HCL Technologies Solution GmbH

Special Purpose Financial Statements

For the year ended 31st March 2021 and 2020

HCL Technologies Solution GmbH
Special Purpose Balance Sheet as at 31 March 2021
(All amount are in thousands except stated otherwise)

		Note No.	As at 31 March 2021 (CHF)	As at 31 March 2020 (CHF)	As at 31 March 2021 (₹)
I.	**ASSETS**				
	(1) Non-current assets				
	(a) Intangible assets	**2.1**	3	4	198
	(b) Financial assets				
	(i) Others	**2.2**	27	11	2,094
	(c) Other non-current assets	**2.3**	184	553	14,219
	(2) Current assets				
	(a) Inventories	**2.4**	4	13	337
	(b) Financial assets				
	(i) Trade receivables	**2.5**	4,940	11,734	383,134
	(ii) Cash and cash equivalents	**2.6**	6,875	3,157	533,219
	(iii) Others	**2.2**	343	968	26,610
	(c) Other current assets	**2.7**	2,272	3,235	176,200
	TOTAL ASSETS		**14,648**	**19,675**	**1,136,011**
II.	**EQUITY**				
	(a) Equity share capital	**2.8**	120	120	9,307
	(b) Other equity		4,679	3,232	362,927
	TOTAL EQUITY		**4,799**	**3,352**	**372,234**
III.	**LIABILITIES**				
	(1) Non current liabilities				
	(a) Other non-current liabilities		89	-	6,890
	(2) Current liabilities				
	(a) Financial liabilities				
	(i) Borrowings	**2.9**	-	893	-
	(ii) Trade payables	**2.12**	7,395	12,306	573,542
	(iii) Others	**2.10**	684	1,482	52,990
	(b) Other current liabilities	**2.13**	1,081	1,139	83,814
	(c) Provisions	**2.11**	9	6	692
	(d) Current tax liabilities (net)		591	497	45,849
	TOTAL EQUITY AND LIABILITIES		**14,648**	**19,675**	**1,136,011**
	Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the Special Purpose Financial Statements

As per our report of even date

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2021.07.07 19:48:55 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 7 July 2021

For and on behalf of the Board of Directors
of HCL Technologies Solution GmbH

SUBRAMANIAN GOPALAKRISHNAN Digitally signed by SUBRAMANIAN GOPALAKRISHNAN Date: 2021.07.07 17:35:35 +05'30'

Subramanian Gopalakrishnan
Director

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Rahul Singh
Director

Date: 7 July 2021

HCL Technologies Solution GmbH
Special Purpose Statement of Profit and Loss for the year ended 31 March 2021
(All amount are in thousands except stated otherwise)

		Note No.	Year ended 31 March 2021 (CHF)	Year ended 31 March 2020 (CHF)	Year ended 31 March 2021 (₹)
I	**Revenue**				
	Revenue from operations	**2.14**	29,080	35,250	2,255,361
	Other income	**2.15**	118	5	9,133
	Total income		**29,198**	**35,255**	**2,264,494**
II	**Expenses**				
	Purchase of stock-in-trade		405	21	31,440
	Changes in inventories of stock-in-trade	**2.16**	9	(13)	702
	Employee benefits expense	**2.17**	462	418	35,844
	Amortization expense	**2.1**	1	-	115
	Finance costs	**2.18**	44	17	3,344
	Outsourcing costs		24,673	32,393	1,913,544
	Other expenses	**2.19**	1,769	922	137,145
	Total expenses		**27,363**	**33,758**	**2,122,134**
III	**Profit before tax**		**1,835**	**1,497**	**142,360**
IV	**Tax expense**	**2.20**			
	Current tax		388	111	30,092
	Total tax expense		388	111	30,092
V	**Profit for the year**		**1,447**	**1,386**	**112,268**
VI	**Other comprehensive income**		-	-	-
VII	**Total comprehensive income for the year**		**1,447**	**1,386**	**112,268**
	Earnings per quota share (absolute) of CHF 1000 each	**2.21**			
	Basic		12,058.33	11,550.00	935,566.67
	Diluted		12,058.33	11,550.00	935,566.67
	Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the Special Purpose Financial Statements

