HCL Technologies Solution GmbH

Financial Statements

For the year ended 31 March 2022

HCL Technologies Solution GmbH
Balance Sheet as at 31 March 2022
(All amount are in thousands of CHF except stated otherwise)

		Note No.	As at 31 March 2022	As at 31 March 2021
I.	**ASSETS**			
	(1) Non-current assets			
	(a) Property, plant and equipment	**2.1**	1	-
	(b) Intangible assets	**2.2**	1	3
	(c) Financial assets			
	(i) Others	**2.3**	35	27
	(d) Other non-current assets	**2.4**	17,751	184
	Total non-current asset		**17,788**	**214**
	(2) Current assets			
	(a) Inventories	**2.5**	45	4
	(b) Financial assets			
	(i) Trade receivables	**2.6**		
	Billed		11,518	4,940
	Unbilled		2,179	329
	(ii) Cash and cash equivalents	**2.7**	609	6,875
	(iii) Others	**2.3**	25	14
	(c) Other current assets	**2.8**	19,875	2,272
	Total current asset		**34,251**	**14,434**
	TOTAL ASSETS		**52,039**	**14,648**
II.	**EQUITY**			
	(a) Equity share capital	**2.9**	120	120
	(b) Other equity		5,849	4,679
	TOTAL EQUITY		**5,969**	**4,799**
III.	**LIABILITIES**			
	(1) Non current liabilities			
	Contract liabilities		53	89
	Total non-current liabilities		**53**	**89**
	(2) Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	**2.10**	5,652	-
	(ii) Trade payables	**2.12**		
	Billed		4,777	4,705
	Unbilled and accruals		14,549	2,690
	(iii) Others	**2.13**	18,394	684
	(b) Contract liabilities		1,552	730
	(c) Other current liabilities	**2.14**	627	351
	(d) Provisions	**2.11**	10	9
	(e) Current tax liabilities (net)		456	591
	Total current liabilities		**46,017**	**9,760**
	TOTAL LIABILITIES		**46,070**	**9,849**
	TOTAL EQUITY AND LIABILITIES		**52,039**	**14,648**
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Rakesh Dewan
Rakesh Dewan (Jul 4, 2022 19:03 GMT+5.5)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 4 July 2022

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

Shiv Walia
Director

Egham, UK
Date: 4 July 2022

Rahul Singh
Rahul Singh (Jul 4, 2022 11:49 GMT+1)

Rahul Singh
Director

London, UK
Date: 4 July 2022

HCL Technologies Solution GmbH
Statement of Profit and Loss for the year ended 31 March 2022
(All amount are in thousands of CHF except stated otherwise)

		Note No.	Year ended 31 March 2022	Year ended 31 March 2021
I	**Revenue**			
	Revenue from operations	**2.15**	34,232	29,080
	Other income	**2.16**	107	118
	Total income		**34,339**	**29,198**
II	**Expenses**			
	Purchase of stock-in-trade		154	405
	Changes in inventories of stock-in-trade	**2.17**	(41)	9
	Employee benefits expense	**2.18**	103	462
	Outsourcing costs		31,400	24,673
	Finance costs	**2.19**	39	44
	Depreciation and amortization expense	**2.1 & 2.2**	2	1
	Other expenses	**2.20**	1,225	1,769
	Total expenses		**32,882**	**27,363**
III	**Profit before tax**		**1,457**	**1,835**
IV	**Tax expense**	**2.21**		
	Current tax		287	388
	Total tax expense		287	388
V	**Profit for the year**		**1,170**	**1,447**
VI	**Other comprehensive income**		-	-
VII	**Total comprehensive income for the year**		**1,170**	**1,447**
	Earnings per quota share (absolute) of CHF 1000 each	**2.22**		
	Basic		9,750.00	12,058.33
	Diluted		9,750.00	12,058.33
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

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HCL Technologies Solution GmbH

Statement of Changes in Equity for the year ended 31 March 2022

(All amount are in thousands of CHF except stated otherwise)

