HCL Technologies, S.A.

Special Purpose Financial Statement
Year ended 31 March 2021 and 2020

HCL Technologies, S.A.
Special Purpose Balance Sheet as at 31 March 2021
(All amounts in thousands except share data and as stated otherwise)

	Note No.	As at 31 March 2021 ('Refer note 1 (a)) (VES)	As at 31 March 2020 ('Refer note 1 (a)) (VES)	As at 31 March 2021 ('Refer note 1 (a)) (₹)
I. ASSETS				
(1) Current assets				
(a) Financial Assets				
(i) Trade receivables	**2.1**	98,959,237	420,476,628	10,314
(ii) Cash and cash equivalents	**2.2**	18,881,856	7,240,035	1,968
(iii) Others	**2.3**	60,527,448	13,876,695	6,309
(c) Deferred tax assets (net)	**2.12**	20,162,523	34,998,246	2,101
TOTAL ASSETS		**198,531,064**	**476,591,604**	**20,692**
II. EQUITY				
(a) Equity Share Capital	**2.4**	854,668	685,834	89
(b) Other Equity		4,521,640	33,725,814	468
TOTAL EQUITY		**5,376,308**	**34,411,648**	**557**
III. LIABILITIES				
(1) Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	**2.5**	154,522,971	192,605,928	16,105
(ii) Others	**2.6**	13,732,341	193,799,410	1,433
(b) Other current liabilities	**2.7**	2,275,189	4,988,470	239
(c) Current Tax Liabilities (Net)		22,624,255	50,786,148	2,358
TOTAL EQUITY AND LIABILITIES		**198,531,064**	**476,591,604**	**20,692**
Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

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

Vimal Chauhan

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 04 August 2021

For and on behalf of the Board of Directors
of HCL Technologies, S.A.

Raghu Raman Lakshmanan

Raghu Raman Lakshmanan
Director

Date: 04 August 2021

HCL Technologies, S.A.
Special Purpose Statement of Profit and Loss for the year ended 31 March 2021
(All amounts in thousands except share data and as stated otherwise)

		Note No.	Year ended 31 March 2021 ('Refer note 1 (a)) (VES)	Year ended 31 March 2020 ('Refer note 1 (a)) (VES)	Year ended 31 March 2021 ('Refer note 1 (a)) (₹)
I	**Revenue**				
	Revenue from operations	**2.8**	207,082,594	723,230,984	21,583
	Net monetary gain		233,617,878	323,706,256	24,349
	Total income		**440,700,472**	**1,046,937,240**	**45,932**
II	**Expenses**				
	Finance costs	**2.9**	133,734	309,783	14
	Outsourcing costs		277,827,175	678,019,183	28,957
	Other expenses	**2.10**	157,764,072	318,976,064	16,444
	Total expenses		**435,724,981**	**997,305,030**	**45,415**
III	**Profit / (Loss) before tax**		**4,975,491**	**49,632,210**	**517**
IV	**Tax expense**				
	Net monetary gain on tax expense		(11,669)	(714,001)	(1)
	Current tax		20,582,887	53,082,931	2,146
	Deferred tax credit		(18,785,629)	(36,581,027)	(1,958)
	Total tax expense		1,785,589	15,787,903	187
V	**Profit / (Loss) for the year**		**3,189,902**	**33,844,307**	**330**
VI	**Other comprehensive income**				
	Items that will not be reclassified to profit or loss		-	-	-
	Items that will be reclassified subsequently to profit or loss		-	-	-
VII	**Total Comprehensive Profit / (Loss) for the year**		**3,189,902**	**33,844,307**	**330**
	Earnings per equity share of VES 1 each				
	Basic	**2.11**	32,253.13	342,200.13	3.34
	Diluted	**2.11**	32,253.13	342,200.13	3.34
	Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

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Gurugram, India
Date: 04 August 2021

For and on behalf of the Board of Directors
of HCL Technologies, S.A.