As per our report of even date

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Firm Registration Number : 101248W/W-100022

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Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 7 July 2021

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Subramanian Gopalakrishnan
Director

Rahul Singh
Director

Date: 7 July 2021

HCL Technologies Solution GmbH

Special Purpose Statement of Changes in Equity for the year ended 31 March 2021

(All amount are in thousands except stated otherwise)

(Amount in CHF)

	Equity share capital		Other equity	Total other equity
	Number of shares	Share capital	Reserves and surplus Retained earnings	
Balance as at 1 April 2019	120	120	1,846	**1,846**
Profit for the year	-	-	1,386	**1,386**
Total comprehensive income for the year	-	-	1,386	**1,386**
Balance as at 31 March 2020	120	120	3,232	**3,232**
Balance as at 1 April 2020	120	120	3,232	**3,232**
Profit for the year	-	-	1,447	**1,447**
Total comprehensive income for the year	-	-	1,447	**1,447**
Balance as at 31 March 2021	120	120	4,679	**4,679**

(Amount in INR)

	Equity share capital		Other equity	Total other equity
	Number of shares	Share capital	Reserves and surplus Retained earnings	
Balance as at 1 April 2020	120	9,307	250,659	**250,659**
Profit for the year	-	-	112,268	**112,268**
Total comprehensive income for the year	-	-	112,268	**112,268**
Balance as at 31 March 2021	120	9,307	362,927	**362,927**

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the Special Purpose Financial Statements

As per our report of even date

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2021.07.07 19:50:02 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 7 July 2021

For and on behalf of the Board of Directors
of HCL Technologies Solution GmbH

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Subramanian Gopalakrishnan
Director

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Rahul Singh
Director

Date: 7 July 2021

HCL Technologies Solution GmbH
Special Purpose Statement of Cash flows for the year ended 31 March 2021
(All amount are in thousands except stated otherwise)

		Year ended 31 March 2021 (CHF)	Year ended 31 March 2020 (CHF)	Year ended 31 March 2021 (₹)
A. Cash flows from operating activities				
Profit before tax		1,835	1,497	142,360
Adjustment for:				
Interest income		-	(5)	-
Depericiation and amortization expense		1	-	115
Interest expense		33	9	2,526
Provision for doubtful debts		(118)	127	(9,133)
		1,751	**1,628**	**135,868**
Net changes in				
Trade receivables		6,912	(566)	536,035
Inventories		9	(13)	702
Other financial assets and other assets		1,943	(2,127)	150,719
Trade payables		(4,911)	2,769	(380,843)
Provisions, other financial liabilities and other liabilities		(766)	844	(59,370)
Cash generated from operations		**4,938**	**2,535**	**383,111**
Income taxes paid		(294)	(377)	(22,795)
Net Cash flow from operating activities	**(A)**	**4,644**	**2,158**	**360,316**
B. Cash flow from investing activities				
Purchase of property, plant and equipment and intangibles		-	(4)	-
Interest received		-	5	-
Net cash flow from investing activities	**(B)**	**-**	1	**-**
C. Cash flows from financing activities				
Repayment of short term borrowings		(893)	(1,591)	(69,380)
Interest paid		(33)	(9)	(2,526)
Net cash flow used in financing activities	**(C)**	**(926)**	**(1,600)**	**(71,906)**
Net increase in cash and cash equivalents (A+B+C)		3,718	559	288,410
Cash and cash equivalents at the beginning of the year		3,157	2,598	244,809
Cash and cash equivalents at the end of the year as per note 2.6		**6,875**	**3,157**	**533,219**

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the Special Purpose Financial Statements

As per our report of even date.