	Equity share capital		Other equity	Total other equity
	Number of shares	Share capital	**Retained earnings**	
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**
Balance as at 1 April 2021	120	120	4,679	**4,679**
Profit for the year	-	-	1,170	**1,170**
Total comprehensive income for the year	-	-	1,170	**1,170**
Balance as at 31 March 2022	120	120	5,849	**5,849**

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

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HCL Technologies Solution GmbH
Statement of Cash flows for the year ended 31 March 2022
(All amount are in thousands of CHF except stated otherwise)

		Year ended 31 March 2022	Year ended 31 March 2021
A. Cash flows from operating activities			
Profit before tax		1,457	1,835
Adjustment for:			
Interest income		(92)	-
Depericiation and amortization expense		2	1
Interest expense		31	33
Provision for doubtful debts written back		(15)	(118)
		1,383	**1,751**
Net changes in			
Trade receivables		(8,359)	7,545
Inventories		(41)	9
Other financial assets and other assets		(35,189)	1,310
Trade payables		11,931	(4,911)
Other financial liabilities, contract liabilities, provisions and other liabilities		18,771	(766)
Cash generated from / (used in) operations		**(11,504)**	**4,938**
Income taxes paid		(422)	(294)
Net Cash flow from / (used in) operating activities	**(A)**	**(11,926)**	**4,644**
B. Cash flow from investing activities			
Purchase of property, plant and equipment and intangibles		(1)	-
Interest received		38	-
Net cash flow from investing activities	**(B)**	**37**	**-**
C. Cash flows from financing activities			
Proceeds from short term borrowings		5,652	-
Repayment of short term borrowings		-	(893)
Interest paid		(29)	(33)
Net cash flow from/ (used in) financing activities	**(C)**	**5,623**	**(926)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(6,266)	3,718
Cash and cash equivalents at the beginning of the year		6,875	3,157
Cash and cash equivalents at the end of the year as per note 2.7		**609**	**6,875**
Summary of significant accounting policies (Note 1)			

The accompanying notes are an integral part of the financial statements

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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 2 May 2002 in Zurich, having its registered office at Kirchgasse 24, 8024 Zurich, Switzerland.

The Financial Statements for the year ended 31 March 2022 were approved and authorized for issue by the Board of Directors on 4 July 2022.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation:

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

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

The Company has a net current liabilities position as at 31 March 2022 where its current liabilities exceed its current assets by CHF 11,766 thousand. However, the Company has a positive net worth as at 31 March 2022 and has earned profits during the current year and earlier years. Further, based on HCL Technologies Limited, the ultimate holding company's commitment to provide continued financial and operational support for a period of not less than 12 months from the date of the financial statements, management believes that the company would be able to continue its business operations and meet its liquidity requirements for next 12 months. Accordingly, no adjustments is required in respect of the carrying value of assets or liabilities and these financial statements have been prepared on a going concern basis.

The accounting policies adopted in the preparation of these 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 Statement of Cash Flows has been prepared under indirect method.

The functional currency of the Company is Swiss franc (CHF).

(b) Use of estimates and judgements

The preparation of Financial Statements in conformity with Ind AS requires the management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenue and expenses that are reported and disclosed in the 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 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 contracts involving multiple performance obligations, 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 2.21
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, other assets, impact on revenues and costs, including but not limited to the assessment of liquidity and going concern assumption and believes that the impact of COVID-19 is not material to these consolidated financial statements. However, the actual impact of COVID-19 on the company's Financial Statements may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

(c) 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 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 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 the 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.

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If 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 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 obligations, 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 controls 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 receivables in the 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 unconditional. Contract assets are recognized where there is excess of revenue over the billings. 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 accrual basis as other income.

(f) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in 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 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 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 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.

(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 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 Statement of Profit and Loss in the period in which the absences occur. Actuarial gains/losses are immediately taken to the 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 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 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 Statement of Profit and Loss. The losses arising from impairment are recognized in the 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 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 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.

(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.

