

HCL Technologies Luxembourg S.a.r.l

STANDALONE FINANCIAL STATEMENT

For the year ended 31 March 2019 and 31 March 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Technologies Luxembourg S.a.r.l

Opinion

We have audited the accompanying special purpose Ind AS financial statements of HCL Technologies Luxembourg S.a.r.l ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purpose Ind AS financial statements.

Responsibility of Management for the special purpose Ind AS Financial Statements

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

In preparing the special purpose Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the special purpose Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



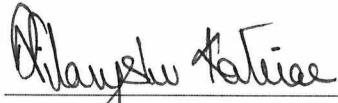
Other Matter

These special purpose Ind AS financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1(a) to the Ind AS financial statements, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. This report covering the financial statements of the Company for the year ended March 31, 2019 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**Per Nilangshu Katriar**

Partner

Membership Number: 58814

Place of Signature: Gurugram

Date: 17 June, 2019



HCL Technologies Luxembourg S.a.r.l
Balance Sheet as at 31 March 2019
(All amounts in thousands except share data and as stated otherwise)

	Note No.	As at 31 March 2019 (EUR)	As at 31 March 2018 (EUR)	As at 31 March 2019 (₹)
I. ASSETS				
(1) Non-current assets				
(a) Other non-current assets	2.1	17	-	1,332
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	2.2	695	240	54,011
(ii) Cash and cash equivalents	2.3	261	182	20,237
(iii) Others	2.4	4	4	339
(b) Other current assets	2.5	107	26	8,235
TOTAL ASSETS		1,084	452	84,154
II. EQUITY				
(a) Equity share capital	2.6	50	50	3,884
(b) Other equity		406	339	31,475
III. LIABILITIES				
(1) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	2.7	361	31	28,030
(ii) Others	2.8	243	21	18,936
(b) Provisions	2.9	1	1	71
(c) Current tax liabilities (net)		23	10	1,758
TOTAL EQUITY AND LIABILITIES		1,084	452	84,154

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 17 JUNE, 2019



For and on behalf of the Board of Directors
HCL Technologies Luxembourg S.a.r.l

Shiv Kumar Walia
Shiv Kumar Walia
Director
Lalit Sharma
Lalit Sharma
Director

Date: 17 June, 2019

Walia


HCL Technologies Luxembourg S.a.r.l
Statement of profit and loss for the year ended 31 March 2019
(All amounts in thousands except share data and as stated otherwise)

	Note No.	Year ended 31 March 2019 (EUR)	Year ended 31 March 2018 (EUR)	Year ended 31 March 2019 (₹)
I Revenue				
Revenue from operations	2.10	1,499	478	116,429
Total income		1,499	478	116,429
II Expenses				
Purchase of traded goods		3	-	257
Employee benefits expense	2.11	311	333	24,223
Finance costs	2.12	1	1	66
Outsourcing costs		986	-	76,596
Other expenses	2.13	111	120	8,600
Total expenses		1,412	454	109,742
III Profit before tax		87	24	6,687
IV Tax expense				
Current tax	2.14	20	3	1,560
Total tax expense		20	3	1,560
V Profit for the year		67	21	5,127
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 income for the year		67	21	5,127
Earnings per equity share of Eur 100 each				
Basic and Diluted	2.15	19	7.86	1,465
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date



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


per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 17 JUNE, 2019



For and on behalf of the Board of Directors
HCL Technologies Luxembourg S.a.r.l

 
Shiv Kumar Walia Lalit Sharma
Director Director

Date: 17 June, 2019



HCL Technologies Luxembourg S.a.r.l.
Statement of Changes in Equity for the year ended 31 March 2019
(All amounts in thousands except share data and as stated otherwise)

	Equity share capital		Other equity			Amount in EUR
	Shares	Share capital	Capital contribution account	Share application money pending allotment	Retained earnings	Total equity
Balance as of 1 April 2017	500	50	200	-	18	218
Profit for the period	-	-	-	-	21	21
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	21	21
Infusion on account on capital contribution account	-	-	100	-	-	100
Share application money pending allotment	-	-	-	-	-	-
Balance as of 31 March 2018	500	50	300	-	39	339
Balance as of 1 April 2018	500	50	300	-	39	339
Profit for the year	-	-	-	-	67	67
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	67	67
Balance as of 31 March 2019	500	50	300	-	106	406

Note: Capital contribution account EUR 300 (P.Y EUR 300) carry the same pari passu rights w.r.t equity shareholders along with the eligibility for dividend rights without corresponding issuance of equity shares in accordance with Account 115 of the local company law of the country.