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2021.07.07 19:50:25 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 7 July 2021

For and on behalf of the Board of Directors
of HCL Technologies Solution GmbH

SUBRAMANIAN GOPALAKRISHNAN Digitally signed by SUBRAMANIAN GOPALAKRISHNAN Date: 2021.07.07 17:34:46 +05'30'

RAHUL SINGH Digitally signed by RAHUL SINGH Date: 2021.07.07 17:25:33 +05'30'

Subramanian Gopalakrishnan
Director

Rahul Singh
Director

Date: 7 July 2021

ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies Solution GmbH (hereinafter referred to as 'the 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 May 2, 2002 in Zurich, having its registered office at Kirchgasse 24, 8024 Zurich, Switzerland.

The Special Purpose Financial Statements for the year ended 31 March, 2021 were approved and authorized for issue by the Board of Directors on 7 July 2021.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation:

The Special Purpose Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the Special Purpose Financial Statements. The company is not domiciled in India and hence was not incorporated under Companies Act, 2013 or under any previous Company law in India. These Special Purpose Financial Statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

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

The accounting policies adopted in the preparation of these Special Purpose Financial Statements are consistent with those of the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The Special Purpose Statement of Cash Flows has been prepared under indirect method.

The functional currency of the Company is CHF (CHF). The translation from CHF to ₹ is included solely for the convenience of readers in India and has been performed using rate of CHF 1 = ₹ 77.5559, 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, CHF at that or any other rate.

(b) Use of estimates

The preparation of Special Purpose Financial Statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the Special Purpose Financial Statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the Special Purpose Financial Statements in the year in which the changes are made.

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

i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note 1(e)
ii. Allowance for uncollectible accounts receivables, refer note 1(l)(i)
iii. Recognition of income and deferred taxes, refer note 1(f) and note 2.20
iv. Provisions and contingent liabilities, refer note 1(j)

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 assets, impact on revenues and costs, including but not limited to the assessment of liquidity and going concern assumption. However, the actual impact of COVID-19 on the company's Special Purpose Financial Statements may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

(c) Foreign currency and translation

Transactions in foreign currencies are initially recorded by company at reporting currency spot rates at the date the transaction first qualifies for recognition. Foreign-currency denominated monetary assets and liabilities are translated to the reporting currency at exchange rates in effect at the Special Purpose Balance Sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the Special Purpose Statement of Profit and Loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of 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 period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the reporting currencies using the exchange rate in effect on the date of the transaction.

(d) Fair value measurement

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

In accordance with Ind AS 113, assets and liabilities are to be measured based on the following valuation techniques:
a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.
c) Cost approach – Replacement cost method.

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

(e) Revenue recognition

Contracts involving provision of services 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. A 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, System 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.

Proprietary Software Products

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

Multiple performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which 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 company 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 fulfilment 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 company 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 statements of financial position, 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 conditional. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due). A contract liability arises when there is excess billing over the revenue recognized.

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 income

Interest attributable to balances in bank account as per banking rules of respective country has been recognized on actual basis as other income.

(f) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in Special Purpose 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, wherever applicable. 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, wherever applicable. 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 Special Purpose Financial Statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted 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.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year 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.

(g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Special Purpose Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Special Purpose Statement of Profit and Loss when the asset is derecognized.

The intangible assets are amortized over the estimated useful life of the assets as mentioned below:

Asset description	**Asset life (in years)**
Software	3

(h) Borrowing costs

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

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

(i) Inventory

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

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

(j) Provision 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.

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 Special Purpose Financial Statements.

(k) Retirement and other employee benefits

i. Compensated absences: The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expense on non-accumulating compensated absences is recognized in the Special Purpose Statement of Profit and Loss in the period in which the absences occur. Actuarial gains/losses are immediately taken to the Special Purpose Statement of Profit and Loss and are not deferred.

ii. State plans: The contribution to State plans, a defined contribution plan namely Employees' Pension Scheme for the Company are charged to the Special Purpose Statement of Profit and Loss.