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

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 Statement of Profit and Loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the 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 23 March 2022, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2022 effective from 1 April 2022. There is no impact of accounting pronouncement on the financial statements of the Company.

HCL Technologies Solution GmbH
Notes to financial statements for the year ended 31 March 2022
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2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2022 and 31 March 2021

	Computer	
	As at	
	31 March 2022	31 March 2021
Gross block as at the start of the year	-	-
Additions	1	-
Disposals	-	-
Gross block as at the end of the year	**1**	**-**
Accumulated depreciation as at the start of the year	-	-
Depreciation	-	-
Disposals	-	-
Accumulated depreciation as at the end of the year	**-**	**-**
Net block as at the end of the year	**1**	**-**

2.2 Intangible assets

The changes in the carrying value for the year ended 31 March 2022 and 31 March 2021

	Software	
	As at	
	31 March 2022	31 March 2021
Gross block as at the start of the year	4	**4**
Additions	-	-
Disposals	-	-
Gross block as at the end of the year	**4**	**4**
Accumulated amortization as at the start of the year	**1**	**-**
Amortization	**2**	**1**
Disposals	-	-
Accumulated amortization as at the end of the year	**3**	**1**
Net block as at the end of the year	**1**	**3**
Estimated remaining useful life (in years)	**1**	**2**

2.3 Other financial assets

	As at	
	31 March 2022	31 March 2021
Non - current		
Carried at amortized cost		
Finance lease receivables (refer note 2.23)	35	27
	35	27
Current		
Carried at amortized cost		
Finance lease receivables (refer note 2.23)	25	14
	25	14

2.4 Other non- current assets

	As at	
	31 March 2022	31 March 2021
Deferred contract cost	17,750	184
Prepaid expenses	1	-
	17,751	**184**

2.5 Inventories

	As at	
	31 March 2022	31 March 2021
Stock-in-trade	45	4
	45	4

HCL Technologies Solution GmbH
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(All amount are in thousands of CHF except stated otherwise)

2.6 Trade receivables

	As at	
	31 March 2022	**31 March 2021**
Billed		
Unsecured, considered good (refer note below)	11,530	4,941
Trade receivables - credit impaired	12	33
	11,542	**4,974**
Impairment allowance for bad and doubtful debts (refer note 2.27(b))	(24)	(34)
	11,518	4,940
Unbilled receivables (refer note below)	2,179	329
	13,697	**5,269**

Note:-

1. Includes receivables from related parties amounting to CHF 689 thousands (31 March 2021- CHF 166 thousands).

Trade receivables	**Not due**	**Outstanding as at 31 March 2022 from the due date of payment**					
		Less than 6 months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed – considered good	8,622	2,574	245	62	3	24	11,530
Undisputed – credit impaired	-	-	-	5	7	-	12
	8,622	2,574	245	67	10	24	11,542
Impairment allowance for bad and doubtful debts							(24)
							11,518
Unbilled receivables							2,179
							13,697

Trade receivables	**Not due**	**Outstanding as at 31 March 2021 from the due date of payment**				
		Less than 6 months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**Total**
Undisputed – considered good	4,598	254	65	2	22	4,941
Undisputed – credit impaired	-	-	-	33	-	33
	4,598	254	65	35	22	4,974
Impairment allowance for bad and doubtful debts						(34)
						4,940
Unbilled receivables						329
						5,269

2.7 Cash and cash equivalents

	As at	
	31 March 2022	**31 March 2021**
Balance with banks		
- in current accounts	609	6,875
	609	**6,875**

2.8 Other current assets

	As at	
	31 March 2022	**31 March 2021**
Unsecured , considered good		
Advances other than capital advances		
Advance to suppliers	1	1
Others		
Deferred contract cost	8,332	236
Deferred contract cost - related parties (refer note 2.26)	9,671	975
Prepaid expenses	49	38
Contract assets	1,784	874
Receivable expenses - related parties (refer note 2.26)	3	148
Others	35	-
	19,875	**2,272**

2.9 Share capital

	As at	
	31 March 2022	**31 March 2021**
Authorized		
120 (31 March 2021, 120) quota shares of CHF 1000 each	120	120
Issued, subscribed and fully paid up		
120 (31 March 2021, 120) quota shares of CHF 1000 each	120	120

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 2022		**31 March 2021**	
	No. of shares	Amount	No. of shares	Amount
Number of Quota shares at the beginning	120	120	120	120
Number of Quota shares at the end	120	120	120	120

Quota shares are normal equity shares.

