HCL Technologies Estonia OÜ

Special Purpose Financial Statements

For the year ended 31st March 2021 and 31st March 2020

HCL Technologies Estonia OÜ
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 (EUR)	As at 31 March 2020 (EUR)	As at 31 March 2021 (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	**2.1**	-	11	-
(b) Financial Assets				
(i) Others	**2.5**	283	-	24,313
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	**2.2**	354	90	30,401
(ii) Cash and cash equivalents	**2.3**	421	341	36,134
(iii) Loans	**2.4**	-	796	-
(iv) Others	**2.5**	133	119	11,425
(b) Other current assets	**2.6**	134	21	11,448
TOTAL ASSETS		**1,325**	**1,378**	**113,721**
II. EQUITY				
(a) Equity share capital	**2.7**	529	200	45,370
(b) Other Equity		(22)	(162)	(1,841)
TOTAL EQUITY		**507**	**38**	**43,529**
III. LIABILITIES				
(1) Non - current liabilities				
(a) Other non-current liabilities	**2.8**	-	1	-
(2) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	**2.9**	609	198	52,227
(ii) Others	**2.10**	64	24	5,547
(b) Other current liabilities	**2.11**	135	1,108	11,575
(c) Provisions	**2.12**	10	9	843
TOTAL EQUITY AND LIABILITIES		**1,325**	**1,378**	**113,721**
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 B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 101248W/W-100022

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 16 July 2021

For and on behalf of the Board of Directors
of HCL Technologies Estonia OÜ

Shiv Walia
Director

Bejoy George
Director

Date: 16 July 2021

HCL Technologies Estonia OÜ
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 (EUR)	Year ended 31 March 2020 (EUR)	Year ended 31 March 2021 (₹)
I	**Revenue**				
	Revenue from operations	**2.13**	1,051	476	90,135
	Other income	**2.14**	5	8	538
	Total income		**1,056**	**484**	**90,673**
II	**Expenses**				
	Purchase of traded goods		336	3	28,863
	Employee benefits expense	**2.15**	258	136	22,181
	Finance costs	**2.16**	5	0	415
	Depreciation expense	**2.1**	11	17	944
	Outsourcing costs		306	244	26,229
	Other expenses	**2.17**	0	11	12
	Total expenses		**916**	**411**	**78,644**
III	**Profit before tax**		**140**	**73**	**12,029**
IV	**Tax expense**		-	-	-
V	**Profit for the year**		**140**	**73**	**12,029**
VI	**Total comprehensive income for the year**		**140**	**73**	**12,029**
	Earnings per equity share of EUR 1 each				
	Basic and Diluted	**2.19**	**0.64**	**0.37**	**54.49**
	Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the financial statements

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Shiv Walia
Director

Bejoy George
Director

Date: 16 July 2021

HCL Technologies Estonia OÜ

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 EUR

	Equity share capital		Other Equity
	No. of Shares	Share Capital	
Balance as of April 1, 2019	200,000	200	(235)
Profit for the year	-	-	73
Total comprehensive income for the year	-	-	73
Balance as of March 31, 2020	200,000	200	(162)
Balance as of April 1, 2020	200,000	200	(162)
Profit for the year	-	-	140
Total comprehensive income for the year	-	-	140
Issue of equity shares during the year	328,920	329	-
Balance as of March 31, 2021	528,920	529	(22)

Amount in (₹)

	Equity share capital		Other Equity
	No. of Shares	Share Capital	
Balance as of April 1, 2020	200,000	17,156	(13,870)
Profit for the year	-	-	12,029
Total comprehensive income for the year	-	-	12,029
Issue of equity shares during the year	328,920	28,214	-
Balance as of March 31, 2021	528,920	45,370	(1,841)