(l) 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 equivalents
Cash in the Special Purpose Balance Sheet comprise cash in banks, which are subject to an insignificant risk of changes in value.

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Special Purpose Statement of Profit and Loss. The losses arising from impairment are recognized in the Special Purpose Statement of Profit and Loss. This category generally applies to trade and other receivables.

Derecognition

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 Special Purpose Statement of Profit and Loss.

ii. **Financial liabilities - Initial recognition and measurement**

The Company's financial liabilities at amortized cost are initially recognized at, net of transaction costs and includes trade payables, borrowings and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the Special Purpose Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

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

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 Special Purpose 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.

(m) Earnings per share (EPS)

Basic 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 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 of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(n) Leases

A lease is a contract that contains right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

Company is lessee in case of office space. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in Ind AS 116 effective from 1 April 2019.

The Company has entered into short leases for term of 12 months or less and has elected to not recognize them in the Special Purpose Balance Sheet. Lease costs for these short-term leases are recognized on a straight-line basis over the lease term in the Special Purpose Statement of Profit and Loss.

Company as a lessor

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

Leases in which company transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the present value of lease receivable.

After initial recognition, company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the Special Purpose Statement of Profit and Loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the Special Purpose Statement of Profit and Loss.

When arrangements include multiple performance obligations, company allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

(o) Recently issued accounting pronouncements

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

HCL Technologies Solution GmbH
Notes to Special Purpose Financial Statements for the year ended 31 March 2021
(All amount are in thousands except stated otherwise)

2.1 Intangible assets

The changes in the carrying value for the year ended 31 March 2021 and 31 March 2020

	Software		
	As at		
	31 March 2021	31 March 2020	31 March 2021
	(CHF)	(CHF)	(₹)
Gross block as at the start of the year	4	-	313
Additions	-	4	-
Disposals/other adjustments	-	-	-
Gross block as at the end of the year	**4**	**4**	**313**
Accumulated depreciation as at the start of the year	-	-	-
Charge for the year	1	-	115
Deduction/other adjustments	-	-	-
Accumulated depreciation as at the end of the year	**1**	**-**	**115**
Net block as at the end of the year	**3**	**4**	**198**
Estimated remaining useful life (in years)	**2**	**3**	**3**

2.2 Other financial assets

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(CHF)	(CHF)	(₹)
Non - current			
Carried at amortized cost			
Finance lease receivables [refer note 2.22]	27	11	2,094
	27	11	2,094
Current			
Carried at amortized cost			
Unbilled receivables	329	962	25,499
Finance lease receivables [refer note 2.22]	14	6	1,111
	343	968	26,610

2.3 Other non- current assets

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(CHF)	(CHF)	(₹)
Deferred contract cost	184	553	14,219
	184	**553**	**14,219**

2.4 Inventories

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(CHF)	(CHF)	(₹)
Stock in trade	4	13	337
	4	13	337

HCL Technologies Solution GmbH
Notes to Special Purpose Financial Statements for the year ended 31 March 2021
(All amount are in thousands except stated otherwise)

2.5 Trade Receivables

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Unsecured, considered good (refer note below)	4,941	11,779	383,199
Trade receivables- credit impaired	33	107	2,558
	4,974	**11,886**	**385,757**
Impairment allowance for bad and doubtful debts	(34)	(152)	(2,623)
	4,940	**11,734**	**383,134**

Note:-

1. Includes receivables from related parties amounting to CHF 166 i.e. equivalent to INR 12,874 **(**31 March 2020- CHF 355**).**

2.6 Cash and cash equivalents

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Balance with banks			
- in current accounts	6,875	3,157	533,219
	6,875	**3,157**	**533,219**

2.7 Other current assets

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Unsecured , considered good			
Advances other than capital advances			
Advance to suppliers	1	1	108
Others			
Deferred contract cost	236	311	18,330
Deferred contract cost - related parties (refer note 2.25)	975	1,938	75,620
Prepaid expenses	38	13	2,866
Contract assets	874	824	67,796
Receivable expenses - related parties (refer note 2.25)	148	148	11,480
	2,272	**3,235**	**176,200**