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

Name of the shareholder	As at			
	31 March 2022		**31 March 2021**	
	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
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2.10 Borrowings

	As at	
	31 March 2022	**31 March 2021**
	(CHF)	**(CHF)**
Short term borrowings		
Unsecured		
Bank overdraft (refer note 1 below)	1,545	-
Short term loan - related parties (refer note 2 below & note 2.26)	4,107	-
	5,652	**-**

Notes

1) Bank overdrafts are taken by the company for management of working capital. The Company availed bank line of credit at interest rate of Euro Short-Term Rate (ESTR)+1.08% p.a. which is repayable on demand.
2) The company has taken short term loan at interest rate ESTR+0.5% for management of working capital which is repayable on demand.

2.11 Provisions

	As at	
	31 March 2022	**31 March 2021**
Current		
Provision for employee benefits		
Provision for leave benefits	10	9
	10	9

2.12 Trade payables

	As at	
	31 March 2022	**31 March 2021**
Trade payables	143	282
Trade payables - related parties (refer note 2.26)	4,634	4,423
	4,777	4,705
Unbilled and accruals - related parties (refer note 2.26)	14,549	2,690
	19,326	**7,395**

Trade payables	**Not due**	**Outstanding as at 31 March 2022 from the due date of payment**		
		Less than 1 year	**1-2 years**	**Total**
(i) Undisputed	78	4,698	1	4,777
	78	4,698	1	4,777
Unbilled and accruals - related parties (refer note 2.26)				14,549
				19,326

Trade payables	**Not due**	**Outstanding as at 31 March 2021 from the due date of payment**		
		Less than 1 year	**1-2 years**	**Total**
(i) Undisputed	132	4,505	7	4,644
(ii) Disputed	-	61	-	61
	132	4,566	7	4,705
Unbilled and accruals - related parties (refer note 2.26)				2,690
				7,395

2.13 Other financial liabilities

	As at	
	31 March 2022	**31 March 2021**
Current		
Carried at amortized cost		
Interest accrued but not due on borrowings - related parties (refer note 2.26)	2	-
Accrued salaries and benefits		
Employee bonuses accrued	2	5
Other employee costs	17	8
Others		
Liabilities towards customer contracts	18,353	578
Provision for Customer Discount	20	93
	18,394	**684**

2.14 Other current liabilities

	As at	
	31 March 2022	**31 March 2021**
Advances received from customers	13	34
Others		
Withholding and other taxes payable	614	317
	627	**351**

HCL Technologies Solution GmbH
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(All amount are in thousands of CHF except stated otherwise)

2.15 Revenue from operations

	Year ended	
	31 March 2022	**31 March 2021**
Sale of services	34,013	28,583
Sale of hardware and software	219	497
	34,232	**29,080**

Disaggregate revenue information

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

	Year ended	
	31 March 2022	**31 March 2021**
Fixed price	27,155	24,755
Time and material	7,077	4,325
	34,232	**29,080**

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

	Year ended	
	31 March 2022	**31 March 2021**
Switzerland	25,784	23,341
Europe (Other than Switzerland)	529	568
America	7,176	4,748
Others	743	423
Total	**34,232**	**29,080**

