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL

Bejoy George
Bejoy George
Director

Shiv Walia
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Director

Gurugram, India
Date: 11 July 2018

Date: 11 July 2018

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ORGANIZATION AND NATURE OF OPERATIONS

FILIAL ESPAÑOLA DE HCL TECHNOLOGIES SL (hereinafter referred to as the 'Company') is primarily engaged in providing a range of software services and infrastructure services. The Company was incorporated in Spain in January 2011, having its registered office at Paseo de la Castellana, 35, 2 Planta 28046 Madrid, Spain.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

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

The functional currency of the Company is Euro (EUR). The translation from EUR to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of EUR 1 = 80.8081, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, EUR at that or any other rate.

(b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, accrual of warranty costs, income taxes, valuation of share-based compensation, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, impairment of goodwill, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.



(c) Foreign currency and translation

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

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

(d) Fair value measurement

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

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

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

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

(e) Revenue recognition

Contracts involving provision of services

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

Time-and-material contracts

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

Fixed Price contracts

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



FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL
Notes to financial statements for the year ended 31 March 2018
(All amounts in thousands, except share data and as stated otherwise)

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

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

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

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

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item is also deferred. Revenue from maintenance services is recognized ratably over the period of the contract.

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

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

Interest income

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.



(f) Income taxes

Income tax expense comprises current and deferred income tax.

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

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

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

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

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

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

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

Asset description

Asset life (in years)

Computers
Plant & equipment

4-5
10



The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

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

(h) Borrowing costs

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

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

(i) Leases

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the year in which they are earned.

Leases in which the Company transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the leased assets. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the statement of profit and loss.

(j) Inventory

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

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

(k) Impairment of non-financial assets

Property, plant and equipment

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



(l) Provisions

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

(m) Retirement and other employee benefits

- (i) **Compensated absences:** The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as a short-term employee benefit and accumulated leave expected to be carried forward beyond twelve months is treated as a long-term employee benefit for measurement purposes. The expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

(n) 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:

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

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

Derecognition of financial assets

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



Impairment of financial assets

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

ii. Financial liabilities

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

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

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method 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.

(o) Earnings per share (EPS)

Basic EPS amounts are computed by dividing the net profit attributable to the equity holders of the parent company by the weighted average number of equity shares outstanding during the year.

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



(p) Recently issued accounting pronouncements

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

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

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

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

Ind AS 115, Revenue from Contract with Customers

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

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

The standard permits two possible methods of transition:

- o Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

- o Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

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



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Notes to financial statements for the year ended 31 March 2018

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

2.1 Property, plant and equipment

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

	Computers (EUR)	Plant & equipment (EUR)	Total (EUR)
Gross block as at 1 April 2017	121	-	121
Additions	561	7	568
Gross block as at 31 March 2018	682	7	689
Accumulated depreciation as at 1 April 2017	14	-	14
Charge for the year	106	0	106
Accumulated depreciation as at 31 March 2018	120	0	120
Net block as at 31 March 2018	562	7	569

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

	Computers (EUR)	Plant & equipment (EUR)	Total (EUR)
Gross block as at 1 April 2016	1	-	1
Additions	120	-	120
Gross block as at 31 March 2017	121	-	121
Accumulated depreciation as at 1 April 2016	0	-	0
Charge for the year	14	-	14
Accumulated depreciation as at 31 March 2017	14	-	14
Net block as at 31 March 2017	107	-	107
Net block as at 31 March 2016	1	-	1

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

	Computers (₹)	Plant & equipment (₹)	Total (₹)
Gross block as at 1 April 2017	9,779	-	9,779
Additions	45,364	592	45,956
Gross block as at 31 March 2018	55,143	592	55,735
Accumulated depreciation as at 1 April 2017	1,117	-	1,117
Charge for the year	8,592	5	8,597
Accumulated depreciation as at 31 March 2018	9,709	5	9,714
Net block as at 31 March 2018	45,434	587	46,021



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Notes to financial statements for the year ended 31 March 2018

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

2.2 Other non- current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Unsecured considered good unless otherwise stated			
Capital advances	10	-	837
Others			
Prepaid expenses	10	-	798
Deferred cost	2	5	162
	22	5	1,797

2.3 Inventories

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Stock in trade	88	336	7,103
	88	336	7,103

2.4 Trade Receivable

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Unsecured considered good	2,984	1,620	241,113
Unsecured considered doubtful	10	-	816
	2,994	1,620	241,929
Provision for doubtful receivables	(10)	-	(816)
	2,984	1,620	241,113