	Equity share capital		Other equity			Amount in ₹
	Shares	Share capital	Capital contribution account	Share application money pending allotment	Retained earnings	Total equity
Balance as of 1 April 2018	500	3,884	23,303	-	3,045	26,348
Profit for the year	-	-	-	-	5,127	5,127
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	5,127	5,127
Balance as of 31 March 2019	500	3,884	23,303	-	8,172	31,475

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814



Gurugram, India
Date: 17 JUNE, 2019

For and on behalf of the Board of Directors
HCL Technologies Luxembourg S.a.r.l

Shiv Kumar Walia
Shiv Kumar Walia
Director

Lalit Sharma
Lalit Sharma
Director

Date: 17 June, 2019

W/N

HCL Technologies Luxembourg S.a.r.l.

Cash flow statement for the year ended 31 March 2019

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

	Year ended 31 March 2019 (EUR)	Year ended 31 March 2018 (EUR)	Year ended 31 March 2019 (₹)
A. Cash flows from operating activities			
Profit before tax	87	24	6,687
Operating profit before working capital changes	87	24	6,687
Movement in working capital			
(Increase)/ decrease in trade receivables	(455)	(130)	(35,345)
(Increase)/ decrease in other financial assets and current assets	(98)	7	(7,631)
Increase/ (decrease) in trade payable	330	(40)	25,676
Increase/ (decrease) in provisions and other liabilities	222	12	17,282
Cash generated from/(used) in operations	86	(127)	6,669
Direct taxes paid (net of refunds)	7	1	569
Net cash flow from/(used) in operating activities (A)	79	(128)	6,100
B. Cash flows from financing activities			
Proceeds from capital contribution	-	100	-
Net cash flow from financing activities (B)	-	100	-
Net increase/(decrease) in cash and cash equivalents (A+B)	79	(28)	6,100
Cash and cash equivalents at the beginning of the year	182	210	14,137
Cash and cash equivalents at the end of the year as per note 2.3	261	182	20,237

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants

Nilangshu Katriar
per Nilangshu Katriar

Partner

Membership Number: 58814



Gurugram, India

Date: 17 JUNE, 2019

For and on behalf of the Board of Directors
HCL Technologies Luxembourg S.a.r.l.

Shiv Kumar Walia *Lalit Sharma*
Shiv Kumar Walia Lalit Sharma
Director Director

Date: 17 June, 2019

WV

Company Overview

HCL Technologies Luxembourg S.a.r.l (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 12 February 2015 in Luxembourg.

The financial statements for the year ended 31 March, 2019 were approved and authorized for issue by the Board of Directors on 17 June, 2019.

1. Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Act, 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. These 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 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 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 functional currency of the Company is 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 = ₹ 77.6771/-, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, EUR at that or any other rate.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires 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, income taxes, future obligations under employee benefit plans and other contingencies and commitments.

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



c) 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.

d) Fair value measurement

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

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 an entity 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.

e) Revenue Recognition

Adoption of new accounting principles

Effective 1 April 2018, the Group has adopted Ind AS 115 using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information is not restated in the financial statement. The adoption of the standard did not have any material impact to the consolidated financial statements of the Group.

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 Group 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.

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).

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.

Interest attributable to sales-type leases and direct financing leases included therein is recognized on an accrual basis using the effective interest method and is recognized as other income.

f) Taxation

Income tax expense comprises current and deferred income tax.

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

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxes which originate during the tax holiday period are reversed after the tax holiday period. For this purpose, reversal of timing differences is determined using first-in-first-out method.

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

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



g) Leases

Where the Company is the lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

h) 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.

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

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

Cash and cash equivalent

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

Financial instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Derecognition of financial assets

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



Impairment of financial assets

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

ii) Financial liabilities

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

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

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

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

Derecognition

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

Offsetting of financial instruments

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

j) Earning 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 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) Cash and cash equivalents

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



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 financial statements.

m) Nature and purpose of reserves

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

Capital Contribution Account

Capital Contribution Account pertains to contribution from holding company and carries the same pari passu rights w.r.t equity shareholders and is not available for free distribution.

n) Recently issued accounting pronouncements

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

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

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

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



HCL Technologies Luxembourg S.a.r.l.

Notes to financial statements for the year ended 31 March 2019

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

2.6 Share capital

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(€)
Authorized 500 equity shares of EUR 100 each	50	50	3,884
Issued, subscribed and fully paid up 500 equity shares of EUR 100 each	50	50	3,884

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 100/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the shareholders 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 financial year

	As at			
	31 March 2019		31 March 2018	
	No. of shares	Amount (EUR)	No. of shares	Amount (EUR)
Number of shares at the beginning	500	50	500	50
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	500	50	500	50

Shares held by holding company :-

Name of the shareholder	As at			
	31 March 2019		31 March 2018	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of EUR 100 each fully paid				
HCL Technologies UK Limited, the holding company	500	100%	500	100%

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

Name of the shareholder	As at			
	31 March 2019		31 March 2018	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of EUR 100 each fully paid				
HCL Tehnologies UK limited, the holding company	500	100%	500	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.