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 16 July 2021

For and on behalf of the Board of Directors
of HCL Technologies Estonia OÜ

Shiv Walia
Director

Bejoy George
Director

Date: 16 July 2021

HCL Technologies Estonia OÜ
Special Purpose Cash flow statement for the year ended 31 March, 2021
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2021 (EUR)	Year ended 31 March 2020 (EUR)	Year ended 31 March 2021 (₹)
A. Cash flows from operating activities			
Profit before tax	140	73	12,029
Adjustment for:			
Depreciation expenses	11	17	944
Interest expenses	3	0	268
Other non cash (benefits)/charges	(3)	-	(290)
	151	**90**	**12,951**
Net Change in			
Trade receivables	(261)	(40)	(22,414)
Other financial assets and current assets	(411)	(76)	(35,226)
Trade payables	411	175	35,240
Provisions, other financial liabilities and other liabilities	(932)	281	(79,929)
Cash generated from (used) in operations	**(1,042)**	**430**	**(89,378)**
Direct taxes paid (net of refunds)	-	-	-
Net cash flow from (used) in operating activities (A)	**(1,042)**	**430**	**(89,378)**
B. Cash flows from investing activities			
Loan to related parties	-	(796)	-
Loan repayment received from related parties	796	-	68,264
Net cash flow from (used) in investing activities (B)	**796**	**(796)**	**68,264**
C. Cash flows from financing activities			
Interest paid	(3)	(0)	(268)
Proceeds from issue of share capital	329	-	28,214
Net cash flow from (used) in financing activities (C)	**326**	**(0)**	**27,946**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	80	(366)	6,832
Cash and cash equivalents at the beginning of the year	341	707	29,302
Cash and cash equivalents at the end of the year as per note 2.3	**421**	**341**	**36,134**

Summary of significant accounting policies (Note 1)

As per our report of even date.

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

Rakesh Dewan

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Partner
Membership Number: 092212

Gurugram, India
Date: 16 July 2021

For and on behalf of the Board of Directors
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Shiv Walia
Director

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Company Overview

HCL Technologies Estonia OÜ (hereinafter referred to as 'Company') is a Business Transformation consultancy company aiming to provide medium and large size organizations with Business Transformation solutions that encompass all elements of Business Consulting, Solution Implementation and ongoing Application Management. The Company was incorporated on 8 June 2015 in Harju.

The special purpose financial statements for the year ended 31 March 2021 were approved and authorized for issue by the Board of Directors on 16 July 2021.

1. 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. 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.

As the company is not domiciled in India and hence not registered under Companies Act 2013, these special purpose 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.

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 functional currency of the Company is European 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 = ₹ 85.7789/-, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amounts represent, or have been or could be converted into, EUR 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 special purpose financial statement 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.

Changes in estimates are reflected in the special purpose financial statements in the period in which the changes are made. Actual results could differ from those estimates.

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

i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note 1(e)
ii. Estimates of the useful lives of property, plant and equipment, refer note 1(d)
iii. Allowance for uncollectible accounts receivables, refer note 1(i)(i)
iv. Provisions and contingent liabilities, refer note 1(k) and note 1(l)

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 and impact on revenues and costs including but not limited to assessment of liquidity and going concern assumption. However, the actual impact of COVID-19 on the company's special purpose 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:

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

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

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

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

i. Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

ii. Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.

iii. 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) 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 assets as a whole.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing fixed assets, including day – to - day repairs, maintenance expenditure and cost of replacing parts, are charged to the special purpose statement of profit and loss for the period during which such expenses are incurred.

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

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 following assets for computing depreciation are as follows: -

	Life (in years)
Computer	4-5

The useful life as given above best represents the period over which the management expects to use these assets, based on technical assessment. Hence, the useful life for the assets is different from the useful life 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.

e) 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 fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, ERP implementations and Application development are recognized based on progress towards completion of the performance obligation using a cost-to cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period 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 contract estimates. Contract losses are determined to be the amount by which the estimated incremental cost to complete exceeds the estimated future revenues that will be generated by the contract and are included in cost of revenues and recorded in other accrued liabilities.

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 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 continues to be in inventory.