Note:-

1. Includes receivables from related parties amounting to EUR 881 (31 March 2017, EUR 253, 31 March 2018, ₹ 71,180)



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Notes to financial statements for the year ended 31 March 2018

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

2.5 Cash and cash equivalent

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Balance with banks			
- in current accounts	-	595	-
	-	595	-

2.6 Other financial assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Current			
Carried at amortized cost			
Finance lease receivables (refer note 2.22)	-	2	-
Interest receivable-Related Party (refer note 2.25)	-	14	-
Unbilled revenue	86	97	6,923
Unbilled revenue-related parties (refer note 2.25)	-	22	-
	86	135	6,923

2.7 Other current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Unsecured , considered good			
Advances other than capital advances			
Advance to related parties (refer note 2.25)	-	2	-
Advances to suppliers	93	4	7,555
Advances to employees	69	(0)	5,590
Others			
Deferred cost	3	3	205
Deferred cost-related parties (refer note 2.25)	196	492	15,805
Prepaid expenses	9	2	756
	370	503	29,911



2.8 Share Capital

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Issued, subscribed and fully paid up			
30,000 (31 March 2017; 30,000) equity share of EUR 10 each	300	300	24,242

Terms/ rights attached to equity shares

The Company has only one class of shares having a par value of Euro 10 per share. Each shareholder is entitled to one vote per share.

In the event of liquidation of the Company, the share holders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

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

	As at					
	31 March 2018		31 March 2017		31 March 2018	
	No. of shares	EUR	No. of shares	EUR	No. of shares	₹
Number of shares at the beginning	30,000	300	30,000	300	30,000	24,242
Add: shares issued during the year	-	-	-	-	-	-
Number of shares at the end	30,000	300	30,000	300	30,000	24,242

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

Name of the shareholder	As at			
	31 March 2018		31 March 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of EUR 10 each fully paid HCL EAS Ltd.	30,000	100.00%	30,000	100.00%

As per register of shareholders regarding beneficial interest, the above shares-holding represent both legal and beneficial ownership of shares.

There are no shares held by ultimate holding company and subsidiaries/associates of the holding company.

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

Capital management

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



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Notes to financial statements for the year ended 31 March 2018

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

2.9 Borrowings

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Unsecured			
Bank overdraft (refer note 1 below)	263	-	21,282
	263	-	21,282

1. Current borrowings were primarily on account of bank overdrafts required for management of working capital. The Company has availed bank line of credit at interest rate of 0.65% p.a. which is repayable on demand.

2.10 Trade payables

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Trade payables	54	109	4,332
Trade payables-related parties (refer note 2.25)	1,613	1,413	130,344
	1,667	1,522	134,676

2.11 Other financial liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Current			
Carried at amortized cost			
Accrued salaries and benefits			
Employee bonuses accrued	21	10	1,709
Other employee costs	65	18	5,254
Interest accrued but not due on borrowings - related parties (refer note 2.25)	-	1	-
Others			
Liabilities for expenses	385	165	31,141
Liabilities for expenses-related parties (refer note 2.25)	204	19	16,487
Capital accounts payables	39	19	3,112
	714	232	57,703

2.12 Other current liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Revenue received in advance	75	539	6,025
Others			
Withholding and other taxes payable	330	223	26,674
	405	762	32,699

2.13 Provisions

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Current			
Provision for employee benefits			
Provision for leave benefits	34	-	2,723
	34	-	2,723



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

2.14 Revenue from operations

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Sale of services	7,547	5,742	609,873
Sale of hardware and software	385	364	31,085
	7,932	6,106	640,958

2.15 Other income

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Exchange differences (net)	59	-	4,790
Provision no longer required written back	-	20	-
Interest income	-	12	-
Miscellaneous income	4	-	290
	63	32	5,080

2.16 Changes in inventories of traded goods

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Opening stock	336	-	27,119
Closing stock	88	336	7,103
	248	(336)	20,016



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Notes to financial statements for the year ended 31 March 2018

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

2.17 Employee benefits expense

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Salaries, wages and bonus	1,154	558	93,240
Contribution to social security scheme & other benefit	320	106	25,828
	1,474	664	119,068

2.18 Finance cost

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Interest			
-on loans from banks	0	0	1
-others	1	-	94
Bank charges	5	3	400
	6	3	495