2.8 Share capital

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Authorized 120 (31 March 2020, 120) quota shares of CHF 1000 each	120	120	9,307
Issued, subscribed and fully paid up 120 (31 March 2020, 120) quota shares of CHF 1000 each	120	120	9,307

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as quota shares having a par value of CHF 1000/-. 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 financial year

	As at					
	31 March 2021		**31 March 2020**		**31 March 2021**	
	No. of shares	Amount (CHF)	No. of shares	Amount (CHF)	No. of shares	Amount (₹)
Number of Quota shares at the beginning	120	120	120	120	120	9,307
Number of Quota shares at the end	120	120	120	120	120	9,307

Quota shares are normal equity shares.

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

Name of the shareholder	As at			
	31 March 2021		**31 March 2020**	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Quota shares of CHF 1000 each fully paid				
Axon Group limited, United Kingdom, the holding company	120	100%	120	100%

As per the records of the Company, including its register of shareholders/members and other declarations 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 during five years immediately preceding the reporting date.

Capital management

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

HCL Technologies Solution GmbH
Notes to Special Purpose Financial Statements for the year ended 31 March 2021
(All amount are in thousands except stated otherwise)

2.9 Borrowings

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Short term borrowings			
Unsecured			
Bank overdraft	-	893	-
	-	**893**	**-**

Bank overdrafts are taken by the company for management of working capital. The Company availed bank line of credit at interest rate of LIBOR+1% p.a. which was repayable on demand and was repaid during the year.

2.10 Other financial liabilities

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Current			
Carried at amortized cost			
Accrued salaries and benefits			
Employee bonuses accrued	5	1	374
Other employee costs	8	41	585
Others			
Liabilities for expenses	671	1,415	52,031
Capital accounts payables	-	25	-
	684	**1,482**	**52,990**

2.11 Provisions

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Current			
Provision for employee benefits			
Provision for leave benefits	9	6	692
	9	6	692

2.12 Trade payables

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Trade payables	282	66	21,889
Trade payables - related parties (refer note 2.25)	7,113	12,240	551,653
	7,395	**12,306**	**573,542**

2.13 Other non current liabilities

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Contract liabilities (refer note 2.14)	89	-	6,890
	89	**-**	**6,890**

2.13 Other current liabilities

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Contract liabilities (refer note 2.14)	730	295	56,631
Advances received from customers	34	-	2,623
Others			
Withholding and other taxes payable	317	844	24,560
	1,081	**1,139**	**83,814**

HCL Technologies Solution GmbH
Notes to Special Purpose Financial Statements for the year ended 31 March 2021
(All amount are in thousands except stated otherwise)

2.14 Revenue from operations

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Sale of services	28,583	35,228	2,216,784
Sale of hardware and software	497	22	38,577
	29,080	**35,250**	**2,255,361**

Disaggregate revenue information

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

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Fixed price	24,755	29,680	1,919,932
Time and material	4,325	5,570	335,429
	29,080	**35,250**	**2,255,361**

(b) The disaggregated revenue from customers by geographic area based on location of customer is as follows:

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Switzerland	23,341	28,741	1,810,215
Europe (Other than Switzerland)	568	3,172	44,105
America	4,748	2,943	368,235
Others	423	394	32,806
Total	**29,080**	**35,250**	**2,255,361**

Remaining performance obligations

As at 31 March 2021, the aggregate amount of transation price allocated to remaining performance obligations as per the requirements of Ind AS 115 was CHF 27,987 thousand out of which, approximately 70% is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions of below:

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

Contract balances

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

Out of CHF 874 thousand of contract assets as on 31 March 2021, 100% pertains to current year.

