

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL Technologies Solution GmbH ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the accounting and auditing standards. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

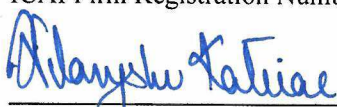
Other matters

This report covering the financial statements of the Company for the year ended March 31, 2018 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. These financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1 (a) to the financial statements of the company, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Nilangshu Katriar

Partner

Membership Number: 58814



Place: Gurugram

Date: 16th July, 2018

HCL Technologies Solution GmbH
(formerly Axon Solutions Schweiz GmbH)
Financial Statements

Years ended 31st March 2018 and 2017

HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Balance Sheet as at 31 March 2018

(All amount are in thousands except stated otherwise)

	Note No.	As at 31 March 2018 (CHF)	As at 31 March 2017 (CHF)	As at 31 March 2018 (₹)
I. ASSETS				
(1) Non-current assets				
(a) Other non-current assets	2.1	662	-	45,215
(2) Current assets				
(a) Inventories	2.2	-	0	-
(b) Financial Assets				
(i) Trade receivables	2.3	5,499	2,160	375,931
(ii) Cash and cash equivalents	2.4	626	274	42,789
(iii) Unbilled receivables	2.5	-	3,250	-
(c) Other current assets	2.6	254	3	17,388
TOTAL ASSETS		7,041	5,687	481,323
II. EQUITY				
(a) Equity Share Capital	2.7	120	120	8,204
(b) Other Equity		1,268	344	86,652
TOTAL EQUITY		1,388	464	94,856
III. LIABILITIES				
(1) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.8	58	(0)	3,976
(ii) Trade payables	2.9	2,630	3,927	179,787
(iii) Others	2.10	2,210	778	151,179
(b) Other current liabilities	2.11	250	298	17,044
(c) Provisions	2.12	64	44	4,319
(d) Current tax liabilities (net)		441	176	30,162
TOTAL EQUITY AND LIABILITIES		7,041	5,687	481,323
Summary of significant accounting policies	1			

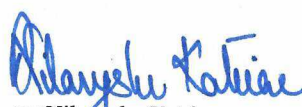
The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

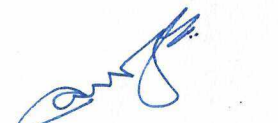
Chartered Accountants


per Nilangshu Katriar
Partner
Membership Number: 58814



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


Rahul Singh
Director


Bejoy Joseph George
Director

Gurugram, India
Date : 16th July 2018

Date : 16th July 2018

HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Statement of Profit and Loss for the year ended 31 March 2018
(All amount are in thousands except stated otherwise)

	Note No.	Year ended 31 March 2018 (CHF)	Year ended 31 March 2017 refer note 1(a) (CHF)	Year ended 31 March 2018 (₹)
I Revenue				
Revenue from operations	2.13	16,365	9,893	1,118,799
Other income	2.14	270	-	18,476
Total income		16,635	9,893	1,137,275
II Expenses				
Purchase of stock-in-trade		168	951	11,472
Employee benefits expense	2.15	1,628	1,258	111,269
Finance costs	2.16	9	5	617
Outsourcing costs		12,929	6,588	883,938
Other expenses	2.17	711	546	48,603
Total expenses		15,445	9,348	1,055,899
III Profit before tax		1,190	545	81,376
IV Tax expense	2.18			
Current tax		266	181	18,162
Deferred tax charge (credit)		-	14	-
Total tax expense		266	195	18,162
V Profit for the year		924	350	63,214
IX Total Comprehensive Income for the year		924	350	63,214
Earnings per equity share of ₹ 1 each	2.20			
Basic		7.70	2.92	526.78
Diluted		7.70	2.92	526.78

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

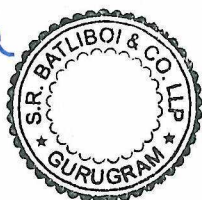
ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

Nilangshu Katriar

per Nilangshu Katriar
Partner

Membership Number: 58814



Gurugram, India

Date : 16th July 2018

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

Rahul Singh

Rahul Singh
Director

Bejoy Joseph George

Bejoy Joseph George
Director

Date : 16th July 2018

HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Statement of Changes in Equity for the year ended 31 March 2018
(All amount are in thousands except stated otherwise)

