HCL Technologies, S.A.

Standalone Financial Statement

Year ended 31 March 2020 and 2019

HCL Technologies, S.A.
Balance Sheet as at 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

		Note No.	As at 31 March 2020 ('Refer note 1 (a)) (VES)	As at 31 March 2019 ('Refer note 1 (a)) (VES)	As at 31 March 2020 ('Refer note 1 (a)) (₹)
I.	**ASSETS**				
	(1) Current assets				
	(a) Financial Assets				
	(i) Trade receivables	**2.1**	17,975,437	3,058,303	16,968
	(ii) Cash and cash equivalents	**2.2**	310,067	27,248	293
	(iii) Others	**2.3**	594,293	1,592,752	561
	(b) Other current assets	**2.4**	32,184	1,045	30
	(c) Deferred tax assets (net)	**2.13**	1,498,859	-	1,415
	TOTAL ASSETS		**20,410,840**	**4,679,348**	**19,267**
II.	**EQUITY**				
	(a) Equity Share Capital	**2.5**	29,372	29,372	28
	(b) Other Equity		1,444,416	(1,891,276)	1,363
III.	**LIABILITIES**				
	(1) Current liabilities				
	(a) Financial Liabilities				
	(i) Trade payables	**2.6**	8,248,674	5,434,118	7,787
	(ii) Others	**2.7**	8,299,787	801,470	7,833
	(b) Other current liabilities	**2.8**	213,588	305,664	202
	(c) Current Tax Liabilities (Net)		2,175,002	-	2,053
	TOTAL EQUITY AND LIABILITIES		**20,410,840**	**4,679,348**	**19,267**
	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
ICAI Firm Registration Number : 101248W/W-100022
Chartered Accountants

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.09.05 21:12:28 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 05 September 2020

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

RAGHU RAMAN LAKSHMANAN Digitally signed by RAGHU RAMAN LAKSHMANAN Date: 2020.09.05 19:35:15 +05'30'

Raghu Raman Lakshmanan
Director

Date: 05 September 2020

HCL Technologies, S.A.
Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

		Note No.	Year ended 31 March 2020 ('Refer note 1 (a)) (VES)	Year ended 31 March 2019 ('Refer note 1 (a)) (VES)	Year ended 31 March 2020 ('Refer note 1 (a)) (₹)
I	**Revenue**				
	Revenue from operations	**2.9**	30,973,587	62,659,066	29,238
	Net monetary gain		13,863,266	-	13,086
	Total income		**44,836,853**	**62,659,066**	**42,324**
II	**Expenses**				
	Purchase of stock in trade		-	1,136,904	-
	Finance costs	**2.10**	13,267	151	13
	Outsourcing costs		29,037,315	6,426,496	27,410
	Net monetary loss		-	49,071,419	-
	Other expenses	**2.11**	13,660,688	7,883,981	12,895
	Total expenses		**42,711,270**	**64,518,951**	**40,318**
III	**Profit / (Loss) before tax**		**2,125,583**	**(1,859,885)**	**2,006**
IV	**Tax expense**				
	Net monetary gain on tax expense		(30,578)	-	(29)
	Current tax		2,273,366	-	2,146
	Deferred tax credit		(1,566,644)	-	(1,479)
	Total tax expense		676,144	-	638
V	**Loss for the year**		**1,449,440**	**(1,859,885)**	**1,368**
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 Loss for the year**		**1,449,440**	**(1,859,885)**	**1,368**
	Earnings per equity share of VES 1 each				
	Basic	**2.12**	850.69	(744.36)	0.80
	Diluted	**2.12**	850.69	(744.36)	0.80
	Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the financial statements

As per our report of even date

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ICAI Firm Registration Number : 101248W/W-100022
Chartered Accountants

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.09.05 21:13:35 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 05 September 2020

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

RAGHU RAMAN LAKSHMANAN Digitally signed by RAGHU RAMAN LAKSHMANAN Date: 2020.09.05 19:35:28 +05'30'