Proprietary Software Products

Revenue from distinct proprietary perpetual license software is recognized at a point in time at the inception of the arrangement when control transfers to the client. Revenue from proprietary term license software is recognized at a point in time for the committed term of the contract. In case of renewals of proprietary term licenses with existing customers, revenue from term license is recognized at a point in time when the renewal is agreed on signing of contracts. Revenue from support and subscription (S&S) is recognized over the contract term on a straight-line basis as the Company is providing a service of standing ready to provide support, when-and-if needed, and is providing unspecified software upgrades on a when-and-if available basis over the contract term. In case software are bundled with one year of support and subscription either for perpetual or term based license, such support and subscription contracts are generally priced as a percentage of the net fees paid by the customer to purchase the license and are generally recognized as revenues ratably over the contractual period that the support services are provided. Revenue from these proprietary software products is classified under sale of services.

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 group would sell a promised good or service separately to the customer. When not directly observable, we typically estimate standalone selling price by using the expected cost plus a margin approach. We typically 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 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 incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted 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 Group is a principal to the transaction and net of costs when the Group is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Group 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 our consolidated statements of financial position, contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

f) 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 special purpose balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the special purpose 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.

g) Taxation

HCL Estonia is domiciled in a tax-free country hence no current tax and deferred tax provided in the special purpose financial statements.

h) Inventories

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

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

i) 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: Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets at amortized cost

A financial asset 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 considering 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 special purpose statement of profit and loss. The losses arising from impairment are recognized in the special purpose statement of profit and loss. This category includes cash and bank balances, loans, unbilled receivables, trade and other receivables.

ii. Financial liabilities - Initial recognition and measurement

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 and other payables, loans and borrowings including bank overdrafts.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the special purpose 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 special purpose statement of profit and loss.

j) Earnings per share

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

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.

k) Provisions

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

l) Contingent liabilities

A contingent liability is a possible obligation that may arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the special purpose financial statements.

m) Retirement and other employee benefits

Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits. The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expense on non-accumulating compensated absences is recognized in the special purpose statement of profit and loss in the year in which the absences occur.

n) Cash and cash equivalents

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

o) 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 special purpose financial statements.

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2021

	Computers	Total	Computers	Total
	(EUR)	(EUR)	(₹)	(₹)
Gross block as at 1 April 2020	88	88	7,561	7,561
Additions	-	-	-	-
Gross block as at 31 March 2021	88	88	7,561	7,561
Accumulated depreciation as at 1 April 2020	77	77	6,617	6,617
Charge for the year	11	11	944	944
Deletions	-	-	-	-
Accumulated depreciation as at 31 March 2021	88	88	7,561	7,561
Net block as at 31 March 2021	-	-	-	-

The changes in the carrying value for the year ended 31 March 2020

	Computers	Total
	(EUR)	(EUR)
Gross block as at 1 April 2019	88	88
Additions	-	-
Gross block as at 31 March 2020	88	88
Accumulated depreciation as at 1 April 2019	60	60
Charge for the year	17	17
Deletions	-	-
Accumulated depreciation as at 31 March 2020	77	77
Net block as at 31 March 2020	11	11

2.2 Trade Receivables

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Unsecured considered good (refer note below)	354	90	30,401
Trade Receivables- credit impaired	-	3	-
	354	**93**	**30,401**
Impairment allowance for bad and doubtful debts	-	(3)	-
	354	**90**	**30,401**

Note: Includes receivables from related parties amounting to EUR 302 thousands and ₹ 25,934 thousands [31 March 2020 : EUR 50 thousands] (refer note 2.18)

2.3 Cash and bank balances

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Cash and cash equivalent			
Balance with banks			
- in current accounts	421	341	36,134
	421	**341**	**36,134**

2.4 Financial assets- Loans

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Loan- related parties (refer note no. 2.18)	-	796	-
	-	**796**	**-**