Raghu Raman Lakshmanan

Raghu Raman Lakshmanan
Director

Date: 04 August 2021

HCL Technologies, S.A.
Special Purpose Statement of Changes in Equity for the year ended 31 March 2021
(All amounts in thousands except share data and as stated otherwise)

Amount in VES

	Share capital			Other equity
	Equity share	**Equity share capital**	**Share application money pending allotment**	**Retained earning**
Adjusted Balance as at 1 April 2019	2,498,644	29,372	-	(1,891,276)
Profit for the year	-	-	-	33,844,307
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the year	-	-	-	33,844,307
Inflation effect due to last year restatement	-	656,462	69,917	1,673,866
Share application money pending allotment	-	-	98,917	98,917
Balance as at 31 March 2020	2,498,644	685,834	168,834	33,725,814
Adjusted Balance as at 1 April 2020	2,498,644	685,834	-	33,725,814
Loss for the year	-	-	-	3,189,902
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the year	-	-	-	3,189,902
Inflation effect due to last year restatement	-	-	-	(32,225,242)
Restructuring in number of Equity share (Refer note 2.4)	(2,399,742)	-	-	-
Share application money pending allotment	-	168,834	(168,834)	(168,834)
Balance as at 31 March 2021	98,902	854,668	-	4,521,640

(Amount in ₹)

	Share capital			Other Equity
	Equity share	**Equity share capital**	Share application money pending allotment	**Retained earning**
Balance as at 1 April 2020	2,498,644	71	-	3,515
Loss for the year	-	-	-	330
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the year	-	-	-	330
Inflation effect due to last year restatement of monetary items	-	-	-	(3,359)
Restructuring in number of Equity share (Refer note 2.4)	(2,399,742)	-	-	-
Share application money pending allotment	-	18	(18)	(18)
Balance as at 31 March 2021	98,902	89	-	468

Summary of significant accounting policies **1**

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

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

Vimal Chauhan

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Membership Number: 511230

Gurugram, India
Date: 04 August 2021

For and on behalf of the Board of Directors of HCL Technologies, S.A.

Raghu Raman Lakshmanan

Raghu Raman Lakshmanan
Director

Date: 04 August 2021

HCL Technologies, S.A.
Special Purpose Statement of cash flow for the year ended 31 March 2021
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2021 ('Refer note 1 (a)) (VES)	Year ended 31 March 2020 ('Refer note 1 (a)) (VES)	Year ended '31 March 2021 ('Refer note 1 (a)) (₹)
A. Cash flows from operating activities			
Profit / (Loss) before tax	4,975,491	49,632,210	517
Adjustment for:			
Inflation impact on previous year profit and loss account	-	(47,506,627)	-
Provision for doubtful debts/ bad debts written off	8,002,147	225,643	834
	12,977,638	**2,351,226**	**1,351**
Net Change in			
Trade receivables	(88,234,457)	(18,076,607)	(9,195)
Other financial assets and other assets	(67,867,882)	5,734,231	(7,074)
Trade payables	146,274,299	8,027,505	15,246
Other financial liabilities and other liabilities	8,492,223	8,468,523	885
Cash generated from operations	**11,641,821**	**6,504,878**	**1,213**
Direct taxes paid (net of refunds)	-	-	-
Net cash flow from operating activities	**11,641,821**	**6,504,878**	**1,213**
B. Cash flows from financing activities			
Proceeds from share application pending allotment	-	98,917	-
Net cash flow from financing activities	**-**	**98,917**	**-**
Net increase / (decrease) in cash and cash equivalents	11,641,821	6,603,795	1,213
Cash and cash equivalents at the beginning of the year	7,240,035	636,240	755
Cash and cash equivalents at the end of the year as per note 2.2	**18,881,856**	**7,240,035**	**1,968**
Summary of significant accounting policies (Note 1)			

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date.

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

Vimal Chauhan

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 04 August 2021

For and on behalf of the Board of Directors of HCL Technologies, S.A.

