HCL Technologies Luxembourg S.a.r.l

FINANCIAL STATEMENTS

For the year ended 31 March 2022 and 31 March 2021

HCL Technologies Luxembourg S.a.r.l
Balance Sheet as at 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

		Note No.	As at 31 March 2022 (EUR)	As at 31 March 2021 (EUR)
I.	**ASSETS**			
	(1) Non-current assets			
	(a) Other non- current assets	**2.1**	17	41
	Total non-current assets		**17**	**41**
	(2) Current assets			
	(a) Inventories		10	-
	(b) Financial assets			
	(i) Trade receivables			
	Billed	**2.2**	397	289
	Unbilled	**2.2**	403	31
	(ii) Cash and cash equivalents	**2.3**	515	597
	(iii) Others	**2.4**	34	4
	(c) Other current assets	**2.5**	81	46
	Total current assets		**1,440**	**967**
	TOTAL ASSETS		**1,457**	**1,008**
II.	**EQUITY**			
	(a) Equity share capital	**2.6**	50	50
	(b) Other equity		476	509
	TOTAL EQUITY		**526**	**559**
III.	**LIABILITIES**			
	(1) Non - current liabilities			
	(a) Contract liabilities	**2.7**	11	20
	Total non-current liabilities		**11**	**20**
	(2) Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables			
	Billed			
	1. Dues of creditors other than micro enterprises and small enterprises	**2.8**	375	72
	Unbilled and accruals	**2.8**	34	27
	(ii) Others	**2.9**	68	28
	(b) Contract liabilities	**2.7**	258	266
	(c) Other current liabilities	**2.10**	135	2
	(d) Provisions	**2.11**	23	11
	(e) Current tax liabilities (net)		27	23
	Total current liabilities		**920**	**429**
	TOTAL LIABILITIES		**931**	**449**
	TOTAL EQUITY AND LIABILITIES		**1,457**	**1,008**
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date : 13 July 2022

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

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2022.07.13 20:42:58 +05'30'

GOUTAM RUNGTA Digitally signed by GOUTAM RUNGTA Date: 2022.07.13 20:46:30 +05'30'

Shiv Kumar Walia
Director
Berkshire, UK
Date : 13 July 2022

Goutam Rungta
Director
Noida, India

HCL Technologies Luxembourg S.a.r.l

Statement of Profit and Loss for the year ended 31 March 2022

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

		Note No.	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
I	**Revenue**			
	Revenue from operations	**2.12**	1,980	1,324
	Other income	**2.13**	-	6
	Total income		**1,980**	**1,330**
II	**Expenses**			
	Purchase of stock in trade		11	8
	Changes in inventories of traded goods	**2.14**	(10)	-
	Employee benefits expense	**2.15**	670	626
	Finance costs	**2.16**	2	1
	Outsourcing costs		1,052	544
	Other expenses	**2.17**	94	90
	Total expenses		**1,819**	**1,269**
III	**Profit before tax**		**161**	**61**
IV	**Tax expense**			
	Current tax	**2.18**	34	13
	Total tax expense		34	13
V	**Profit for the year**		**127**	**48**
VI	**Other comprehensive income**		-	-
VII	**Total comprehensive income for the year**		**127**	**48**
	Earnings per equity share of EUR 100 each			
	Basic and Diluted	**2.19**	36.39	13.65
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date : 13 July 2022

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

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2022.07.13 20:43:15 +05'30'

GOUTAM RUNGTA Digitally signed by GOUTAM RUNGTA Date: 2022.07.13 20:46:13 +05'30'

Shiv Kumar Walia
Director

Goutam Rungta
Director

Berkshire, UK
Date : 13 July 2022

Noida, India

HCL Technologies Luxembourg S.a.r.l.
Statement of Changes in Equity for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

Amount in EUR

	Equity share capital		Other equity			
	No. of shares	Share capital	Capital contribution account	Net worth tax reserve	Retained earnings	**Total Other equity**
Balance as of 1 April 2020	500	50	300	32	129	461
Profit for the year	-	-	-	-	48	48
Allocation of previous year's profit or loss	-	-	-	13	(13)	-
Total comprehensive income for the year	-	-	-	-	48	48
Balance as of 31 March 2021	**500**	**50**	**300**	**45**	**164**	**509**
Balance as of 1 April 2021	500	50	300	45	164	509
Profit for the year	-	-	-	-	127	127
Allocation of previous year's profit or loss	-	-	-	14	(14)	-
Total comprehensive income for the year	-	-	-	-	**127**	**127**
Dividend paid during the year					(160)	(160)
Balance as of 31 March 2022	**500**	**50**	**300**	**59**	**118**	**476**