Contract liabilities : A contract liability arises when there is excess billing over the revenue recognized.
The below table discloses the movement in balances of contract liabilities :

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Balances as at beginning of the year	295	319	22,852
Additional amounts billed but not recognized as revenue	819	-	63,518
Deduction on account of revenues recognized during the year	(295)	(24)	(22,879)
Balance as at end of the year	**819**	**295**	**63,491**

Deferred contract cost : Deferred contract cost primarily represents the contract fulfilment cost and cost for obtaining the contract.

The below table discloses the movement in balance of deferred contract cost:

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Balance as at beginning of the year	2,801	1,819	217,263
Additional cost capitalised during the year	944	1,938	73,163
Deduction on account of cost amortised during the year	(2,350)	(956)	(182,257)
Balance as at end of the year	**1,395**	**2,801**	**108,169**

Reconciliation of revenue recognised with the contracted price is as follows:

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Contracted price	29,297	35,640	2,272,156
Reduction towards variable consideration components	217	390	16,795
Revenue recognised	**29,080**	**35,250**	**2,255,361**

The reduction towards variable consideration comprises of volume discounts, service level credits, etc.

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2.15 Other income

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Interest income			
- On bank balances	-	5	-
Provision for doubtful debt no longer required written back	118	-	9,133
	118	**5**	**9,133**

2.16 Changes in inventories of traded goods

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Opening stock	13	-	1,039
Closing stock	4	13	337
	9	**(13)**	**702**

2.17 Employee benefits expense

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Salaries, wages and bonus (refer note below)	440	398	34,132
Contribution to other employee funds	22	20	1,712
	462	**418**	**35,844**

Note : Employee benefit expenses for the year ended 31 March 2021 include CHF 4 thousand, being the one-time special bonus paid to employees in recognition of the Group achieving the $10 billion revenue mark in the year ended 31 March 2021.

2.18 Finance costs

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Interest			
Bank overdraft	33	9	2,526
Bank charges	11	8	818
	44	**17**	**3,344**

2.19 Other expenses

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Rent	10	4	745
Insurance	11	12	887
Repairs and maintenance	29	18	2,260
Communication costs	1,036	404	80,332
Travel and conveyance	5	107	359
Legal and professional charges	14	19	1,117
Software license fee	-	24	-
Provision for doubtful debts / bad debts written off	-	127	-
Exchange differences (net)	323	207	25,033
Recruitment, training and development	18	-	1,369
Business promotion	323	-	25,043
	1,769	**922**	**137,145**

2.20 Tax expense

	Year ended		
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Income tax charged to Special Purpose Statement of Profit and Loss			
Current income tax charge	388	319	30,092
Current tax liability true up in respect of previous years	-	(208)	-
	388	**111**	**30,092**

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

	Year ended		
	31 Mar 2021 (CHF)	**31 Mar 2020** (CHF)	**31 Mar 2021** (₹)
Profit before income tax	1,835	1,497	142,360
Statutory tax rate in Switzerland	21.15%	21.26%	21.15%
Expected tax expense	388	319	30,092
Reversal of prior year provision	-	(208)	-
Expected tax expense	**388**	**111**	**30,092**
Effective income tax rate	21.15%	7.43%	21.14%

There are no temporary differences during the year, accordingly no deferred taxes has been created.

2.21 Earnings Per Share

The computation of earnings per quota is as follows:

	Year ended	**Year ended**	**Year ended**
	31 March 2021	**31 March 2020**	**31 March 2021**
	(CHF)	**(CHF)**	**(₹)**
Net profit as per Special Purpose Statement of Profit and Loss for computation of EPS	1,447	1,386	112,268
Weighted average number of quotas outstanding in calculating of Basic EPS	120	120	120
Weighted average number of quotas outstanding in calculating dilutive EPS	120	120	120
Nominal value of quotas	1,000	1,000	77,556
Earnings per quota share (Absolute) of CHF 1000 each			
- Basic	12,058.33	11,550.00	935,566.67
- Diluted	12,058.33	11,550.00	935,566.67

2.22 Leases

(a) Company as a lessee

Company leases office spaces under operating lease agreements. The short term lease rental expense relating to leased premises recognised in the Special Purpose Statement of Profit and Loss for the year is CHF 10 i.e. equivalent to INR 776 (31 March 2020- CHF 4).