Raghu Raman Lakshmanan

Raghu Raman Lakshmanan
Director

Date: 04 August 2021

ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies, S.A (herein after referred to as "Company") is a Business Transformation consultancy aiming to provide medium and large size organizations with Business Transformation solutions that encompasses all elements of Business Consulting, Solution Implementation and ongoing Application Management. The Company was incorporated on 20 November 2014.

The financial statements for the year ended 31 March, 2021 were approved and authorized for issue by the Board of Directors on 04 August 2021.

1. Summary of Significant Accounting Policies

a) Basis of preparation

The special purpose financial statements of the Company have been prepared in accordance with recognition and measurement principle laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the special purpose financial statements. These special purpose financial statements have been prepared on the request of HCL Technologies Ltd, being the Ultimate Holding Company to comply with the requirements of the Company Act, 2013 and are accordingly special purpose financial statements.

The company is not domiciled in India and hence was not incorporated under Companies Act, 2013 or under any previous Company law in India. These special purpose financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

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

The accounting policies adopted in the preparation of these special purpose financial statements are consistent with those of the previous year. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under indirect method.

The figures for the current year and previous year have been restated for the changes in the general purchasing power of the functional currency in agreement with Ind AS 29 "Financial Reporting in Hyperinflationary Economies". As per Ind AS 29, inflation rates can be considered in respect of any stable currency, hence these financials are prepared considering the inflation effect with USD.

As per Ind AS 29 only non-monetary items of the current year are restated from the date of origin in accordance with the conversion factors calculated in the current year, however both monetary and non-monetary items of the previous year are restated in accordance with the accumulated inflation of the current year to make both years comparable. Items of statement of profit and loss for the current year are also restated in accordance with the mid-month rates calculated and previous year figures are restated in accordance with the accumulated inflation of the current year to make both years comparable. In the same way statement for cash flows is also prepared considering the restated figures of both the years.

The functional currency of the Company is Bolivar Soberano (VES). The translation from VES to ₹ is included solely for the convenience of readers in India and has been performed using rate of VES 1 = ₹ 0.0001, 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, VES at that or any other rate.

b) Use of estimates

The preparation of special purpose financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon management's best knowledge of current events, historical experience,

actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made.

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, refer note 1(d)
ii. Allowance for uncollectible accounts receivables, refer note 1(g)(i)
iii. Recognition of income and deferred taxes, refer note 1(f) and note 2.12
iv. Provisions and contingent liabilities, refer note 1(i)

In view of pandemic relating to COVID-19, the company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, other financial assets, impact on revenues and costs. However, the actual impact of COVID-19 on the company's financial statements may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

c) Fair value measurement

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

The guidance of fair value specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires a company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

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 methodology.

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.

d) Revenue Recognition

Contracts involving provision of services and material

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. Contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Time-and-material / Volume based / Transaction based contracts

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

Fixed Price contracts

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established.

Revenue from product sales are shown net of applicable taxes, discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Multiple performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which company would sell a promised good or service separately to the customer. When not directly observable, we estimate standalone selling price by using the expected cost plus a margin approach. We establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a group is then allocated to each software obligation and lease deliverable.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges. Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract and generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future are considered as contract fulfillment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs and other upfront fee paid to customer are deferred and classified as Deferred contract cost and amortized to revenue or cost, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably being group control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of

discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out of-pocket expenses included in cost of revenues.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in balance sheet. Contract assets primarily relate to unbilled amounts on those contracts utilizing the cost-to-cost method of revenue recognition and right to consideration is not unconditional. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Revenue from sales-type 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.

e) Foreign currency transactions

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

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

f) Income Taxes

Income tax expense comprises current and deferred income tax.

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.

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.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

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 company and the same taxation authority.

g) 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 assets 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 net of directly attributable transaction costs.