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

The Company allocates under non-distributable reserves an amount corresponding to five times the amount of reduction of the Net Wealth Tax to reduce its Net Wealth Tax liability in accordance with paragraph 8a of the Luxembourg Net Wealth Tax law. The reserve is non-distributable for a period of five years from the year following that during which the Net Wealth Tax was reduced.

Summary of significant accounting policies **1**

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date : 13 July 2022

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

SHIV KUMAR WALIA
Digitally signed by SHIV KUMAR WALIA
Date: 2022.07.13 20:43:42 +05'30'

GOUTAM RUNGTA
Digitally signed by GOUTAM RUNGTA
Date: 2022.07.13 20:45:49 +05'30'

Shiv Kumar Walia
Director

Berkshire, UK
Date : 13 July 2022

Goutam Rungta
Director

Noida, India

HCL Technologies Luxembourg S.a.r.l.
Cash flow statement for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
A. Cash flows from operating activities		
Profit before tax	161	61
	161	**61**
Net Change in		
Trade receivables	(481)	380
Other financial assets and other assets	(51)	125
Trade payables	310	69
Provisions, other financial liabilities and other liabilities	168	(11)
Cash generated from operations	**107**	**624**
Direct taxes paid	(29)	24
Net cash flow from operating activities (A)	**78**	**599**
B. Cash flows from financing activities		
Repayment from short term borrowings	-	(3)
Dividend paid	(160)	-
Net cash used in financing activities (B)	**(160)**	**(3)**
Net increase/(decrease) in cash and cash equivalents (A+B)	(82)	597
Cash and cash equivalents at the beginning of the year	597	-
Cash and cash equivalents at the end of the year as per note 2.3	**515**	**597**

Summary of significant accounting policies **1**

The accompanying notes are an integral part of the financial statements

As per our report of even date.

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

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date : 13 July 2022

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

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2022.07.13 20:43:56 +05'30'

GOUTAM RUNGTA Digitally signed by GOUTAM RUNGTA Date: 2022.07.13 20:45:32 +05'30'

Shiv Kumar Walia
Director
Berkshire, UK
Date : 13 July 2022

Goutam Rungta
Director
Noida, India

Company Overview

HCL Technologies Luxembourg S.a.r.l (hereinafter referred to as 'Company') is a Business Transformation consultancy company aiming to provide medium and large size organizations with Business Transformation solutions that encompass all elements of Business Consulting, Solution Implementation and ongoing Application Management. The Company was incorporated on 12 February 2015 in Luxembourg.

The financial statements for the year ended 31 March 2022 were approved and authorized for issue by the Board of Directors on 13 July 2022.

1. Significant Accounting Policies

a) Basis of preparation

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

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under indirect method.

The Company uses EURO as its reporting currency.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances.

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

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. Recognition of income and deferred taxes, refer note 1(f) and note 2.18
iii. Provisions and contingent liabilities, refer note 1(i) and note 2.11

In view of pandemic relating to COVID-19, the company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, other financial assets, impact on revenues and costs, impact on leases including but not limited to assessment of liquidity and going concern assumption. 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 transactions

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of the transaction. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date.

Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the year in which the transaction is settled. Revenue, expenses and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

d) Fair value measurement

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

The guidance of fair value specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

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

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

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

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

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

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

iii. Cost approach – Replacement cost method.

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

e) Revenue Recognition

Contracts involving provision of services and material

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. Contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Time-and-material / Volume based / Transaction based contracts

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

Fixed Price contracts

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

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established.

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Proprietary Software Products

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

Multiple performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which group would sell a promised good or service separately to the customer. When not directly observable, we typically estimate standalone selling price by using the expected cost plus a margin approach. We typically establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a group is then allocated to each software obligation and lease deliverable.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract are considered as contract fulfillment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the Group is a principal to the transaction and net of costs when the Group is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Group is a principal or an agent, most notably being group control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our consolidated statements of financial position, contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Revenue from sales-type leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client.