Raghu Raman Lakshmanan
Director

Date: 05 September 2020

HCL Technologies, S.A.
Statement of Changes in Equity for the year ended 31 March 2020
(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 2018	2,498,644	1,195	-	(3,982)
Loss for the year	-	-	-	(1,859,885)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,859,885)
Inflation effect due to last year restatement	-	-	-	(27,561)
Share application money pending allotment	-	28,177	152	152
Balance as at 31 March 2019	2,498,644	29,372	-	(1,891,276)
Adjusted Balance as at 1 April 2019	2,498,644	29,372	-	(1,891,276)
Profit for the year	-	-	-	1,449,440
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the year	-	-	-	1,449,440
Inflation effect due to last year restatement	-	-	-	1,787,335
Share application money pending allotment	-	-	98,917	98,917
Balance as at 31 March 2020	2,498,644	29,372	-	1,444,416

Amount in ₹

	Share capital			Other Equity
	Equity share	**Equity share capital**	Share application money pending allotment	**Retained earning**
Balance as at 1 April 2019	2,498,644	28	-	(1,785)
Profit for the year	-	-	-	1,368
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the year	-	-	-	1,368
Inflation effect due to last year restatement of monetary items	-	-	-	1,687
Share application money pending allotment	-	-	93	93
Balance as at 31 March 2020	2,498,644	28	-	1,363

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
ICAI Firm Registration Number : 101248W/W-100022
Chartered Accountants

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.09.05 21:13:59 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 05 September 2020

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

RAGHU RAMAN LAKSHMANAN Digitally signed by RAGHU RAMAN LAKSHMANAN Date: 2020.09.05 19:35:40 +05'30'

Raghu Raman Lakshmanan
Director

Date: 05 September 2020

HCL Technologies, S.A.
Statement of cash flow for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2020 ('Refer note 1 (a)) (VES)	Year ended 31 March 2029 ('Refer note 1 (a)) (VES)	Year ended '31 March 2020 ('Refer note 1 (a)) (₹)
A. Cash flows from operating activities			
Profit / (Loss) before tax	2,125,583	(1,859,885)	2,006
Adjustment for:			
Inflation impact on previous year profit and loss account	-	1,784,188	-
Non cash (benefits)/charges	9,664	-	9
Operating profit before working capital changes	**2,135,247**	**(75,697)**	**2,015**
Movement in Working Capital			
Increase in trade receivables	(17,860,628)	(124,468)	(16,860)
Increase in other financial assets and other assets	(586,746)	(39,646)	(554)
Increase in trade payables	8,027,506	221,152	7,578
Increase in other financial liabilities and other liabilities	8,468,523	44,803	7,995
Cash generated from operations	**183,902**	**26,144**	**174**
Direct taxes paid (net of refunds)	-	-	-
Net cash flow from operating activities	**183,902**	**26,144**	**174**
B. Cash flows from financing activities			
Proceeds from share application pending allotment	98,917	152	93
Net cash flow from financing activities	**98,917**	**152**	**93**
Net increase / (decrease) in cash and cash equivalents	282,819	26,296	267
Cash and cash equivalents at the beginning of the year	27,248	952	26
Cash and cash equivalents at the end of the year as per note 2.2	**310,067**	**27,248**	**293**
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
ICAI Firm Registration Number : 101248W/W-100022
Chartered Accountants

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.09.05 21:14:27 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 05 September 2020

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

RAGHU RAMAN LAKSHMANAN Digitally signed by RAGHU RAMAN LAKSHMANAN Date: 2020.09.05 19:35:55 +05'30'

Raghu Raman Lakshmanan
Director

Date: 05 September 2020

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, 2020 were approved and authorized for issue by the Board of Directors on 05 September 2020.