Remaining performance obligations

Remaining performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). As at 31 March 2022, the aggregate amount of transation price allocated to remaining performance obligations as per the requirements of Ind AS 115 was CHF 30,431 thousand (31 March 2021- CHF 27,987 thousands)out of which, approximately 40% is expected to be recognized as revenues within one year and the balance beyond one year. These amounts are not adjusted for variable consideration allocated to remaining performance obligation, which are not probable. These amounts also exclude contracts for which we recognize revenues based on the right to invoice for services performed and contracts where 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 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 1,784 thousand of contract assets as on 31 March 2022, 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 2022	**31 March 2021**
Balances as at beginning of the year	819	295
Additional amounts billed but not recognized as revenue	1,476	819
Deduction on account of revenues recognized during the year	(690)	(295)
Balance as at end of the year	**1,605**	**819**

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 2022	**31 March 2021**
Balance as at beginning of the year	1,395	2,801
Additional cost capitalised during the year	35,348	944
Deduction on account of cost amortised during the year	(990)	(2,350)
Balance as at end of the year	**35,753**	**1,395**

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

	Year ended	
	31 March 2022	**31 March 2021**
Contracted price	34,272	29,297
Reduction towards variable consideration components	(40)	(217)
Revenue recognised	**34,232**	**29,080**

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

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Notes to financial statements for the year ended 31 March 2022
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2.16 Other income

	Year ended	
	31 March 2022	**31 March 2021**
Interest income		
- On loan given to related parties	38	-
- On customer receivable	54	-
Provision for doubtful debt no longer required written back	15	118
	107	**118**

2.17 Changes in inventories of traded goods

	Year ended	
	31 March 2022	**31 March 2021**
Opening stock	4	13
Less : Closing stock	45	4
	(41)	**9**

2.18 Employee benefits expense

	Year ended	
	31 March 2022	**31 March 2021**
Salaries, wages and bonus (refer note below)	84	440
Contribution to employee funds	19	22
	103	**462**

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.

2.19 Finance costs

	Year ended	
	31 March 2022	**31 March 2021**
Interest		
On Bank overdraft	26	33
On loan taken from related parties	2	-
On direct taxes	3	-
Bank charges	8	11
	39	**44**

2.20 Other expenses

	Year ended	
	31 March 2022	**31 March 2021**
Rent	-	10
Communication costs	-	1,036
Legal and professional charges	33	14
Exchange differences (net)	203	323
Business promotion	969	323
Miscellaneous expenses	20	63
	1,225	**1,769**

2.21 Tax expense

	Year ended	
	31 March 2022	**31 March 2021**
Income tax charged to Statement of Profit and Loss		
Current income tax charge	287	388
	287	**388**

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 March 2022	**31 March 2021**
Profit before income tax	1,457	1,835
Statutory tax rate in Switzerland	20.21%	21.15%
Expected tax expense	295	388
Reversal of prior year provision	(8)	-
Expected tax expense	**287**	**388**
Effective income tax rate	19.69%	21.15%

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

2.22 Earnings Per Share

The computation of earnings per quota is as follows:

	Year ended	Year ended
	31 March 2022	**31 March 2021**
Net profit as per Statement of Profit and Loss for computation of EPS	1,170	1,447
Weighted average number of quotas outstanding in calculating of Basic EPS	120	120
Weighted average number of quotas outstanding in calculating dilutive EPS	120	120
Nominal value of quotas	1,000	1,000
Earnings per quota share (Absolute) of CHF 1000 each		
- Basic	9,750.00	12,058.33
- Diluted	9,750.00	12,058.33

2.23 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 Statement of Profit and Loss for the year is CHF Nil (31 March 2021- CHF 10).

(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**
As on 31 March 2022			
Not later than one year	26	1	25
Later than one year and not later than 5 years	36	1	35
	62	**2**	**60**
As on 31 March 2021			
Not later than one year	15	1	14
Later than one year and not later than 5 years	28	1	27
	43	**2**	**41**

2.24 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 March 2022	**31 March 2021**
Superannuation fund	5	5
Social security contribution	7	6
Total	**12**	**11**

2.25 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 2.15.