HCL Technologies Luxembourg S.a.r.l.

Notes to financial statements for the year ended 31 March 2019

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

2.7 Trade payables

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Trade payables- related parties (refer note: 2.16)	236	30	18,361
Trade payables-others	125	1	9,669
	361	31	28,030

2.8 Other financial liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Carried at amortized cost			
Liabilities for expenses	236	15	18,386
Accrued salaries and benefits			
Salary payable	-	1	-
Employee bonuses accrued	6	5	473
Other Payable- related parties (refer note: 2.16)	1	-	77
	243	21	18,936

2.9 Provisions

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Current			
Provision for leave benefits	1	1	71
	1	1	71

2.10 Revenue from operations

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Sale of services	1,495	478	116,095
Sale of hardware and software	4	-	334
	1,499	478	116,429

Note : Includes revenue from related parties amounting to EUR 1,346 [31 March 2018, EUR 466] (Refer note 2.16)

2.11 Employee benefits expense

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Salaries, wages and bonus	293	327	22,767
Contribution to other employee funds	3	3	252
Staff welfare expenses	15	3	1,204
	311	333	24,223

2.12 Finance cost

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Bank charges	1	1	66
	1	1	66



HCL Technologies Luxembourg S.a.r.l.

Notes to financial statements for the year ended 31 March 2019

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

2.13 Other expenses

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Rent	26	26	2,031
Communication costs	4	3	302
Travel and conveyance	44	16	3,388
Legal and professional charges	26	58	2,052
Consumables	6	12	487
Exchange differences (net)	4	5	287
Miscellaneous expenses	1	0	53
	111	120	8,600

2.14 Income taxes

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Income tax charged to statement of profit and loss			
Current income tax charge	20	3	1,560
	20	3	1,560

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

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Profit before income tax	87	24	6,687
Statutory tax rate	23.68%	23.49%	23.68%
Expected tax expense	21	6	1,602
Creation/ (Reversal) of prior year provision	(1)	(3)	(42)
Total taxes	20	3	1,560
Effective income tax rate	23.06%	10.73%	23.06%

2.15 Earning per share(EPS)

Particulars	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Net profit as per statement of profit and loss for computation of EPS	67	21	5,127
Weighted average number of equity shares outstanding in calculating basic and dilutive EPS *	3,500	2,689	3,500
Nominal value of equity shares	100	100	7,768
Earning per equity share			
Basic and Diluted	19	7.86	1,465

*We have considered capital contribution account which carries same pari passu rights w.r.t equity shares along with the eligibility of dividend rights, for computation of basic EPS.



HCL Technologies Luxembourg S.a.r.l.
Notes to financial statements for the year ended 31 March 2019
(All amounts in thousands except share data and as stated otherwise)

2.16 Related party transaction

a) Related parties where control exists

Ultimate Holding company
HCL Technologies limited

Holding company
HCL Technologies UK limited

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

Ultimate Holding company
HCL Technologies limited

Holding company
HCL Technologies UK limited

Fellow subsidiary
HCL AMERICA INC.
Geometric Americas Inc.
HCL GREAT BRITAIN Ltd.
HCL Tech. Belgium BVBA
HCL Technologies Corporate

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

(EUR)

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Revenue	432	-	667	104	247	362
Outsourcing cost	129	-	-	-	107	-
Reimbursement of expenses	-	21	-	9	-	-

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

(₹)

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiaries
	Year ended		
	31 March 2019	31 March 2019	31 March 2019
Revenue	33,526	51,800	19,162
Outsourcing cost	10,012	-	8,296

d) Outstanding balances with related parties

(EUR)

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade payables	129	-	-	-	107	-
Trade receivables	67	-	381	104	72	124
Other payable	1	21	-	9	-	-

d) Outstanding balances with related parties

(₹)

Particulars	Ultimate Holding Company	Holding Company	Fellow Subsidiaries
	Year ended		
	31 March 2019	31 March 2019	31 March 2019
Trade payables	10,058	-	8,303
Trade receivables	5,193	29,568	5,573
Other payable	77	-	-

2.17 Operating Lease

The Company's significant leasing arrangements are in respect of operating leases for office spaces. The aggregate lease rental expenses recognized in the statement of profit and loss for the year ended 31 March 2019 amounts to EUR 26 (31 March 2018 EUR 26). Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
Not later than one year	22	22	1,693
Later than one year and not later than 5 years	-	-	-
Later than five years	-	-	-
	22	22	1,693



HCL Technologies Luxembourg S.a.r.l.