1. Summary of Significant Accounting Policies

a) Basis of preparation

The 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 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 financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

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

The accounting policies adopted in the preparation of these 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 flow 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 = ₹ 0.0009, 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 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. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivable, income taxes, future obligations under employee benefit plans, the useful lives of property, plant and equipment and other contingencies and commitments. Changes in estimates are reflected

in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

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 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 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 consolidated 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.

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.

HCL Technologies, S.A.

Notes to the Financial Statements for the year ended 31 March 2020

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

2.1 Trade Receivable

	As at		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(VES)	**(VES)**	**(₹)**
Current			
Unsecured considered good	17,975,437	3,058,303	16,968
	17,975,437	**3,058,303**	**16,968**

Note:-

Includes receivables from related parties amounting to 31 March 2020 , VES 13,635,397 (31 March 2019, VES 2,290,316). (Refer note 2.17(d))

2.2 Cash and cash equivalent

	As at		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(VES)	**(VES)**	**(₹)**
Balance with banks			
- in current accounts	310,067	27,248	293
	310,067	**27,248**	**293**

2.3 Other Financial Assets

	As at		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(VES)	**(VES)**	**(₹)**
Current			
Carried at amortized cost			
Unbilled receviable	364,922	1,592,752	344
Unbilled receviable-related parties (Refer note 2.17(d))	229,371	-	217
	594,293	**1,592,752**	**561**

2.4 Other current assets

	As at		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(VES)	**(VES)**	**(₹)**
Other advances	32,184	1,045	30
	32,184	**1,045**	**30**

2.5 Share Capital

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(VES)	(VES)	(₹)
Authorized			
2,498,644 common shares of VES 0.00001/- each (31 March 2018: 2,498,644 common shares of VES 0.00001/- each)	29,372	29,372	28
Issued, subscribed and fully paid up			
2,498,644 common shares of VES 0.00001/- each (31 March 2018: 2,498,644 common shares of VES 0.00001/- each)	29,372	29,372	28

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 0.00001 Each holder of equity shares is entitled to one vote per share.

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

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

	As at			
	31 March 2020		31 March 2019	
	No. of shares	Amount (VES)	No. of shares	Amount (VES)
Number of shares at the beginning	2,498,644	29,372	2,498,644	29,372
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	2,498,644	29,372	2,498,644	29,372

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

Name of the shareholder	As at			
	31 March 2020		31 March 2019	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Common shares of 0.00001 VES each, fully paid				
HCL Technologies UK Limited; the holding company	2,498,146	99.98%	2,498,146	99.98%

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

Name of the shareholder	As at			
	31 March 2020		31 March 2019	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Common shares of 0.00001 VES each, fully paid				
HCL Technologies UK Limited; the holding company	2,498,146	99.98%	2,498,146	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.

2.6 Trade payables

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(VES)	(VES)	(₹)
Trade payables	1,850,511	1,138,243	1,747
Trade payables-related parties (Refer note 2.17 (d))	6,398,163	4,295,875	6,040
	8,248,674	**5,434,118**	**7,787**

2.7 Other Financial liabilities

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(VES)	(VES)	(₹)
Current			
Carried at amortized cost			
Liabilities for expenses	7,900,177	797,860	7,456
Liabilities for expenses-related parties(Refer note 2.17 (d))	399,610	3,610	377
	8,299,787	**801,470**	**7,833**

2.8 Other current liabilities

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(VES)	(VES)	(₹)
Withholding and other taxes payable	213,588	305,664	202
	213,588	**305,664**	**202**

2.9 Revenue from operations

	Year ended 31 March 2020 (VES)	Year ended 31 March 2019 (VES)	Year ended 31 March 2020 (₹)
Sale of services	30,973,587	61,408,499	29,238
Sale of hardware and software	-	1,250,567	-
	30,973,587	**62,659,066**	**29,238**

Disaggregate Revenue Information

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

	Year ended 31 March 2020 (VES)	Year ended 31 March 2019 (VES)	Year ended 31 March 2020 (₹)
Fixed price	30,317,424	62,659,067	28,619
Time and material	656,162	-	619
	30,973,587	**62,659,067**	**29,238**

Remaining performance obligations

As at 31 March 2020, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was 8,192,519. 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.