	Equity share capital		Other Equity	Total Other Equity
	Shares	Share capital	Reserves and Surplus - Retained earnings	
Balance as at April 1, 2016	120	120	(6)	(6)
Profit for the year	-	-	350	350
Total comprehensive income for the year	-	-	350	350
Balance as at March 31, 2017	120	120	344	344
Balance as at April 1, 2017	120	120	344	344
Profit for the year	-	-	924	924
Total comprehensive income for the year	-	-	924	924
Balance as at March 31, 2018	120	120	1,268	1,268

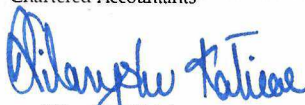
Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

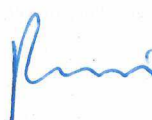
FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants



per Nilangshu Katriar
Partner
Membership Number: 58814



Gurugram, India
Date : 16th July 2018

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


Rahul Singh
Director


Bejoy Joseph George
Director

Date : 16th July 2018

HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Statement of cash flows
(All amount are in thousands except stated otherwise)

	Year ended 31 March 2018 (CHF)	Year ended 31 March 2017 refer note 1(a) (CHF)	Year ended 31 March 2018 (₹)
A. Cash flows from operating activities			
Profit before tax	1,190	545	81,376
Adjustment for:			
Interest expenses	2	2	148
Operating profit before working capital changes	1,192	547	81,524
Movement in Working Capital			
(Increase) in trade receivables	(3,338)	(1,626)	(228,230)
Decrease/ (Increase) in inventories	0	(0)	2
(Increase) in other non current assets	(663)	-	(45,355)
Decrease/(Increase) in other financial assets and other assets	2,999	(2,915)	205,010
(Decrease)/Increase in trade payables	(1,297)	3,579	(88,687)
Increase in provisions, other financial liabilities and other liabilities	1,409	388	96,363
Cash generated from operations	302	(27)	20,627
Direct taxes paid (net of refunds)	0	(0)	0
Net cash flow from/(used) in operating activities (A)	302	(27)	20,627
B. Cash flows from financing activities			
Repayment of short term borrowings	0	(287)	-
Proceeds from short term borrowings	58	-	3,976
Interest paid	(8)	0	(517)
Net cash inflow/ (outflow) from financing activities (B)	50	(287)	3,459
Net increase / (decrease) in cash and cash equivalents (A+B)	352	(314)	24,086
Effect of exchange differences on cash and cash equivalents held in foreign currency	-	-	-
Cash and cash equivalents at the beginning of the year	274	588	18,703
Cash and cash equivalents at the end of the year as per note 2.4	626	274	42,789
Summary of significant accounting policies (Note 1)			


As per our report of even date.


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

per Nilangshu Katriar
Partner
Membership Number: 58814



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


Rahul Singh
Director


Bejoy Joseph George
Director

Gurugram, India
Date : 16th July 2018

Date : 16th July 2018

ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies Solutions GmbH (Formerly Axon Solutions Schweiz GmbH) (hereinafter referred to as 'the Company') is a Business Transformation consultancy company aiming to provide medium and large size organizations with Business Transformation solutions that encompass all elements of Business Consulting, Solution Implementation and ongoing Application Management. The Company was incorporated on May 2, 2002 in Zurich, having its registered office at Kirchgasse 24 8024 Zurich Switzerland.

The financial statements for the year ended 31 March, 2018 were approved and authorized for issue by the Board of Directors on 16th July 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation as per financial statement:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

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).

As the company is not domiciled in India and hence not registered under Companies Act 2013, these financial statements have not been prepared to fully comply with the Companies Act 2013, and so they do not reflect all the disclosures requirements of the Act.

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

The functional currency of the Company is CHF (CHF). The translation from CHF to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of CHF 1 = 68.37, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, CHF at that or any other rate

(b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the 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 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. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivable, income taxes, future obligations under employee benefit plans and the useful lives of property, plant and equipment. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

(c) Foreign currency 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.