2.5 Other financial assets

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Non - current			
Finance lease receivables	283	-	24,313
	283	**-**	**24,313**
Current			
Carried at amortized cost			
Interest receivable - related parties (refer note no. 2.18)	-	8	-
Finance lease receivables	97	-	8,318
Unbilled receivables	36	-	3,107
Unbilled receivables - related parties (refer note no. 2.18)	-	111	-
	133	**119**	**11,425**

2.6 Other current assets

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Unsecured , considered good			
Advances to vendor	2	-	144
Advances other than capital advances			
Advances to employees	-	4	-
Others			
Deferred contract cost - related parties (refer note no. 2.18)	132	-	11,282
Prepaid expenses	0	0	22
VAT Receivable	-	17	-
	134	**21**	**11,448**

2.7 Share Capital

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Authorized			
528,000 Equity shares of EUR 1 each	529	200	45,370
Issued, subscribed and fully paid up			
528,920 Equity shares of EUR 1 each	529	200	45,370

Terms/ rights attached to equity shares

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

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

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

	As at		As at	
	31 March 2021		31 March 2020	
	(EUR)		(EUR)	
	No. of shares	Amount in EUR	No. of shares	Amount in EUR
Number of shares at the beginning	200,000	200	200,000	200
Add: Shares issued during the year	328,920	329	-	-
Number of shares at the end	528,920	529	200,000	200

Shares held by holding Company:-

	As at		As at	
	31 March 2021		31 March 2020	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of EUR 1 each fully paid				
HCL Tehnologies UK limited, the holding company	528,920	100%	200,000	100%

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

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back 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.

2.8 Other non- current liabilities

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Deferred revenue	-	1	-
	-	**1**	**-**

2.9 Trade payables

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Trade payables	51	1	4,371
Trade payables-related parties (refer note no. 2.18)	558	197	47,856
	609	**198**	**52,227**

2.10 Other financial liabilities

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Current			
Carried at amortized cost			
Liabilities for expenses	2	19	210
Liability for expenses- Related parties (refer note. 2.18)	62	-	5,285
Accrued salaries and benefits			
Employee bonuses accrued	0	-	15
Accrued salaries and benefits			
Other Employee cost	0	5	37
	64	**24**	**5,547**

2.11 Other current liabilities

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Withholding and other taxes payable	11	-	980
Others Payable- related parties (refer note no. 2.18)	-	990	-
Deferred revenue	124	118	10,595
	135	**1,108**	**11,575**

2.12 Provisions

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Provision for Employee benefits			
Provision for Leave Encashment	10	9	843
	10	**9**	**843**

2.13 Revenue from operations

	Year ended 31 March 2021 (EUR)	Year ended 31 March 2020 (EUR)	Year ended 31 March 2021 (₹)
Sale of services	668	450	57,320
Sale of hardware and software	383	26	32,815
	1,051	**476**	**90,135**

Disaggregate Revenue Information

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

	Year ended 31 March 2021 (EUR)	Year ended 31 March 2020 (EUR)	Year ended 31 March 2021 (₹)
Contract type			
Fixed price	875	337	75,037
Time and material	176	139	15,098
Total	**1,051**	**476**	**90,135**
Geography wise			
Europe	1,051	364	90,135
India	-	111	-
Others	-	1	-
Total	**1,051**	**476**	**90,135**

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 is EUR 653 thousands (INR 55,985 thousands). 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.

Contract balances

Contract assets : A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our consolidated balance sheet. Contract assets primarily relate to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivables represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).
Contract liabilities : A contract liability arises when there is excess billing over the revenue recognized

The below table discloses the movement in balances of contract liabilities :

	Year ended		
	31 March 2021 (EUR)	31 March 2020 (EUR)	31 March 2021 (₹)
Balance as at beginning of the year	119	-	10,171
Additional amounts billed but not recognized as revenue	539	196	46,192
Deduction on account of revenues recognized during the year	(534)	(77)	(45,768)
Balance as at end of the year	**124**	**119**	**10,595**

Deferred contract cost : Deferred contract cost primarily represents the contract fulfilment cost and cost for obtaining the contract.
The below table discloses the movement in balance of deferred contract cost:

	Year ended		
	31 March 2021 (EUR)	31 March 2020 (EUR)	31 March 2021 (₹)
Balance as at beginning of the year	-	-	-
Additional amounts billed but not recognized as revenue	1,587	-	136,118
Deduction on account of revenues recognized during the year	(1,455)	-	(124,836)
Balance as at end of the year	**132**	**-**	**11,282**

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

2.14 Other income

	Year ended 31 March 2021 (EUR)	Year ended 31 March 2020 (EUR)	Year ended 31 March 2021 (₹)
Interest income	1	8	128
Provisions no longer required written back (net)	3	-	268
Exchange differences (net)	1	-	120
Miscellaneous income	0	-	22
	5	**8**	**538**

2.15 Employee benefits expense

	Year ended 31 March 2021 (EUR)	Year ended 31 March 2020 (EUR)	Year ended 31 March 2021 (₹)
Salaries, wages and bonus	195	102	16,745
Contribution to employee benefits funds	64	34	5,532
Other welfare expenses	(1)	0	(96)
	258	**136**	**22,181**

2.16 Finance cost

	Year ended 31 March 2021 (EUR)	Year ended 31 March 2020 (EUR)	Year ended 31 March 2021 (₹)
Interest expense	3	0	268
Bank charges	2	0	147
	5	**0**	**415**

2.17 Other expenses

	Year ended 31 March 2021 (EUR)	Year ended 31 March 2020 (EUR)	Year ended 31 March 2021 (₹)
Power and fuel	-	1	-
Travel and conveyance	0	1	12
Legal and professional charges	3	6	268
Provision for doubtful advances / advances written off	-	3	-
Recruitment, training and development	(3)	-	(268)
	0	**11**	**12**

2.18 Related party transaction

a) Related parties where control exists

Ultimate Holding company
HCL Technologies Limited
Holding company
HCL Technologies UK Limited

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

Ultimate Holding company
HCL Technologies Limited
Holding company
HCL Technologies UK Limited
Fellow subsidiaries
HCL Technologies Denmark ApS
HCL GREAT BRITAIN Ltd.
HCL Technologies (Shanghai)
HCL Axon Solutions (Shanghai)
HCL Technologies Norway AS
HCL GmbH
HCL Technologies Lithuania
HCL Technologies Czech Republic
HCL Singapore Pte Limited
HCL Technologies B.V.

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

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Outsourcing costs	249	189	-	-	34	11
Loan given	-	-	-	796	-	-
Interest income	-	-	1	8	-	-
Revenue from operations	-	111	224	93	54	151
Short term loan received back	-	-	796	-	-	-

(₹)

	Ultimate Holding company	Holding company	Fellow subsidiaries
	Year ended		
	31 March 2021	31 March 2021	31 March 2021
Outsourcing costs	21,401	-	2,901
Interest income	-	128	-
Revenue from operations	-	19,233	4,600
Short term loan received back	-	68,264	-

d) Outstanding balances of related parties **(EUR)**

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	As at		As at		As at	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Others Payable	-	-	-	-	-	990
Unbilled receivables	-	111	-	-	-	-
Loan given	-	-	-	796	-	-
Interest receivable	-	-	-	8	-	-
Trade Receivables	-	-	51	24	251	26
Trade Payable	317	189	-	-	241	8
Deferred cost	132	-	-	-	-	-
Liabilities for expenses	62	-	-	-	-	-

(₹)

	Ultimate Holding company	Holding company	Fellow subsidiaries
	As at		
	31 March 2021	31 March 2021	31 March 2021
Trade Receivables	-	4,412	21,522
Trade Payable	27,187	-	20,669
Deferred cost	11,282	-	-
Liabilities for expenses	5,285	-	-

2.19 Earnings per equity share (EPS)

Particulars	As at		
	31 March 2021	31 March 2020	31 March 2021
	(EUR)	(EUR)	(₹)
Net profit/(Loss) as per statement of profit and loss for computation of EPS	140	73	12,029
Weighted average number of equity shares outstanding in calculating Basic and dilutive EPS	220,726	200,000	220,726
Nominal value of equity shares	1	1	85.78
Earnings per equity share			
- Basic and Diluted	**0.64**	**0.37**	**54.49**