Financial liabilities at amortized cost

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

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

h) Earnings per share

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

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

i) Provisions and contingent liabilities

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

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

j) Cash and cash equivalents

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

k) Recently issued accounting pronouncements

On 24 March 2021, the Ministry of Corporate Affairs (MCA), notified amendments in Schedule III to the Companies Act, 2013 effective from 1 April 2021. The Company is currently evaluating the impact of these amendment on its financial statements.

HCL Technologies, S.A.

Notes to the special purpose financial statements for the year ended 31 March 2021

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

2.1 Trade Receivable

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(VES)	**(VES)**	**(₹)**
Current			
Unsecured considered good	98,959,237	420,476,628	10,314
	98,959,237	**420,476,628**	**10,314**

Note:-

Includes receivables from related parties amounting to 31 March 2021 , VES 65,097,508 (31 March 2020, VES 318,385,518). (Refer note 2.16(d))

2.2 Cash and cash equivalent

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(VES)	**(VES)**	**(₹)**
Balance with banks			
- in current accounts	18,881,856	7,240,035	1,968
	18,881,856	**7,240,035**	**1,968**

2.3 Other Financial Assets

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(VES)	**(VES)**	**(₹)**
Current			
Carried at amortized cost			
Unbilled receviable	8,410,312	8,520,891	877
Unbilled receviable-related parties (Refer note 2.16(d))	52,117,136	5,355,804	5,432
	60,527,448	**13,876,695**	**6,309**

2.4 Share Capital

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(VES)	(VES)	(₹)
Authorized			
280,000 common shares of VES 1,000/- each (31 March 2020: 2,498,644 common shares of VES 0.00001/- each)	46,981,435	46,981,435	4,897
Issued, subscribed and fully paid up			
98,902 common shares of VES 1,000/- each (31 March 2020: 2,498,644 common shares of VES 0.00001/- each)	854,668	685,834	89

Terms/ rights attached to equity shares
The Company has only one class of shares referred to as equity shares having a par value of VES 1,000 Each holder of equity shares is entitled to one vote per share.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Restructuring in number of Equity share
The original face value of shared by VEF 1, after government of Venezuela has abolished its currency Bolivar Sovereign (VEF) and introduced new currency Bolivar Soberano (VES) the face value of share became VES 0.00001 as on the date of introduction of new currency 'VES' the conversion rate was 100,000 VEF equals to 1 VES.

During the year at the time of issuance of new shares, there has been restructuring of number of share capital as well as face value of shares due to currency conversion from VEF to VES. The share captial is restructured as below.

	Authorized number of shares	Issued number of shares	Face value (VES)
Old Share capital structure	2,498,644	2,498,644	0.00001
New Share capital structure	280,000	98,902	1,000

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

	As at			
	31 March 2021		31 March 2020	
	No. of shares	Amount (VES)	No. of shares	Amount (VES)
Number of shares at the beginning	2,498,644	685,834	2,498,644	29,372
Add: Inflation effect due to last year restatement	-	-	-	656,462
Add: Shares issued/restructured during the year	(2,399,742)	168,834	-	-
Number of shares at the end	98,902	854,668	2,498,644	685,834

Outstanding share as per the share certificate issued. Share issued/restructured during the year represents the difference between opening closing number of shares.

Details of shares held by holding/ultimate holding company and/or their subsidiaries/ associates:

Name of the shareholder	As at			
	31 March 2021		31 March 2020	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Common shares of 1,000 VES each, fully paid				
HCL Technologies UK Limited; the holding company	98,882	99.98%	98,882	99.98%

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

Name of the shareholder	As at			
	31 March 2021		31 March 2020	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Common shares of 1,000 VES each, fully paid				
HCL Technologies UK Limited; the holding company	98,882	99.98%	98,882	99.98%

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

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

2.5 Trade payables

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(VES)	(VES)	(₹)
Trade payables	91,712,863	43,209,289	9,559
Trade payables-related parties (Refer note 2.16 (d))	62,810,108	149,396,639	6,546
	154,522,971	**192,605,928**	**16,105**