2.19 Other expenses

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Rent	23	15	1,862
Legal and professional charges	114	94	9,233
Provision for doubtful debts / bad debts written off	10	-	816
Travel and conveyance	10	5	802
Insurance	0	3	1
Exchange differences (net)	-	18	-
Repairs and maintenance			
-buildings	0	-	9
-others	5	-	373
Recruitment, training and development	45	12	3,671
Miscellaneous expenses	118	13	9,547
	325	160	26,314

2.20 Income taxes

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Income tax charged to statement of profit and loss			
Current income tax charge	142	79	11,491
Deferred tax credit	(34)	(0)	(2,736)
	108	79	8,755



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Notes to financial statements for the year ended 31 March 2018

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

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

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Profit before income tax	434	320	35,017
Statutory tax rate in Spain	25.00%	25.00%	25.00%
Expected tax expense	108	80	8,755
Reversal of prior year provision	-	(2)	-
Withholding tax reversal	-	1	-
Total taxes	108	79	8,755
Effective tax rate	25.00%	24.63%	25.00%

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

	Opening balance	Recognized in profit and loss	(Amount in EUR) Closing balance
Deferred tax assets			
Provision for doubtful debts	-	3	3
Accrued employee costs	-	27	27
Depreciation and amortization	0	1	2
Others	-	3	3
Gross deferred tax assets (A)	0	34	35
Deferred tax liabilities			
Gross deferred tax liabilities (B)	-	-	-
Net deferred tax assets (A-B)	0	34	35

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

	Opening balance	Recognized in profit and loss	(Amount in EUR) Closing balance
Deferred tax assets			
Depreciation and amortization	-	0	0
Gross deferred tax assets (A)	-	0	0
Deferred tax liabilities			
Gross deferred tax liabilities (B)	-	-	-
Net deferred tax assets (A-B)	-	0	0

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

	Opening balance	Recognized in profit and loss	(Amount in ₹) Closing balance
Deferred tax assets			
Provision for doubtful debts	-	204	204
Accrued employee costs	-	2,178	2,178
Depreciation and amortization	33	106	139
Others	-	248	248
Gross deferred tax assets (A)	33	2,736	2,769
Deferred tax liabilities			
Gross deferred tax liabilities (B)	-	-	-
Net deferred tax assets (A-B)	33	2,736	2,769

2.21 Earnings Per Share

The computation of earnings per share is as follows:

	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)
Net profit as per statement of profit and loss for computation of EPS	326	241	26,262
Weighted average number of equity shares outstanding in calculating Basic EPS	30,000	30,000	30,000
Dilutive effect of stock options outstanding	-	-	-
Weighted average number of equity shares outstanding in calculating dilutive EPS	30,000	30,000	30,000
Nominal value of equity shares	10.00	10.00	10.00
Earnings per equity share			
- Basic	10.85	8.05	875.42
- Diluted	10.85	8.05	875.42



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Notes to financial statements for the year ended 31 March 2018

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2.22 Leases**i) Operating Lease**

The Company leases office space under operating lease agreements. The lease rental expense recognized in the statement of profit and loss for the year is EUR 23 (31 March 2017 EUR 15 , 31 March 2018 ₹ 1,862). There are no non-cancellable operating lease.

ii) 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 payments receivable
As on 31 March 2018(EUR) Not later than one year	-	-	-
As on 31 March 2017(EUR) Not later than one year	2	0	2
	2	0	2
As on 31 March 2018(₹) Not later than one year	-	-	-
	-	-	-



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Notes to financial statements for the year ended 31 March 2018

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

2.23 Financial instruments

(a) Financial assets and liabilities

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

	Amortized cost	Total carrying value	Amortized cost	Total carrying value
	(EUR)	(EUR)	(₹)	(₹)
Financial assets				
Trade receivables	2,984	2,984	241,113	241,113
Others (refer note 2.6)	86	86	6,923	6,923
Total	3,070	3,070	248,036	248,036
Financial liabilities				
Borrowings	263	263	21,282	21,282
Trade payables	1,667	1,667	134,676	134,676
Others (refer note 2.11)	714	714	57,703	57,703
Total	2,644	2,644	213,661	213,661

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

	Amortized cost	Total carrying value
	(EUR)	(EUR)
Financial assets		
Trade receivables	1,620	1,620
Cash and cash equivalents	595	595
Others (refer note 2.6)	135	135
Total	2,350	2,350
Financial liabilities		
Borrowings	-	-
Trade payables	1,522	1,522
Others (refer note 2.11)	232	232
Total	1,754	1,754



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2.23 Financial instruments (continued)

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments.