The translation of foreign operations from respective functional currency into CHF (the reporting currency) for assets and liabilities is performed using the exchange rates in effect at the balance sheet date, and for revenue, expenses and cash flows is performed using an appropriate daily weighted average exchange rate for the respective years.

(d) Revenue recognition

Contracts involving provision of services

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Contracts can be primarily categorized as time-and-material or fixed price contracts.

Time-and-material contracts

Revenue with respect to time-and-material contracts is recognized as the related services are performed.

Fixed Price contracts

Revenue related to contracts providing maintenance and support services, is recognized over the term of the contract.

Revenue from technology integration and complex network building contracts is recognized in accordance with the Percentage-Of-Completion (POC) method. Under the POC method, progress towards completion is measured based on either achievement of specified contract milestones, cost incurred as a proportion of estimated total cost or other measures of progress when available. If circumstances arise that change the original estimates of revenues, costs, or extent of progress towards completion, revisions are made to the estimates. These revisions may result in increase or decrease in estimated revenues or costs, and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known to the management. If at any time these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

Revenue related to other fixed price contracts is recognized in accordance with the Percentage of Completion method (POC). The cost incurred on the projects is used to measure progress towards completion. Costs are recorded as incurred over the contract period. Any revision in cost to complete would result in increase or decrease in revenue and income 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 cost estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenues that will be generated by the contract and are included in Cost of services and classified in other accrued liabilities.

In arrangements involving sharing of customer revenues, revenue is recognized when the amounts are known and the right to receive is established. Incremental revenue from existing contracts arising on future sales to the customers is recognized when it is earned and collectability is reasonably assured.



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Notes to financial statements for the year ended 31 March 2018

Revenues from unit-priced contracts are recognized as transactions are processed, based on objective measures of output.

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 is also deferred. Revenue from maintenance services is recognized ratably over the period of the contract.

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, hardware and software products and licenses, revenue for each element is determined based on its fair value.

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 activities in transition services not having standalone value in outsourcing arrangements is deferred and recognized over the period of the arrangement. Direct and incremental costs in relation to such an arrangement are also deferred to the extent of revenue. Certain upfront nonrecurring contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred 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 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 whether the Company is the primary obligor to the customer, has established its own pricing, and has inventory and credit risks.

Revenue is recognized net of discounts and allowances, value-added tax and service tax, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

(e) 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. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred 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.



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Notes to financial statements for the year ended 31 March 2018

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.

(f) Borrowing costs

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

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

(g) 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.

(h) Provisions

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

(i) Retirement and other employee benefits

- i. In respect of superannuation, a defined contribution plan for applicable employees, the Company contributes to a scheme administered on its behalf by an insurance company and such contributions for each year of service rendered by the employees are charged to the statement of profit and loss. The Company has no further obligations to the superannuation plan beyond its contributions.
- ii. Compensated absences: The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. 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.
- iii. 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.



- iv. Contributions to other foreign defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

(j) 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

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.

ii. Financial liabilities - Initial recognition and measurement

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

The Company's financial liabilities include trade payables & borrowings.

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.

(k) 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.

(l) Recently issued accounting pronouncements

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending the following standards:

Appendix B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration'

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

Ind AS 115, Revenue from Contract with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- o Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

- o Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

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



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Notes to financial statements for the year ended 31 March 2018

(All amount are in thousands except stated otherwise)

2.1 Other non- current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Others			
Prepaid expenses	15	-	1,008
Deferred cost	647	-	44,207
	662	-	45,215

2.2 Inventories

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Stock in trade	-	0	-
	-	0	-

2.3 Trade receivables

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Unsecured considered good	5,499	2,160	375,931
	5,499	2,160	375,931

Note:-

1. Includes receivables from related parties amounting to CHF 2,299 (31 March 2017- Nil)

2.4 Cash and cash equivalents

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Cash and cash equivalent			
Balance with banks			
- in current accounts	626	274	42,789
	626	274	42,789

2.5 Unbilled receivables

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Carried at amortized cost			
Unbilled revenue	-	3,250	-
	-	3,250	-

2.6 Other current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Unsecured , considered good			
Prepaid expenses	59	3	4,015
Deferred cost	194	-	13,282
Advance to suppliers	1	-	91
	254	3	17,388