2.6 Other Financial liabilities

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(VES)	(VES)	(₹)
Current			
Carried at amortized cost			
Liabilities for expenses	4,582,072	184,468,552	479
Liabilities for expenses-related parties(Refer note 2.16 (d))	9,150,269	9,330,858	954
	13,732,341	**193,799,410**	**1,433**

2.7 Other current liabilities

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(VES)	(VES)	(₹)
Withholding and other taxes payable	2,275,189	4,988,470	239
	2,275,189	**4,988,470**	**239**

2.8 Revenue from operations

	Year ended 31 March 2021 (VES)	Year ended 31 March 2020 (VES)	Year ended 31 March 2021 (₹)
Sale of services	207,082,594	723,230,984	21,583
	207,082,594	**723,230,984**	**21,583**

Disaggregate Revenue Information

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

	Year ended 31 March 2021 (VES)	Year ended 31 March 2020 (VES)	Year ended 31 March 2021 (₹)
Fixed price	207,082,594	707,909,638	21,583
Time and material	-	15,321,346	-
	207,082,594	**723,230,984**	**21,583**
Geography wise			
America	-	18,167,616	-
Europe	3,945,238	13,849,695	411
India	52,457,717	3,722,975	5,467
Others	150,679,639	687,490,698	15,705
	207,082,594	**723,230,984**	**21,583**

Remaining performance obligations

As at 31 March 2021, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was VES 112,686,063 out of which, approximately 35%, is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions of below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,
b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or
c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

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

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

2.9 Finance cost

	Year ended 31 March 2021 (VES)	Year ended 31 March 2020 (VES)	Year ended 31 March 2021 (₹)
Bank charges	133,734	309,783	14
	133,734	**309,783**	**14**

2.10 Other expenses

	Year ended 31 March 2021 (VES)	Year ended 31 March 2020 (VES)	Year ended 31 March 2021 (₹)
Legal and professional charges	39,872,062	23,431,207	4,156
Provision for doubtful debts/ bad debts written off	8,002,147	225,643	834
Exchange differences (net)	109,889,863	295,319,214	11,454
	157,764,072	**318,976,064**	**16,444**

2.11 Earnings per share (EPS)

	As At		
	31 March 2021 (VES)	31 March 2020 (VES)	31 March 2021 (₹)
Profit/(loss) as per statement of profit and loss for computation of EPS	3,189,902	33,844,307	330
Weighted average number of equity shares outstanding in calculating basic and diluted EPS	98,902	98,902	98,902
Nominal value of equity shares	1,000	1,000	1,000
Earning per equity share			
Basic	32,253.13	342,200.13	3.34
Diluted	32,253.13	342,200.13	3.34

Note:-

The number of shares and dilutive equity shares are adjusted retrospectively for all periods presented for shares restructured during the year.

2.12 Income taxes

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(VES)	**(VES)**	**(₹)**
Income tax charged to statement of profit and loss			
Current income tax charge	21,366,705	50,786,149	2,228
Adjustment in respect of prior years - Deferred tax	70,928	-	7
Deferred tax charge (credit)	(20,909,594)	(34,998,246)	(2,179)
Others- Net monetary gain on tax expense	1,257,550	-	131
	1,785,589	**15,787,903**	**187**

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

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(VES)	**(VES)**	**(₹)**
Profit before income tax	4,975,491	49,632,210	517
Statutory tax rate	34%	34%	34%
Expected tax expense	1,691,667	16,874,953	178
Adjustment due to Hyper inflation	(1,234,556)	(180,868)	(129)
Losses on which Deferred Tax not created	-	(906,182)	-
Withholding taxes write off	1,257,550	-	131
Adjustment of deferred tax assets of prior years	70,928	-	7
Total taxes	1,785,589	15,787,903	187
Effective income tax rate	**36%**	**32%**	**36%**