Market risk

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

(i) Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency. A significant portion of the Company revenue is in US Dollar, CHF, PLN, VEF and GBP while a large portion of costs are in Euro. The fluctuation in exchange rates in respect to Euro 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 EUR 53 (₹ 4,262) for the period ended 31 March, 2018.

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

Non-derivative foreign currency exposure as of 31 March, 2018 and 31 March 2017 in major currencies is as below:

	Net financial assets			Net financial liabilities		
	31 March 2018	31 March 2017	31 March 2018	31 March 2018	31 March 2017	31 March 2018
	(EUR)	(EUR)	(₹)	(EUR)	(EUR)	(₹)
USD / EUR	132	487	10,667	-	-	-
CHF / EUR	-	-	-	15	228	1,212
VEF/EUR	-	-	-	4,503	-	363,879
PLN / EUR	-	-	-	399	-	32,242
GBP / EUR	-	-	-	327	113	26,424

(ii) Interest rate risk

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

Credit risk

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

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

The allowance for lifetime expected credit loss on customer balances is as below:

	As at		
	31 March 2018	31 March 2017	31 March 2017
	(EUR)	(EUR)	(₹)
Balance at the beginning of the year	-	19	-
Additional provision during the year	10	-	816
Deductions on account of write offs and collections	-	19	-
Balance at the end of the year	10	-	816

Liquidity risk

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



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Notes to financial statements for the year ended 31 March 2018

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2.24 Segment Reporting

The Companies operations predominantly relate to providing a range of IT & BPO services targeted at Global 2000 companies spread across America, Europe & Rest of the World. IT services include software services & IT infrastructure management services. Within software services, the company provides application development & maintenance, enterprise application, next generation SAAS (Software As A Service) application services and engineering and R&D (Research and Development) services to several global customers. Infrastructure management services involve managing customer's IT assets effectively. Business process outsourcing services include the traditional contact centre & help desk services and the next generation services around platform BPO & BPAAS (Business Process As A Service) delivered through a global delivery model.

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

The Company operates from four geographies: America; Europe, India and Others. Europe mainly comprises of business operations conducted in United Kingdom, Sweden, Germany, Italy, Belgium, Netherlands, Northern Ireland and Switzerland. All other customers, mainly in Australia, Hong Kong, Singapore, UAE, Austria, Russian Fed, Portugal and Colombia are included in Others.

Segment accounting policies

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

a) Segment revenue and expenses

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

b) Segment assets and liabilities

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



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

Financial information about the business segments for the year ended 31 March 2018 is as follows:

	Software services	IT Infrastructure services	Total
	(EUR)	(EUR)	(EUR)
Segment revenues			
Net revenue of operations from external customers	2,119	5,813	7,932
Segment Results			
Unallocated corporate expenses	(7)	387	380
Finance cost			(3)
Other income			(6)
Profit before tax			63
Tax expense			434
Net profit after taxes			(108)
Significant non-cash items			
Depreciation and amortization	-	106	106
Provision for doubtful debts / bad debts written off			10

Financial information about the business segments for the year ended 31 March 2017 is as follows:

	Software services	IT Infrastructure services	Total
	(EUR)	(EUR)	(EUR)
Segment revenues			
Net revenue of operations from external customers	545	5,561	6,106
Segment Results			
Unallocated corporate expenses	(167)	472	305
Finance cost			(14)
Other income			(3)
Interest income			20
Profit before tax			12
Tax expense			320
Net profit after taxes			(79)
Significant non-cash items			
Depreciation and amortization	-	14	14
Provision for doubtful debts / bad debts written off			(19)

Financial information about the business segments for the year ended 31 March 2018 is as follows:

	Software services	IT Infrastructure services	Total
	(₹)	(₹)	(₹)
Segment revenues			
Net revenue of operations from external customers	171,244	469,714	640,958
Segment Results			
Unallocated corporate expenses	(561)	31,286	30,725
Finance cost			(293)
Other income			(495)
Profit before tax			5,080
Tax expense			35,017
Net profit after taxes			(8,755)
Significant non-cash items			
Depreciation and amortization	-	8,598	8,598
Provision for doubtful debts / bad debts written off			816