Notes to financial statements for the year ended 31 March 2019

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

2.18 Segment Reporting

The company operations predominantly relate to providing a range of IT services. IT services include software services & IT infrastructure management services. Within software services, the company provides application development & maintenance, enterprise application to several customers. Infrastructure management services involve managing customer's IT assets effectively.

The Chief Operating Decision Maker ("CODM") evaluates the entity performance by business segment, comprising software services, infrastructure management services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting.

Segment revenue from customers by geographical area based on geographical location of the customer and segment assets are by geographical location of the assets. The principal geographical segments of the company has been classified as America, Europe, India and others.

The CODM assesses the performance of the operating segments based on a measure of segment earnings.

Segment accounting policies

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

a) Segment revenue and expenses

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

b) Segment assets and liabilities

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

Financial information about the business segments for the year ended 31 March 2019 is as follows

(Amount in EUR)

	Infrastructure services	Apps services	Segment total
Segment revenue	1,108	391	1,499
Segment results	68	25	93
Unallocated corporate expenses			2
Exchange difference			4
Profit before taxes			87
Tax expense			20
Net profit after tax			67

(Amount in ₹)

	Infrastructure services	Apps services	Segment total
Segment revenue	86,059	30,370	116,429
Segment results	5,251	1,954	7,205
Unallocated corporate expenses			231
Exchange difference			287
Profit before taxes			6,687
Tax expense			1,560
Net profit after tax			5,127



Financial information about the business segments for the year ended 31 March 2018 is as follows (Amount in EUR)

	Infrastructure services	Apps services	Segment Total
Segment revenue	370	107	478
Segment results	21	9	30
Unallocated corporate expenses			1
Exchange difference			5
Profit before taxes			24
Tax expense			3
Net profit after tax			21

During the year ended 31 March 2019 and 2018 two customers and four customers respectively represent 10% or more of the company's total revenue and accounted for 84% and 89% respectively.

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

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(EUR)	(EUR)	(₹)
America	153	197	11,916
Europe	914	259	70,987
India	432	22	33,526
	1,499	478	116,429

2.19 Financial instruments

a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2019 is as follows:

	Amortized cost	Total carrying value	Amortized cost	Total carrying value
	(EUR)	(EUR)	(₹)	(₹)
Financial assets				
Trade receivables	695	695	54,011	54,011
Cash and cash equivalents	261	261	20,237	20,237
Others (refer note 2.4)	4	4	339	339
Total	960	960	74,587	74,587
Financial liabilities				
Trade payables	361	361	28,030	28,030
Liabilities for expenses (refer note 2.8)	236	236	18,386	18,386
Others (refer note 2.8)	7	7	550	550
Total	604	604	46,966	46,966

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

	As at 31 Mar 2018	
	Amortized cost	Total carrying value
	(EUR)	(EUR)
Financial assets		
Trade receivables	240	240
Cash and cash equivalents	182	182
Others (refer note 2.4)	4	4
Total	426	426
Financial liabilities		
Trade payables	31	31
Liabilities for expenses (refer note 2.8)	15	15
Others (refer note 2.8)	6	6
Total	52	52

(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.



(b) Financial risk management (Continued)**(i) Foreign currency risk**

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than functional currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in EUR. The fluctuation in exchange rates in respect to EUR may not have potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately EUR 85 for the year ended 31 March, 2019.

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, 2019 and 31 March, 2018 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(EUR)	(EUR)	(EUR)	(EUR)
USD/EUR	-	-	8	7
INR/EUR	-	-	0	0
GBP/EUR	-	-	-	1

2.19 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 investments are primarily in fixed rate interest bearing 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 receivables, finance lease receivables. By their nature, all such financial instruments involve risks, including the credit risk of non performance by counterparties.

Liquidity risk

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

3 Previous year comparatives

The Company has changed its presentations from "EUR in absolute amount" to "EUR in thousands" and accordingly, amounts less than EUR 0.50 thousands are rounded off to zero. Previous year figures have been regrouped/ reclassified to the current years classification wherever necessary.

As per our report of even date

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

Chartered Accountants

Nilangshu Katriar
per Nilangshu Katriar

Partner

Membership Number: 58814

Gurugram, India

Date: 17 JUNE, 2019



For and on behalf of the Board of Directors
HCL Technologies Luxembourg S.a.r.l

Shiv Kumar Walia
Shiv Kumar Walia
Director

Lalit Sharma
Lalit Sharma
Director

Date: 17 June, 2019

Walia