Components of deferred tax assets and liabilities as on 31 March 2021 **(Amount in VES)**

	Opening balance	**Recognized in profit and loss**	**Closing balance**
Deferred tax assets			
Provision for doubtful debts	72,782	820,889	893,671
Forex Difference	34,925,464	(15,656,612)	19,268,852
Deferred tax assets	34,998,246	(14,835,723)	20,162,523
Net deferred tax assets	34,998,246	(14,835,723)	20,162,523

(Amount in ₹)

	Opening balance	**Recognized in profit and loss**	**Closing balance**
Deferred tax assets			
Provision for doubtful debts	8	86	93
Forex Difference	3,640	(1,632)	2,008
Deferred tax assets	3,648	(1,546)	2,101
Net deferred tax assets	3,648	(1,546)	2,101

Components of deferred tax assets and liabilities as on 31 March 2020 **(Amount in VES)**

	Opening balance	**Recognized in profit and loss**	**Closing balance**
Deferred tax assets			
Provision for doubtful debts	-	72,782	72,782
Forex Difference	-	34,925,464	34,925,464
Deferred tax assets	-	34,998,246	34,998,246
Net deferred tax assets	**-**	34,998,246	34,998,246

2.13 Financial Instruments

Financial Assets & Liabilities
The carrying value of financial instruments by categories as at 31 March, 2021 is as follows:-

	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
	(VES)	(VES)	(₹)	(₹)
Financial Assets				
Trade receivables	98,959,237	98,959,237	10,314	10,314
Cash and cash equivalents	18,881,856	18,881,856	1,968	1,968
Others (Refer Note 2.3)	60,527,448	60,527,448	6,309	6,309
Total	**178,368,541**	**178,368,541**	**18,591**	**18,591**
Financial Liabilities				
Trade payables	154,522,971	154,522,971	16,105	16,105
Others (Refer Note 2.6)	13,732,341	13,732,341	1,433	1,433
Total	**168,255,312**	**168,255,312**	**17,538**	**17,538**

Financial Assets & Liabilities
The carrying value of financial instruments by categories as at 31 March, 2020 is as follows:-

	Amortized Cost	Total Carrying Value
	(VES)	(VES)
Financial Assets		
Trade receivables	420,476,628	420,476,628
Cash and cash equivalents	7,240,035	7,240,035
Others (Refer Note 2.3)	13,876,695	13,876,695
Total	**441,593,358**	**441,593,358**
Financial Liabilities		
Trade payables	192,605,928	192,605,928
Others (Refer Note 2.6)	193,799,410	193,799,410
Total	**386,405,338**	**386,405,338**

(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 functional currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in VES. The fluctuation in exchanges rates in respect to VES 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 VES 1,007,596 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:

	Financial assets		Financial liabilities	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	(VES)	(VES)	(VES)	(VES)
USD/VES	66,444,890	246,314,459	159,374,053	294,840,465
EUR/VES	-	-	7,831,274	-
CAD/VES	-	90,216,950	-	90,216,950
AUD/VES	-	58,575,252	-	58,575,252

2.13 Financial Instruments (continued)

(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. The Company's does not have any investments. 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. By their nature, all such financial instruments involve risks, including the credit risk of non performance by counterparties.

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

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

	Year 1	Total	Year 1	Total
	(VES)	(VES)	(₹)	(₹)
As at 31 March 2021				
Trade payables	154,522,971	154,522,971	16,105	16,105
Others financial liabilities	13,732,341	13,732,341	1,433	1,433
Total	**168,255,312**	**168,255,312**	**17,538**	**17,538**

	Year 1	Total
	(VES)	(VES)
As at 31 March 2020		
Trade payables	192,605,928	192,605,928
Others financial liabilities	193,799,410	193,799,410
Total	**386,405,338**	**386,405,338**

2.14 Financial Reporting in Hyperinflationary Economies

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is required to prepare financial statement on basis of historical cost or current cost approach based on the measuring unit current at the end of the reporting period.