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Notes to financial statements for the year ended 31 March 2018
(All amount are in thousands except stated otherwise)

2.7 Share Capital

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Authorized 120 (31 March 2017, 120) quota shares of CHF 1000 each	120	120	8,204
Issued, subscribed and fully paid up 120 (31 March 2017, 120) quota shares of CHF 1000 each	120	120	8,204

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity 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 2018		31 March 2017		31 March 2018	
	No. of shares	Amount (CHF)	No. of shares	Amount (CHF)	No. of shares	Amount (₹)
Number of quota shares at the beginning	120	120	120	120	120	8,204
Add: Quota Shares issued during the year	-	-	-	-	-	-
Number of Quota shares at the end	120	120	120	120	120	8,204

Quota shares are normal equity shares.

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

Name of the shareholder	As at			
	31 March 2018		31 March 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of CHF 1000 each fully paid				
Axon Group limited, United Kingdom, the holding	120	100.00%	120	100.00%

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 (formerly Axon Solutions Schweiz GmbH)

Notes to financial statements for the year ended 31 March 2018

(All amount are in thousands except stated otherwise)

2.8 Borrowings

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Short term borrowings			
Unsecured			
Short term loan - related parties (refer note 2.21 and note 1 below)	58	(0)	3,976
	58	(0)	3,976

Note:-

1. The company has availed of short term loan of CHF 58 (31 March 2017 NIL) at interest rate of 2%+LIBOR p.a. The loans are repayable on demand.

2.9 Trade payables

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Trade payables	483	29	33,033
Trade payables - related parties (refer note 2.21)	2,147	3,898	146,754
	2,630	3,927	179,787

2.10 Other financial liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Interest accrued but not due on borrowings	1	6	65
Accrued salaries and benefits			
Other employee costs	3	5	236
Others			
Liabilities for expenses	2,196	702	150,167
Liabilities for expenses - related parties (refer note 2.21)	10	65	711
	2,210	778	151,179

2.11 Other current liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Pension payable	14	75	934
Revenue received in advance	2	-	120
Others			
Withholding and other taxes payable	234	223	15,990
	250	298	17,044

2.12 Provisions

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Current			
Provision for employee benefits			
Provision for leave benefits	64	44	4,387
	64	44	4,387



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Notes to financial statements for the year ended 31 March 2018
(All amount are in thousands except stated otherwise)

2.13 Revenue from operations

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Sale of services	16,156	8,702	1,104,512
Sale of hardware and software	209	1,191	14,287
	16,365	9,893	1,118,799

2.14 Other income

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Exchange differences (net)	270	-	18,476
	270	-	18,476

2.15 Employee benefits expense

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Salaries, wages and bonus	1,315	1,079	89,915
Contribution to other employee funds	283	155	19,341
Staff welfare expenses	7	9	454
Others	23	15	1,559
	1,628	1,258	111,269

2.16 Finance cost

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Interest			
Bank overdraft	0	0	0
Others	2	2	148
Late payment fees	1	-	69
Bank charges	6	3	400
	9	5	617

2.17 Other expenses

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Travel and conveyance	0	4	2
Legal and professional charges	49	37	3,350
Insurance	31	7	2,087
Exchange differences (net)	-	54	-
Rates and taxes	0	1	0
Communication costs	311	289	21,292
Recruitment, training and development	58	147	3,957
Business Promotion	254	-	17,382
Provision for doubtful debts / bad debts written off	1	-	41
Miscellaneous expenses	7	7	492
	711	546	48,603

2.18 Income taxes

	Year ended		
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Income tax charged to statement of profit and loss			
Current income tax charge	266	181	18,162
Deferred tax charge (credit)	-	14	-
	266	195	18,162



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Notes to financial statements for the year ended 31 March 2018

(All amount are in thousands except stated otherwise)

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

	Year ended		
	31 Mar 2018 (CHF)	31 Mar 2017 (CHF)	31 Mar 2018 (₹)
Profit before income tax	1,190	545	81,376
Statutory tax rate in Switzerland	33.51%	33.17%	33.51%
Total tax expense	399	181	27,269
Utilization of carried forward losses	-	14	-
Allowable tax expense	(89)	-	(6,109)
Reversal of prior year provision	(44)	-	(2,998)
Expected tax expense	266	195	18,162
Effective income tax rate	22.32%	35.72%	22.32%