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

f) Taxation

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the statement of profit and loss. 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.

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 or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities.

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) Leases

Company as a lessee

Company is lessee in case of office space and accommodation for its employees. 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.

Right-of-use asset represents the Company's right to control the underlying assets under lease and the lease liability is the obligation to make the lease payments related to the underlying asset under lease. Right-of-use asset is measured initially based on the lease liability adjusted for any initial direct costs, prepaid rent, and lease incentives. Right-of-use asset is depreciated based on straight line method over the lease term or useful life of right-of-use asset, whichever is less. Subsequently, right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of lease liability.

The lease liability is measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow, in the country where the lease was executed. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the Company is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease. Lease liability is subsequently measured by increase the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any.

The Company has elected to not recognize leases with a lease term of 12 months or less in the special purpose balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the special purpose statement of profit and loss. For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

h) Inventories

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

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

i) Provisions and contingent liabilities

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

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

j) Retirement and other employee benefits

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

k) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) *Financial assets*

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

Cash and cash equivalent

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

Financial instruments at amortized cost

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

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

Derecognition of financial assets

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

Impairment of financial assets

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

ii) Financial liabilities

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

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

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

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

Derecognition

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

Offsetting of financial instruments

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

l) Earning per share

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 year, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

***m) Nature and purpose of* reserves**

Capital Contribution Account

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

Net Wealth Tax Reserves

The company reduced its Net Wealth Tax liability in accordance with paragraph 8a of the Luxembourg Net Wealth Tax law. The Company allocates under non-distributable reserves an amount corresponding to five times the amount of reduction of the Net Wealth Tax. The reserve is non-distributable for a period of five years from the year following that during which the Net Wealth Tax was reduced.

n) Cash and cash equivalents

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

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. Following is key amended provision which may have an impact on the financial statements of the Company:

Onerous Contracts – Cost of Fulfilling a Contract (Amendment to Ind AS 37)

The amendments clarifies that the 'costs of fulfilling a contract' comprise both the incremental costs and allocation of other direct costs. The Company does not expect the adoption of this update to have a material impact on its financial statements.

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

2.1 Other Non- Current Assets

	As at	
	31 March 2022	31 March 2021
	(EUR)	(EUR)
Deferred contract cost	17	41
	17	**41**

2.2 Trade receivable

	As at	
	31 March 2022	31 March 2021
	(EUR)	(EUR)
Billed		
Unsecured considered good (refer note below)	397	289
Unbilled recievables (refer note below)	403	31
	800	**320**

Note : Includes billed receivables from related parties amounting to EUR 124 as on 31 March 2022 (31 March 2021, EUR 161) and unbilled recievables from related parties amounting to EUR 380 as on 31 March 2022 (31 March 2021 EUR 17) (Refer note 2.20)

Trade receivables - current	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	237	128	32	-	-	-	**397**
Unbilled receivables							403
							800

Trade receivables - current	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	More than 3 years	Total
Undisputed – considered good	90	194	5	-	-	-	**289**
Unbilled receivables							31
							320

2.3 Cash and cash equivalents

	As at	
	31 March 2022	31 March 2021
	(EUR)	(EUR)
Balance with banks		
- in current accounts	515	597
	515	**597**

2.4 Other financial assets

	As at	
	31 March 2022	31 March 2021
	(EUR)	(EUR)
Current		
Carried at amortized cost		
Other recievables - related parties (refer note 2.20)	30	-
Security deposits	4	4
	34	**4**

2.5 Other current assets

	As at	
	31 March 2022	31 March 2021
	(EUR)	(EUR)
Unsecured , considered good		
Advances other than capital advances		
Advances to employees	2	-
Advances to suppliers	-	7
Others		
Deferred contract cost	24	25
Deferred contract cost - related parties (refer note no: 2.20)	35	9
Prepaid expenses	4	4
Duties & taxes recoverable	16	1
	81	**46**

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

2.6 Share capital

	As at	
	31 March 2022	31 March 2021
	(EUR)	(EUR)
Authorized		
500 equity shares of EUR 100 each	50	50
Issued, subscribed and fully paid up		
500 equity shares of EUR 100 each	50	50

Terms/ rights attached to equity shares
The Company has only one class of shares referred to as equity shares having a par value of EUR 100/-. Each holder of equity shares is entitled to one vote per share.