HCL Venezuela entity currency VES falls under hyperinflationary economy requiring reinstatement of financials based on general price Index for reinstatement of both monetary and non-monetary items. The government of Venezuela has abolished its currency Bolivar Sovereign (VEF) and introduced new currency Bolivar Soberano (VES) form mid of August 2018. On the date of introduction of new currency 'VES' the conversion rate was 100,000 VEF equals to 1 VES. The government of Venezuela however restricted the central bank of Venezuela to publish General price Index and freezed it to December 2015. Accordingly, the Company have used the exchange rate "Convenio Cambiario N° 33 (d)" published by Central Bank of Venezuela to work out the inflation rates to restate the financials from historical currency unit to current currency unit. Inflation rates for the period from April 2015 till March 2021 were taken to restate the figures.

2.15 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance. The Company's ultimate holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and Products & Platforms segment. The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

Revenue disagreegation as per geography is given in note 2.8

2.16 Related party transaction

a) Related parties where control exists

Ultimate Holding company
HCL Technologies limted

Holding company
HCL Technologies UK Limited

b) Related Party where transactions have taken place during the period

Ultimate Holding company
HCL Technologies limted

Fellow Subsidiary
HCL Argentina S.A.
HCL Hong Kong SAR Limited
HCL Tech Norway AS
HCL Technologies B.V.
HCL Technologies Thailand
HCLT Philippines Inc

HCL Technologies, S.A.
Notes to the special purpose financial statements for the year ended 31 March 2021
(All amounts in thousands except share data and as stated otherwise)

c) Transactions with related parties

Particulars	Outsourcing cost			Sale of servises		
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31 March 2021	31 March 2020	31 March 2020	31 March 2021	31 March 2020	31 March 2020
	(VES)	(VES)	(₹)	(VES)	(VES)	(₹)
Ultimate Holding Companies	-	2,758,189	287	52,457,717	279,230,328	5,467
Fellow Subsidiaries	-	74,566,438	7,772	4,729,377	3,722,992	493
Grand Total	-	77,324,627	8,059	57,187,094	282,953,320	5,960

d) Outstanding balances with related parties

Particulars	Trade Receivables			Liability for expenses		
	As at			As at		
	31 March 2021	31 March 2020	31 March 2020	31 March 2021	31 March 2020	31 March 2020
	(VES)	(VES)	(₹)	(VES)	(VES)	(₹)
Ultimate Holding Companies	152,548	70	16	-	-	-
Fellow Subsidiaries	64,944,960	318,385,448	6,769	9,150,269	9,330,858	954
Grand Total	65,097,508	318,385,518	6,785	9,150,269	9,330,858	954

Particulars	Trade Payables			Unbilled Receivables		
	As at			As at		
	31 March 2021	31 March 2020	31 March 2020	31 March 2021	31 March 2020	31 March 2020
	(VES)	(VES)	(₹)	(VES)	(VES)	(₹)
Ultimate Holding Companies	31,312	731,137	3	52,117,136	-	5,432
Holding Companies	132,016	29	14	-	-	-
Fellow Subsidiaries	62,646,780	148,665,473	6,529	-	5,355,804	-
Grand Total	62,810,108	149,396,639	6,546	52,117,136	5,355,804	5,432

2.17 Subsequent events
The Company has evaluated all the subsequent events through 04 August 2021, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements

3. The Company has presented its financial statement in " VES in thousands" and accordingly, amounts less than VES 0.50 thousands are rounded off to zero. Previous year and current year figures are reclassified based on the inflation rates of Venezuela in comparison with the stable currency i.e USD.

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

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

Vimal Chauhan

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 04 August 2021

For and on behalf of the Board of Directors
of HCL Technologies, S.A.

Raghu Raman Lakshmanan

Raghu Raman Lakshmanan
Director

Date: 04 August 2021