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Notes to financial statements for the year ended 31 March 2018

(All amount are in thousands except stated otherwise)

Components of deferred tax assets and liabilities as on 31 March 2017

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Business losses	14	(14)	-
Gross deferred tax assets (A)	14	(14)	-
Deferred tax liabilities	-	-	-
Gross deferred tax liabilities (B)	-	-	-
Net deferred tax assets (A-B)	14	(14)	-



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Notes to financial statements for the year ended 31 March 2018

2.19 Segment Reporting

The Company's operations predominantly relate to providing a range of IT services targeted at Global 2000 companies spread across America, CHFOpe & Rest of the World. IT services include software services & IT infrastructure management services. Within software services, the Company provides application development & maintenance, enterprise application, next generation SAAS (Software As A Service) application services and engineering and R&D (Research and Development) services to several global customers. Infrastructure management services involve managing customer's IT assets effectively.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance by business segment, comprising software services and infrastructure management services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting. The CODM assesses the performance of the operating segments based on a measure of segment earnings.

The company operates from three geographies: America, Europe and Others. Europe mainly comprises of business operations conducted in United Kingdom, Germany, Italy, Belgium, Russia, France, Poland and Switzerland. All other customers, mainly in Singapore, Greece, Turkey are included in Others.

Segment accounting policies

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

a) Segment revenue and expenses

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

b) Segment assets and liabilities

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



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Notes to financial statements for the year ended 31 March 2018

(All amount are in thousands except stated otherwise)

Financial information about the business segments for the year ended 31 March 2018 is as follows:

(CHF)

	Software services	IT Infrastructure services	Total
Segment revenues	8,611	7,754	16,365
Net revenue of operations from customers	8,611	7,754	16,365
Segment Results	595	342	937
Unallocated corporate expenses			(8)
Finance cost			(9)
Other income			270
Profit before share of profit (loss) and tax			1,190
Tax expense			(266)
Net profit after taxes			924

Financial information about the business segments for the year ended 31 March 2018 is as follows:

(₹)

	Software services	IT Infrastructure services	Total
Segment revenues	588,710	530,089	1,118,799
Net revenue of operations from external customers	588,710	530,089	1,118,799
Segment Results	40,694	23,395	64,089
Unallocated corporate expenses			(572)
Finance cost			(617)
Other income			18,476
Profit before share of profit (loss) and tax			81,376
Tax expense			(18,162)
Net profit after taxes			63,214

Financial information about the business segments for the year ended 31 March 2017 is as follows:

(CHF)

	Software services	IT Infrastructure services	Total
Segment revenues	1,941	7,952	9,893
Segment Results	349	261	610
Unallocated corporate expenses			(60)
Finance cost			(5)
Profit before share of profit (loss) and tax			545
Tax expense			(195)
Net profit after taxes			350

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

	Year ended		
	31 March 2018 (CHF)	31 March 2017 (CHF)	31 March 2018 (₹)
America	226	945	15,479
Europe	16,139	8,707	1,103,320
Others	-	241	-
Total	16,365	9,893	1,118,799



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Notes to financial statements for the year ended 31 March 2018

(All amount are in thousands except stated otherwise)

2.20 Earnings Per Quota

The computation of earnings per quota is as follows:

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(CHF)	(CHF)	(₹)
Net profit as per Statement of profit and loss for computation of EPS	924	350	63,214
Weighted average number of quotas outstanding in calculating of Basic EPS	120	120	120
Weighted average number of quotas outstanding in calculating dilutive EPS	120	120	120
Nominal value of quotas	1,000	1,000	68,368
Earnings per quota			
- Basic	7.70	2.92	526.78
- Diluted	7.70	2.92	526.78



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Notes to financial statements for the year ended 31 March 2018