2.10 Finance cost

	Year ended 31 March 2020 (VES)	Year ended 31 March 2019 (VES)	Year ended 31 March 2020 (₹)
Bank charges	13,267	151	13
	13,267	**151**	**13**

2.11 Other expenses

	Year ended 31 March 2020 (VES)	Year ended 31 March 2019 (VES)	Year ended 31 March 2020 (₹)
Legal and professional charges	1,003,481	3,606	947
Provision for doubtful debts/ bad debts written off	9,664	0	9
Exchange differences (net)	12,647,543	7,880,375	11,939
	13,660,688	**7,883,981**	**12,895**

2.12 Earnings per share (EPS)

	As At		
	31 March 2020 (VES)	**31 March 2019 (VES)**	**31 March 2020 (₹)**
Profit/(loss) as per statement of profit and loss for computation of EPS	2,125,583	(1,859,885)	2,006
Weighted average number of equity shares outstanding in calculating basic and diluted EPS	2,498,644	2,498,644	2,498,644
Nominal value of equity shares	0.00001	0.00001	0.00001
Loss per equity share			
Basic	850.69	(744.36)	0.80
Diluted	850.69	(744.36)	0.80

HCL Technologies, S.A.
Notes to the Financial Statements for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

2.13 Income taxes

	Year ended		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(VES)	**(VES)**	**(₹)**
Income tax charged to statement of profit and loss			
Current income tax charge	2,175,003	-	2,053
Deferred tax charge (credit)	(1,498,859)	-	(1,415)
	676,144	**-**	**638**

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 2020	**31 March 2019**	**31 March 2020**
	(VES)	**(VES)**	**(₹)**
Profit before income tax	2,125,583	(75,697)	2,006
Statutory tax rate	34%	0%	34%
Expected tax expense	722,699	-	682
Adjustment due to Hyper inflation	(7,746)	-	(7)
Losses on which Deferred Tax not created	(38,809)	-	(37)
Total taxes	676,144	-	638
Effective income tax rate	**32%**	**0%**	**32%**

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	-	3,117	3,117
Forex Difference	-	1,495,742	1,495,742
Deferred tax assets	-	1,498,859	1,498,859
Net deferred tax assets	**-**	1,498,859	1,498,859

(Amount in ₹)

	Opening balance	**Recognized in profit and loss**	**Closing balance**
Deferred tax assets			
Provision for doubtful debts	-	3	3
Forex Difference	-	1,412	1,412
Deferred tax assets	-	1,415	1,415
Net deferred tax assets	-	1,415	1,415

2.14 Financial Instruments

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

	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
	(VES)	(VES)	(₹)	(₹)
Financial Assets				
Trade receivables	17,975,437	17,975,437	16,968	16,968
Cash and cash equivalents	310,067	310,067	293	293
Others (Refer Note 2.3)	594,293	594,293	561	561
Total	**18,879,797**	**18,879,797**	**17,822**	**17,822**
Financial Liabilities				
Trade payables	8,248,674	8,248,674	7,787	7,787
Others (Refer Note 2.7)	8,299,787	8,299,787	7,833	7,833
Total	**16,548,461**	**16,548,461**	**15,620**	**15,620**

Financial Assets & Liabilities
The carrying value of financial instruments by categories as at 31 March, 2019 is as follows:-

	Amortized Cost	Total Carrying Value
	(VES)	(VES)
Financial Assets		
Trade receivables	3,058,303	3,058,303
Cash and cash equivalents	27,248	27,248
Others (Refer Note 2.3)	1,592,752	1,592,752
Total	**4,678,303**	**4,678,303**
Financial Liabilities		
Trade payables	5,434,118	5,434,118
Others (Refer Note 2.7)	801,470	801,470
Total	**6,235,588**	**6,235,588**

(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 protion of costs are in VES. The fluctuation in exchnges 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 20,782 for the year ended 31 March, 2020.