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

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

	As at		As at	
	31 March 2022		31 March 2021	
	No. of shares	Amount (EUR)	No. of shares	Amount (EUR)
Number of shares at the beginning	500	50	500	50
Number of shares at the end	**500**	**50**	**500**	**50**

Shares held by holding company :-

Name of the shareholder	As at			
	31 March 2022		31 March 2021	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of EUR 100 each fully paid				
HCL Technologies UK Limited, the holding company	500	100%	500	100%

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

Name of the shareholder	As at			
	31 March 2022		31 March 2021	
	No. of shares	% Holding	No. of shares	% Holding
Equity shares of EUR 100 each fully paid				
HCL Technologies UK limited, the holding company	500	100%	500	100%

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

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation

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

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

2.7 Contract liabilities

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Non - Current		
Contract liabilities (refer note 2.12)	11	20
	11	**20**
Current		
Contract liabilities (refer note 2.12)	258	266
	258	**266**

2.8 Trade payables

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Trade payables- related parties (refer note: 2.20)	375	55
Trade payables-others	-	17
	375	**72**
Unbilled and accruals	34	27
	409	**99**

Particulars	**Not Due**	**Outstanding as at 31 March 2022 from the due date of payment**				
		Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Others	-	373	1	-	1	375
Unbilled and accruals						34
						408

Particulars	**Not Due**	**Outstanding as at 31 March 2021 from the due date of payment**				
		Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Others	-	71	-	-	1	72
Unbilled and accruals						27
						98

2.9 Other financial liabilities

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Current		
Carried at amortized cost		
Salary payable	7	4
Employee travel payable	6	-
Employee bonuses accrued	55	23
Others		
Other Payable- related parties (refer note: 2.20)	-	1
	68	**28**

2.10 Other current liabilities

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Advance received from customers	128	-
Others		
Social Security Payable	7	2
	135	**2**

2.11 Provisions

	As at	
	31 March 2022	**31 March 2021**
	(EUR)	**(EUR)**
Current		
Provision for leave benefits	23	11
	23	**11**

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

2.12 Revenue from operations

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Sale of services	1,977	1,316
Sale of hardware and software	3	8
	1,980	**1,324**

Disaggregate Revenue Information

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

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Fixed price	1,528	942
Time and material	452	382
	1,980	**1,324**
Geography wise		
Europe	1,336	1,108
India	123	193
Others	521	20
America	-	3
	1,980	**1,324**

Remaining performance obligations

As at 31 March 2022, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was EUR 1640 (31 March 2021,EUR 760) out of which, approximately 44% (31 March 2021, 78%) is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions as below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,

b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or

c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Contract balances

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

Contract liabilities : A contract liability arises when there is excess billing over the revenue recognized.

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

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Balance as at beginning of the year	286	181
Additional amounts billed but not recognized as revenue	12	284
Deduction on account of revenues recognized during the year	(29)	(179)
Balance as at end of the year	**269**	**286**

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 (EUR)	Year ended 31 March 2021 (EUR)
Balance as at beginning of the year	75	93
Additional cost capitalised during the year	26	-
Deduction on account of cost amortised during the year	(25)	(18)
Balance as at end of the year	**76**	**75**

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

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Contracted Price	1,980	1,323
Reduction towards variable consideration components	-	(1)
Revenue recognised	**1,980**	**1,324**

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

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

2.13 Other Income

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Provisions no longer required written back (net)	-	6
	-	**6**

2.14 Changes in inventories of traded goods

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Opening stock	-	-
Less: Closing stock	10	-
	(10)	**-**

2.15 Employee benefits expense

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Salaries, wages and bonus	603	514
Contribution to other employee funds	43	37
Leave encashment	19	(19)
Staff welfare expenses	5	94
	670	**626**

2.16 Finance cost

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Bank charges	2	1
	2	**1**

2.17 Other expenses

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Rent	25	26
Communication costs	3	2
Travel & Conveyance	19	-
Legal and professional charges	41	54
Consumables	3	3
Exchange differences (net)	3	5
	94	**90**