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

	Year ended		
	31 March 2018 (EUR)	31 March 2017 (EUR)	31 March 2018 (₹)
America	135	253	10,879
Europe	7,638	5,158	617,223
India	56	511	4,507
Others	103	185	8,349
Total	7,932	6,107	640,958



FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL

Notes to financial statements for the year ended 31 March 2018

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

2.25 Related party transactions

a) Related parties where control exists

- HCL Technologies Limited. (Ultimate holding company)
- HCL EAS Ltd (Holding company)

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

- HCL Technologies Limited. (Ultimate holding company)
- HCL America Inc.
- Axon Solutions Limited
- Axon Solutions Sdn Bhd
- HCL (Brazil) Tecnologia Da Inf
- HCL (Ireland) Information Systems Limited
- HCL Argentina S.A
- HCL Australia Service PTY Limited
- HCL Technologies Columbia
- HCL Axon Malaysia SDN. BHD.-SD
- HCL Axon Tech.(Shanghai)Co.Ltd
- HCL Axon Technologies INC.- SD
- HCL Great Britain Limited
- HCL GMBH
- HCL Hongkong SAR Limited
- HCL Italy S.R.L.
- HCL Poland SP.Z O.O.
- HCL Singapore PTE LTD
- HCL Sweden AB
- HCL Technologies (Shanghai) Limited
- HCL Technologies Austria Gmbh
- HCL Technologies B.V.
- HCL Technologies Beijing Co Limited
- HCL Technologies Belgium N.V./S.A.
- HCL Technologies Belgium BVBA
- HCL Technologies Denmark ApS
- HCL Technologies Germany GmbH
- HCL Technologies Italy SPA
- HCL Technologies Mexico, S. DE
- HCL Technologies Norway AS
- HCL (Netherlands) B.V.
- HCL Technologies Ltd. UAE
- HCL Technologies S.A.
- HCL Technologies Sweden AB
- HCL Technologies UK Limited



FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL
Notes to financial statements for the year ended 31 March 2018
(All amounts in thousands, except share data and as stated otherwise)

Transactions with related parties during the normal course of business	Sale of materials and services	Interest income	Purchase of materials and services	Loan provided	Repayment of loan
For the year ended 31 March 2018(EUR)					
-Ultimate holding company	123	-	1,524	-	-
-Holding company	-	-	-	-	-
-Fellow Subsidiary	1,274	-	2,190	-	-
Total	1,397	-	3,714	-	-
For the year ended 31 March 2017(EUR)					
-Ultimate holding company	531	-	847	-	-
-Holding company	-	12	-	2,300	3,244
-Fellow Subsidiary	626	-	2,566	-	-
Total	1,157	12	3,413	2,300	3,244
For the year ended 31 March 2018(₹)					
-Ultimate holding company	9,939	-	123,152	-	-
-Holding company	-	-	-	-	-
-Fellow Subsidiary	102,950	-	176,970	-	-
Total	112,889	-	300,122	-	-

c) Outstanding balances

	Trade receivables	Other current assets	Unbilled revenue	Interest receivables	Interest accrued but not due on borrowings	Trade payables and other current liabilities
For the year ended 31 March 2018(EUR)						
-Ultimate holding company	74	196	-	-	-	740
-Holding company	-	-	-	-	-	-
-Fellow Subsidiary	807	-	-	-	-	1,077
Total	881	196	-	-	-	1,817
For the year ended 31 March 2017(EUR)						
-Ultimate holding company	-	-	-	-	-	991
-Holding company	-	-	-	14	1	-
-Fellow Subsidiary	253	494	22	-	-	441
Total	253	494	22	14	1	1,432
For the year ended 31 March 2018(₹)						
-Ultimate holding company	5,980	15,805	-	-	-	59,798
-Holding company	-	-	-	-	-	-
-Fellow Subsidiary	65,200	-	-	-	-	87,013
Total	71,180	15,805	-	-	-	146,811

3. Previous year comparatives

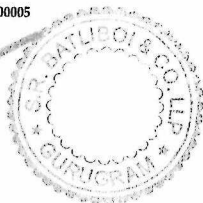
The Company has changed its presentation from "in absolute" to "in thousand" and accordingly, amounts less than 0.50 thousands are rounded off to Nil. The figures of previous year have been re-arranged to conform to current year presentation.

As per our report of even date

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

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814

Curugram, India
Date: 11 July 2018



For and on behalf of the Board of Directors
of FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, SL

Bejoy George
Bejoy George
Director

Shiv Wadia
Shiv Wadia
Director

Date: 11 July 2018

WV