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, 2020 and 31 March, 2019 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	(VES)	(VES)	(VES)	(VES)
USD/VES	10,548,832	2,489,308	12,627,040	5,092,756
CAD/VES	3,863,693	-	3,863,693	-
AUD/VES	2,508,584	-	2,508,584	-

2.14 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 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 financial liabilities based on contractual payments is as below:

	Year 1	Total	Year 1	Total
	(VES)	(VES)	(₹)	(₹)
As at 31 March 2020				
Trade payables	8,248,674	8,248,674	7,787	7,787
Others financial liabilities	8,299,787	8,299,787	7,833	7,833
Total	**16,548,460**	**16,548,460**	**15,619**	**15,619**

	Year 1	Total
	(VES)	(VES)
As at 31 March 2019		
Trade payables	5,434,118	5,434,118
Others financial liabilities	801,470	801,470
Total	**6,235,588**	**6,235,588**

2.15 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, we 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 2020 were taken to restate the figures.

2.16 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. Till previous year, the CODM evaluated the Company's performance by business segments comprising software services, infrastructure management services and business process outsourcing services.

Consequent to the reorganization of its operations due to technological changes and business requirements, effective current year the Company's 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 segments.

Due to the reorganization of operations, the ultimate Holding Company effective current year, 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 which is overall a part of the reorganized entity level business segments. 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 2.9

2.17 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

Holding company

HCL Technologies UK limited

Fellow Subsidiary

HCL Argentina S.A.
HCL Technologies France
HCL Sweden AB
HCL Technologies Colombia
HCL Technologies Austria
HCL Technologies Egypt Limited
HCL Technologies Mexico
HCL Technologies Thailand
HCLT Philippines Inc

HCL Technologies, S.A.
Notes to the Financial Statements for the year ended 31 March 2020
(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 2020	31 March 2019	31 March 2020	31 March 2020	31 March 2019	31 March 2020
	(VES)	(VES)	(₹)	(VES)	(VES)	(₹)
Ultimate Holding Companies	118,124	199	112	11,958,510	-	11,288
Holding Companies	-	-	-	-	-	-
Fellow Subsidiaries	3,193,433	2,044,663	3,014	159,443	2,087,441	151
Grand Total	**3,311,558**	**2,044,863**	**3,126**	**12,117,953**	**2,087,441**	**11,439**

d) Outstanding balances with related parties

Particulars	Trade Receivables			Liability for expenses		
	As at			As at		
	31 March 2020	31 March 2019	31 March 2020	31 March 2020	31 March 2019	31 March 2020
	(VES)	(VES)	(₹)	(VES)	(VES)	(₹)
Ultimate Holding Companies	3	74	0	-	-	-
Holding Companies	-	-	-	-	-	-
Fellow Subsidiaries	13,635,394	2,290,242	12,871	399,610	3,610	377
Grand Total	**13,635,397**	**2,290,316**	**12,871**	**399,610**	**3,610**	**377**

Particulars	Trade Payables			Unbilled Receivables		
	As at			As at		
	31 March 2020	31 March 2019	31 March 2020	31 March 2020	31 March 2019	31 March 2020
	(VES)	(VES)	(₹)	(VES)	(VES)	(₹)
Ultimate Holding Companies	31,312	88	30	-	-	-
Holding Companies	1	31	0	-	-	-
Fellow Subsidiaries	6,369,300	4,295,756	6,010	229,371	-	217
Grand Total	**6,400,613**	**4,295,875**	**6,040**	**229,371**	**-**	**217**

3. The Company has presentated its financials 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 financial statements

As per our report of even date

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

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.09.05 21:15:08 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 05 September 2020

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

RAGHU RAMAN LAKSHMANAN Digitally signed by RAGHU RAMAN LAKSHMANAN Date: 2020.09.05 19:36:12 +05'30'

Raghu Raman Lakshmanan
Director

Date: 05 September 2020