2.18 Income taxes

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Income tax charged to statement of profit and loss		
Current income tax charge	34	13
	34	**13**

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

	Year ended 31 March 2022 (EUR)	Year ended 31 March 2021 (EUR)
Profit before income tax	161	61
Statutory tax rate	22.07%	25.14%
Expected tax expense	**36**	**15**
Creation/ (Reversal) of prior year provision	(2)	(2)
Total taxes	**34**	**13**
Effective income tax rate	20.83%	21.91%

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

2.19 Earning per share(EPS)

Particulars	As at 31 March 2022 (EUR)	As at 31 March 2021 (EUR)
Net profit as per statement of profit and loss for computation of EPS	127	48
Weighted average number of equity shares outstanding in calculating basic and dilutive EPS *	3,500	3,500
Nominal value of equity	100	100
Earning per equity share		
Basic and Diluted	36	14

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

2.20 Related party transaction

a) Related parties where control exists

Ultimate Holding company

HCL Technologies limted

Holding company

HCL Technologies UK limited

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

Ultimate Holding company

HCL Technologies limted

Holding company

HCL Technologies UK limited

Fellow subsidiary

HCL America Inc.
HCL America Solutions Inc.
HCL Istanbul Bilisim Teknolojileri Limited sirketi
HCL Technologies (Shanghai) Limited
HCL Technologies Belgium BVBA
HCL Technologies Chile SpA
HCL Technologies Corporate Services Limited
HCL Technologies Czech Republic s.r.o.
HCL Technologies Egypt Limited
HCL Technologies Germany GmbH
HCL (New Zealand) Limited, New Zealand
HCL Latin America Holding LLC
HCL Axon Solutions (Shanghai) Co., Limited
HCL Singapore Pte. Limited, Singapore
HCL Technologies Austria GmbH
HCL Technologies South Africa (Proprietary) Limited
HCL Technologies (Thailand) Limited.
HCL Technologies Middle East FZ- LLC
HCL Poland Sp.z.o.o.
HCL Technologies Sollutions GmBh (fly Axon Soltns Schz GmbH)
HCL Technologies (Taiwan) Limited.
HCL Australia Services Pty. Limited, Australia
HCL Hong Kong SAR Limited, Hong Kong
HCL Technologies Sweden (IOMC)
HCL Japan Limited, Japan
HCL (Ireland) Information Systems Limited
HCL Technologies France
HCL Asia Pacific Pte Limited
HCL Technologies BV

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

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Revenue	147	193	40	11	611	229
Outsourcing cost	438	381	5	-	450	32

d) Outstanding balances with related parties (EUR)

Particulars	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	As at		As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade receivables	85	113	-	4	39	44
Unbilled receivable	9	17	-	-	371	-
Deferred contract cost	35	9	-	-	-	-
Other receivables	30	-	-	-	-	-
Trade payables	1	49	1	-	373	6
Other payable	-	1	-	-	-	-

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

2.21 Operating Lease

The Company's significant leasing arrangements are in respect of operating leases for office spaces. The aggregate lease rental expenses recognized in the statement of profit and loss for the year ended 31 March 2022 amounts to EUR 25 (31 March 2021 EUR 26) . Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
	(EUR)	(EUR)
Not later than one year	22	21
	22	**21**

2.22 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance.
The Company's ultimate holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and Products & Platforms segment. The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

Revenue disagreegation as per geography is given in note 2.12

2.23 Financial instruments

a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2022 is as follows:

Particulars	Amortized cost	Total carrying value
	(EUR)	(EUR)
Financial assets		
Trade receivables (including unbilled)	800	800
Cash and cash equivalents	515	515
Others (refer note 2.4)	34	34
Total	**1,348**	**1,348**
Financial liabilities		
Trade payables (including unbilled and accruals)	409	409
Others (refer note 2.9)	68	68
Total	**477**	**477**

The carrying value of financial instruments by categories as at 31 March 2021 is as follows:

Particulars	Amortized cost	Total carrying value
	(EUR)	(EUR)
Financial assets		
Trade receivables (including unbilled)	320	320
Cash and cash equivalents	597	597
Others (refer note 2.4)	4	4
Total	**921**	**921**
Financial liabilities		
Trade payables (including unbilled and accruals)	99	99
Others (refer note 2.9)	28	28
Total	**127**	**127**

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

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks.