(b) Company as a lessor

Company has given IT equipments to its customers on a finance lease basis. The future lease receivables in respect of assets given on finance lease are as follows:

	Total minimum lease payments receivable		**Interest included in minimum lease payments receivable**		**Present value of minimum lease payments receivable**	
	(CHF)	**(INR)**	**(CHF)**	**(INR)**	**(CHF)**	**(INR)**
As on 31 March 2021						
Not later than one year	15	1,172	1	61	14	1,111
Later than one year and not later than 5 years	28	2,163	1	69	27	2,094
	43	**3,335**	**2**	**130**	**41**	**3,205**
As on 31 March 2020						
Not later than one year	7	546	1	49	6	497
Later than one year and not later than 5 years	12	910	-	33	11	861
	19	1,456	1	82	17	1,358

2.23 Employee Benefits

The Company has calculated benefit provided to employees as below:

Defined contribution plans and state plans

Superannuation and Social security contribution fund

During the year the Company have recognized the following amounts in the statement of profit & loss :-

	Year ended		
	31 Mar 2021 (CHF)	**31 Mar 2020** (CHF)	**31 Mar 2021** (₹)
Superannuation fund	5	2	358
Social security contribution	6	6	458
Total	**11**	**8**	**816**

2.24 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance. The Company's ultimate parent 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. The ultimate holding company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment 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 disaggregation as per geography has been included in note 2.14.

2.25 Related party transactions

a) Related parties where control exists

Holding company

Axon Group Limited

Ultimate holding company

HCL Technologies Limited

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

Ultimate holding company

HCL Technologies Limited

Fellow Subsidiary

HCL EAS Limited
HCL America Inc.
HCL Technologies Austria GmbH
HCL Great Britain Limited
HCL Poland Sp.z.o.o
HCL Technologies UK Limited
HCL Canada Inc.
Filial Espanola De HCL Technologies S.L
HCL Technologies Germany Gmbh
HCL GmbH
HCL Technologies Italy S.P.A
HCL Technologies (Shanghai) Limited
HCL Australia Services Pty. Limited
Axon Solutions (Shanghai) Co. Limited
HCL Technologies Norway AS
HCL Technologies B.V.
PT. HCL Technologies Indonesia Limited
HCL Technologies Sweden AB
HCL Technologies Denmark Aps
HCL Singapore Pte. Limited
HCL Technologies Belgium BVBA
HCL Technologies Finland Oy
HCL Technologies Lithuania UAB
HCL Technologies Corporate Services Limited
HCL (Brazil) Technologia Da Informacao EIRELI
HCL Technologies France
HCL AXON Malayia Sdn Bhd
HCL Japan Limited, Japan
HCL Hong Kong SAR Limited, Hong Kong
HCL Technologies Luxembourg S.a.r.l
HCL Technologies Middle East FZ- LLC
HCL Mexico
HCL Technologies Philippines Inc
HCL America Solutions Inc.
HCL Technologies (Thailand) Ltd.
HCL Technologies Chile SpA
C3i Services &Technologies (Dalian) Co., Ltd

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	Transactions with related parties during the normal course of business			
	Revenue	**Outsourcing cost**	**Marketing cost**	**Insurance**
31 March 2021 (CHF)				
Ultimate holding company	1,111	16,280	268	-
Fellow subsidiaries	106	7,464	55	-
	1,217	**23,744**	**323**	**-**
31 March 2020 (CHF)				
Ultimate holding company	1,732	18,437	-	3
Fellow subsidiaries	1,395	11,906	-	-
	3,127	**30,343**	**-**	**3**
31 March 2021 ('₹)				
Ultimate holding company	86,180	1,262,635	20,807	-
Fellow subsidiaries	8,188	578,868	4,236	-
	94,368	**1,841,503**	**25,043**	**-**