2.26 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

Axon Solutions (Shanghai) Co. Limited
C3i Services &Technologies (Dalian) Co. Limited
Filial Espanola De HCL Technologies S.L
HCL (Brazil) Technologia da informacao EIRELI
HCL (Ireland) Information Systems Limited
HCL America Inc.
HCL America Solutions Inc.
HCL Arabia LLC
HCL Asia Pacific Pte Limited
HCL Australia Services Pty. Limited
HCL Canada Inc.
HCL EAS Limited
HCL GmbH
HCL Great Britain Limited
HCL Guatemala, Sociedad Anonima
HCL Hong Kong SAR Limited
HCL Hungary Kft
HCL Istanbul Bilisim Teknolojileri Limited Sirketi
HCL Japan Limited
HCL Latin America Holding LLC
HCL Mexico S. de R.L.
HCL Poland Sp.z.o.o
HCL Singapore Pte. Limited
HCL Sweden AB
HCL Technologies (Proprietary) Limited
HCL Technologies (Shanghai) Limited
HCL Technologies (Thailand) Limited
HCL Technologies Austria GmbH
HCL Technologies B.V.
HCL Technologies Belgium BVBA
HCL Technologies Chile Spa
HCL Technologies Columbia S.A.S
HCL Technologies Corporate Services Limited
HCL Technologies Denmark Aps
HCL Technologies Finland Oy
HCL Technologies France SAS
HCL Technologies Germany Gmbh
HCL Technologies Italy S.P.A
HCL Technologies Lithuania UAB
HCL Technologies Luxembourg S.a r.l
HCL Technologies Malaysia Sdn. Bhd.
HCL Technologies Middle East FZ-LLC
HCL Technologies Norway AS
HCL Technologies Philippines Inc.
HCL Technologies Romania s.r.l.
HCL Technologies Sweden AB
HCL Technologies UK Limited
HCL Technologies Vietnam Company Limited
PT. HCL Technologies Indonesia Limited
Telerx Marketing, Inc.

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2.26 Related party transactions (continued)

	Transactions with related parties during the normal course of business							
	Revenue	Interest income	Outsourcing cost	Business promotion cost	Interest expenses	Disbursement in respect of loan given	Receipt against loan given	Proceeds from borrowings
31 March 2022								
Ultimate holding company	902	-	22,017	938	-	-	-	-
Fellow subsidiaries	89	38	8,662	31	2	5,000	5,000	4,107
	991	**38**	**30,679**	**969**	**2**	**5,000**	**5,000**	**4,107**
31 March 2021								
Ultimate holding company	1,111	-	16,280	268	-	-	-	-
Fellow subsidiaries	106	-	7,464	55	-	-	-	-
	1,217	**-**	**23,744**	**323**	**-**	**-**	**-**	**-**

Material related party transactions	Year Ended	
	31 Mar 2022	31 Mar 2021
Proceeds from borrowings		
HCL Technologies Italy S.P.A	4,107	-
Disbursement in respect of loan given		
HCL Technologies Germany GmbH	5,000	-
Receipt against loan given		
HCL Technologies Germany GmbH	5,000	-
Outsourcing cost		
HCL Technologies Limited	22,017	16,280

Outstanding balances	Outstanding balances	
	Trade receivables, other financial assets and other assets	Trade payables, other financial liabilities and other liabilities
31 March 2022		
Ultimate holding company	10,125	16,397
Fellow subsidiaries	238	6,895
	10,363	23,292
31 March 2021		
Ultimate holding company	1,252	4,865
Fellow subsidiaries	43	2,248
	1,295	7,113

2.27 Financial instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2022 & 31 March 2021 are as follows:

	As at	
	31 March 2022	**31 March 2021**
	Amortized cost	
Financial assets		
Trade receivables	13,697	5,269
Cash and cash equivalents	609	6,875
Others (refer note 2.3)	60	41
Total	**14,366**	**12,185**
Financial liabilities		
Borrowings	5,652	-
Trade payables	19,326	7,395
Others (refer note 2.13)	18,394	684
Total	**43,372**	**8,079**

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. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

(i) Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than 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 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 4 for the year ended 31 March 2022.