The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

Market risk

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

(i) Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in curriences other than functional currency. An insignificant portion of the Company's revenue is in other foreign currency while a large protion of costs are in EUR. The fluctuation in exchange rates in respect to EUR may not have potential impact on the statement fo 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 is immaterial for the year ended 31 March 2022.

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

Non-derivative foreign currency exposure as of 31 March 2022 and 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
	(EUR)	(EUR)	(EUR)	(EUR)
USD/EUR	3	5	27	4
INR/EUR	-	-	1	-
THB/EUR	-	-	2	2

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled receivables, finance lease receivables. By their nature, all such financial instruments involve risks, including the credit risk of non performance by counterparties.

Liquidity risk

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

Maturity profile of the Company's financial liabilities based on contractual payments is as below:

	Year 1 (Current)	Year 2	Year 3	Year 4-5 and thereafter	Total
	(EUR)	(EUR)	(EUR)	(EUR)	(EUR)
As at 31 March 2022					
Trade payables	409	-	-	-	409
Other financial liabilities	68	-	-	-	68
Total	**477**	**-**	**-**	**-**	**477**
As at 31 March 2021					
Trade payables	99				99
Other financial liabilities	28	-	-	-	28
Total	**127**	**-**	**-**	**-**	**127**

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

2.24 Ratio

Ratio	Numerator	Denominator	Units	Year ended 31 March 2022	Year ended 31 March 2021	%Variance
Current ratio	Current assets	Current liabilities	Times	1.57	2.26	-31%
Return on equity ratio	Profit for the year	Average total equity	%	23%	9%	153%
Inventory turnover ratio	Cost of good sold	Average inventories	Times	0.15	0.00	-
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	3.54	2.76	28%
Trade payables turnover ratio	Net credit purchases	Average trade payables	Times	4.52	16.86	-73%
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 3)	Times	3.80	2.46	55%
Net profit ratio	Profit for the year	Revenue from operations	%	6%	4%	79%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 4 below)	%	31%	11%	183%

Notes :

(1) Cost of goods sold includes purchase of stock in trade and change in inventories of stock in trade
(2) Net credit purchase includes purchase of stock-in-trade , change in inventories of stock-in-trade, outsourcing costs and other expenses
(3) Working capital = current assets - current liabilities
(4) Capital employed = Tangible net worth includes acquired goodwill and other intangibles assets + total debt - deferred tax assets
(5) Average is calculated based on simple average of opening and closing balances

Explanation where change in the ratio is more than 25%
Current ratio - Due to increase in trade paybles , there is decrease in current ratio
Return on equity ratio - As profit in the current year is increasing, thus return on equity is increasing.
Inventory turnover ratio - As there was nil inventory till last year, last year ratio cannot be calculated.
Trade receivables turnover ratio - Due to increase in Turnover in current year and decrease in Trade recievables. Ratio is in increasing trend.
Trade payables turnover ratio - Due to increase in volume of Trade paybles in current year , Trade paybles turonver ratio is in decreasing trend.
Net capital turnover ratio - Due to increase in volume of Trade paybles, working capital decreases in current year. Consequently, Net capital turnover ratio increased in current year.
Net profit ratio - Due to onsite margin, Net profit ratio is improving.
Return on capital employed - As profit margin has increased in current year, Return on capital employed has also increased.

2.25 Subsequent event

The Company has evaluated all the subsequent events through 13 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.

3. The Company has presented its financial statements in " EUR in thousands" and accordingly, amounts less than EUR 0.50 thousands are rounded off to zero.

As per our report of even date

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

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date : 13 July 2022

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

SHIV KUMAR WALIA
Digitally signed by SHIV KUMAR WALIA
Date: 2022.07.13 20:44:23 +05'30'

Shiv Kumar Walia
Director

Berkshire, UK
Date : 13 July 2022

GOUTAM RUNGTA
Digitally signed by GOUTAM RUNGTA
Date: 2022.07.13 20:44:54 +05'30'

Goutam Rungta
Director

Noida, India