Material related party transactions	**Year Ended**		
	31 Mar 2021 (CHF)	**31 Mar 2020** (CHF)	**31 Mar 2021** (INR)
Outsourcing cost			
HCL Technologies Limited	16,280	18,437	1,262,635
HCL America Inc.	1,915	4,227	148,527

Outstanding balances	**Outstanding balances**	
	Trade receivables, other financial assets and other assets	**Trade payables, other financial liabilities and other liabilities**
31 March 2021 (CHF)		
Ultimate holding company	1,252	4,865
Fellow subsidiaries	43	2,248
	1,295	**7,113**
31 March 2020 (CHF)		
Ultimate holding company	2,335	9,895
Fellow subsidiaries	106	2,345
	2,441	**12,240**
31 March 2021 ('₹)		
Ultimate holding company	97,128	377,315
Fellow subsidiaries	3,339	174,367
	100,467	**551,682**

2.26 Financial instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2021 & 31 March 2020 are as follows:

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
	Amortized cost (CHF)	**Amortized cost (CHF)**	**Amortized cost (₹)**
Financial assets			
Trade receivables	4,940	11,734	383,134
Cash and cash equivalents	6,875	3,157	533,219
Unbilled receivables	329	961	25,499
Others (refer note 2.2)	41	18	3,205
Total	**12,185**	**15,870**	**945,057**
Financial liabilities			
Borrowings	-	893	-
Trade payables	7,395	12,306	573,573
Others (refer note 2.10)	676	1,476	52,406
Total	**8,071**	**14,675**	**625,979**

The Company assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(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 Foreign currency risk.

(i) Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency. A significant portion of the company revenue is in Euro and USD while a large portion of costs are in CHF. The fluctuation in exchange rates in respect to CHF may not have potential impact on the Special Purpose 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 CHF 22 i.e. equivalent to INR 1,706 for the year ended 31 March, 2021.

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

Foreign currency exposure as of 31 March, 2021 & 31 March 2020 in major currencies is as below:

	Financial assets		**Financial liabilities**	
	31 March 2021	**31 March 2020**	**31 March 2021**	**31 March 2020**
USD / CHF	1,710	2,151	796	249
EURO / CHF	2,916	2,018	1,356	2,292

2.26 Financial instruments (continued)

Credit risk
Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalent, trade receivables finance lease receivables and unbilled revenue.

The customers of the Company are primarily corporations based in Switzerland and accordingly, trade receivables, finance lease receivables and unbilled revenue are concentrated in Switzerland. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of trade receivables, finance lease receivables and unbilled revenue.
The allowance for lifetime expected credit loss on customer balances is as below:

	As at		
	31 March 2021	31 March 2020	31 March 2021
	(CHF)	(CHF)	(₹)
Balance at the beginning of the year	152	25	11,788
Additional provision during the year	(118)	127	(9,152)
Balance at the end of the year	**34**	**152**	**2,636**

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. All the financial liabilities outstanding as on Balance Sheet date are current only.

2.27 Change in classification
During the year ended 31 March 2021, the company modified the classification of 'contract assets' from 'other financial assets' to 'other current assets' to reflect more appropriately the nature of such amount. Comparative amounts in the notes to the Special Purpose Financial Statements were reclassified for consistency.

As per our report of even date

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2021.07.07 19:51:09 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 7 July 2021

For and on behalf of the Board of Directors
of HCL Technologies Solution GmbH

SUBRAMANIAN GOPALAKRISHNAN Digitally signed by SUBRAMANIAN GOPALAKRISHNAN Date: 2021.07.07 17:29:09 +05'30'

Subramanian Gopalakrishnan
Director

RAHUL SINGH Digitally signed by RAHUL SINGH Date: 2021.07.07 17:26:14 +05'30'

Rahul Singh
Director

Date: 7 July 2021