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 2022 & 31 March 2021 in major currencies is as below:

	Financial assets		**Financial liabilities**	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
USD / CHF	5,302	1,710	300	796
EURO / CHF	1,897	2,916	6,206	1,356

2.27 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 2022	**31 March 2021**
Balance at the beginning of the year	34	152
Additional provision during the year	24	-
Provision written back during the year	(34)	(118)
Balance at the end of the year	**24**	**34**

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.

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2.28 Ratio

Ratio	Numerator	Denominator	Units	Year ended		% Variance
				31 March 2022	31 March 2021	
Current ratio	Current assets	Current liabilities	Times	0.7	1.5	**(53)%**
Debt equity ratio	Total debts	Total equity	Times	0.9	NA	
Debt service coverage ratio	Earning availables for debt service (refer note 1 below)	Debt service (refer note 2 below)	Times	38.3	1.5	**2453 %**
Return on equity ratio	Profit for the year	Average total equity	%	21.7	35.5	**(39)%**
Inventory turnover ratio	Cost of good sold (refer note 3 below)	Average inventories	Times	4.6	48.7	**(91)%**
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	3.6	3.2	**13 %**
Trade payables turnover ratio	Net credit purchases (refer note 4 below)	Average trade payables	Times	2.5	2.7	**(7)%**
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 5)	Times	(2.9)	6.2	**(147)%**
Net profit ratio	Profit for the year	Revenue from operations	%	3.4	5.0	**(32)%**
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 6 below)	%	12.0	38.9	**(69)%**

Notes :

(1) Earning availables for debt services = Profit for the year + depreciation, amortisation and impairment + interest + provision for doubtful debts + non cash charges
(2) Debt service = Interest + payment for lease liabilities + principal repayments
(3) Cost of goods sold includes purchase of stock in trade and change in inventories of stock in trade
(4) Net credit purchase includes purchase of stock-in-trade , change in inventories of stock-in-trade, outsourcing costs and other expenses
(5) Working capital = current assets - current liabilities
(6) Capital employed = Tangible net worth including intangible assets + total debt

Explanation where change in the ratio is more than 25%

1) Current ratio: Primarily on account of significant increase in current asset and liabilities due to new customer contracts.

2) Debt service coverage ratio: We have not repaid any debt during current year whereas Debt liability paid in last year.

3) Return on equity ratio: In last year, ratio was on higher side mainly due to one time high margins of the company.

4) Inventory turnover ratio: The ratio has decreased mainly on account of increase in aveage inventory against decrease in cost of goods sold.

5) Net capital turnover ratio: This Ratio decreased primarily on account of significant increase in Trade payables and Liabilities towards customer contracts as compared to last year**.**

6) Net profit ratio: In last year, ratio was on higher side mainly due to one time high margins of the company.

7) Return on capital employed: Same is lower in current year primarily on account of addition of Debts during the year.

2.29 Change in classification

1) The Company has modified the classification of certain assets. Comparative amounts in the notes to the financial statements were reclassified for consistency.

	As earlier reported	Revised classification	Difference
Assets			
Financial assets			
Trade receivables - unbilled	-	329	(329)
Others	370	41	329

2. During the year ended 31 March 2022, the Company revised the presentation of 'contract liabilities' from 'other liabilities' to face of the balance sheet for better presentation. Comparative amounts in the notes to the financial statements were reclassified for consistency.

3. During the year ended 31 March 2022, the Company has revised the presentation of certain notes to the financial statements for better presentation. Comparative amounts in the notes to the financial statements were reclassified for consistency.

2.30 Subsequent event

The Company has evaluated all the subsequent events through 4 July 2022, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

As per our report of even date attached

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

Rakesh Dewan
Rakesh Dewan (Jul 4, 2022 19:03 GMT+5.5)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 4 July 2022

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

Shiv Walia
Director

Egham, UK
Date: 4 July 2022

Rahul Singh
Rahul Singh (Jul 4, 2022 11:49 GMT+1)

Rahul Singh
Director

London, UK
Date: 4 July 2022