2.20 Leases

ii) Finance Lease: In case of assets given on lease

The Company has given networking equipment to its customers on finance lease basis. The future lease receivables in respect of assets given on finance lease as at 31 Mar 2021 are as follows:

	Total minimum lease payments receivable (EUR)	Interest included in minimum lease payments receivable (EUR)	Present value of minimum lease payments receivable (EUR)
Not later than one year	102	5	97
Later than one year and not later than 5 years	293	10	283
Total	**395**	**15**	**380**

	Total minimum lease payments receivable (₹)	Interest included in minimum lease payments receivable (₹)	Present value of minimum lease payments receivable (₹)
Not later than one year	8,783	467	8,318
Later than one year and not later than 5 years	25,143	830	24,313
Total	**33,926**	**1,297**	**32,631**

2.21 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and their 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".

2.22 Financial Instruments

(a) Financial assets and 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
	(EUR)	(EUR)	(₹)	(₹)
Financial Assets				
Trade Receivables	354	354	30,401	30,401
Cash and Cash Equivalents	421	421	36,134	36,134
Others (refer note 2.5)	416	416	35,738	35,738
Total	1,191	1,191	102,273	102,273
Financial Liabilities				
Trade Payables	609	609	52,227	52,227
Others (refer note 2.10)	64	64	5,547	5,547
Total	673	673	57,774	57,774

The carrying value of financial instruments by categories as at 31 March 2020 is as follows:

	Amortized Cost	Total Carrying Value
	(EUR)	(EUR)
Financial Assets		
Trade Receivables	90	90
Cash and Cash Equivalents	341	341
Others (refer note 2.5)	119	119
Total	550	550
Financial Liabilities		
Trade Payables	198	198
Others (refer note 2.10)	24	24
Total	222	222

2.22 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. The Company has a risk management policy to manage & mitigate these risks.
The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

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

(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 curriences other than foreign currency. An insignificant portion of the Company's revenue is in other foreign currency while a large protion of costs are in EUR. The fluctuation in exchange rates in respect to EUR may not have potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by nominal amount 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		Financial assets	Financial liabilities
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2021
	(EUR)	(EUR)	(EUR)	(EUR)	(₹)	(₹)
USD/EUR	170	183	171	183	14,620	14,672
CNY/EUR	-	-	2	1	-	173
NOK/EUR	268	-	236	-	23,027	20,275

Credit risk
Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled receivables. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance 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's financial liabilities based on contractual payments is as below:

	Year 1 (Current)	Year 2	Year 3	Year 4-5 and thereafter	Total
	(EUR)	(EUR)	(EUR)	(EUR)	(EUR)
As at 31 March 2021					
Trade payables	609	-	-	-	609
Other financial liabilities	64	-	-	-	64
Total	**673**	**-**	**-**	**-**	**673**
As at 31 March 2020					
Trade payables	198	-	-	-	198
Other financial liabilities	24	-	-	-	24
Total	**222**	**-**	**-**	**-**	**222**

	Year 1 (Current)	Year 2	Year 3	Year 4-5 and thereafter	Total
	(₹)	(₹)	(₹)	(₹)	(₹)
As at 31 March 2021					
Trade payables	52,227	-	-	-	52,227
Other financial liabilities	5,548	-	-	-	5,548
Total	**57,775**	**-**	**-**	**-**	**57,775**

2.23 Subsequent event

The Company has evaluated all the subsequent events through 16 July 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 statements in " EUR in thousands" and accordingly, amounts less than EUR 0.50 thousands are rounded off to zero.

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

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 16 July 2021

For and on behalf of the Board of Directors
of HCL Technologies Estonia OÜ

Shiv Walia
Director

Bejoy George
Director

Date: 16 July 2021