2.21 Related party transactions

a) Related parties where control exists

Holding company

Axon Group Limited

Ultimate holding company

HCL Technologies Limited ,India

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

Ultimate holding company

HCL Technologies Limited ,India

Fellow Subsidiary

HCL America Inc.
HCL EAS Limited
HCL Tech Ltd. - IOMC
HCL Great Britain Ltd.
HCL Poland SP.Z O.O.
HCL Technologies UK Ltd.
HCL Australia Ser Pty Ltd
HCL Technologies Germany
HCL Tech Norway AS
HCL America Inc. (Axon)
HCL Technologies Czech Re
HCL Technologies Ltd Swis
HCL Technologies B.V.
HCL Technologies Austria
HCL Technologies France
Axon Solutions Ltd
HCL Tech Limited, Moscow
HCL Technologies (Shanghai) Limited
HCL Tech. Italy S.p.A.



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Notes to financial statements for the year ended 31 March 2018
(All amount are in thousands except stated otherwise)

	Transactions with related parties during the normal course of business				
	Revenue	Outsourcing costs	Marketing costs	Finance cost	Grand Total
31 March 2018 (CHF)					
Ultimate Holding company	-	485	-	-	485
Holding company	-	-	-	-	-
Fellow subsidiaries	5,992	5,894	254	2	12,142
	5,992	6,379	254	2	12,627
31 March 2017 (CHF)					
Ultimate Holding company	-	2,882	-	-	2,882
Holding company	-	-	-	-	-
Fellow subsidiaries	607	3,062	-	2	3,671
	607	5,944	-	2	6,553
31 March 2018 (₹)					
Ultimate Holding company	-	33,129	-	-	33,129
Holding company	-	-	-	-	-
Fellow subsidiaries	409,664	402,932	17,382	148	830,126
	409,664	436,061	17,382	148	863,255

	Outstanding balances				
	Trade receivables	Borrowings	Other financial liabilities	Trade payables	Grand Total
31 March 2018 (CHF)					
Ultimate Holding company	-	-	-	155	155
Holding company	-	-	-	-	-
Fellow subsidiaries	2,299	58	11	1,992	4,360
	2,299	58	11	2,147	4,515
31 March 2017 (CHF)					
Ultimate Holding company	-	-	28	2,532	2,560
Holding company	-	-	-	-	-
Fellow subsidiaries	-	-	43	1,366	1,409
	-	-	71	3,898	3,969
31 March 2018 (₹)					
Ultimate Holding company	-	-	-	10,575	10,575
Holding company	-	-	-	-	-
Fellow subsidiaries	157,178	3,976	776	136,179	298,109
	157,178	3,976	776	146,754	308,684



HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Notes to financial statements for the year ended 31 March 2018

(All amount are in thousands except stated otherwise)

2.22 Financial instruments

(a) Financial assets and liabilities

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

	Amortized cost (CHF)	Total carrying value (CHF)	Amortized cost (₹)	Total carrying value (₹)
Financial assets				
Trade receivables	5,499	5,499	375,931	375,931
Cash and cash equivalents	626	626	42,789	42,789
Unbilled receivables	-	-	-	-
Total	6,125	6,125	418,720	418,720
Financial liabilities				
Borrowings	58	58	3,976	3,976
Trade payables	2,630	2,630	179,787	179,787
Others (refer note 2.10)	2,210	2,210	151,179	151,179
Total	4,898	4,898	334,942	334,942

The carrying value of financial instruments by categories is as follows:

	As at 31 March 2017	
	Amortized cost CHF	Total carrying value CHF
Financial assets		
Trade receivables	2,160	2,160
Cash and cash equivalents	274	274
Unbilled receivables	3,250	3,250
Total	5,684	5,683
Financial liabilities		
Borrowings	(0)	(0)
Trade payables	3,927	3,927
Others (refer note 2.10)	778	778
Total	4,705	4,705



2.22 Financial instruments (continued)

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments.

Market risk

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

(i) Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than 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 22,686 for the year ended 31 March, 2018.

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.

Non - derivative foreign currency exposure as of 31 March, 2018, 31 March 2017 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
USD / CHF	498	2,664	283	1,476
EURO / CHF	2,707	1,831	293	299
RUB / CHF	-	-	214	-

(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.



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Notes to financial statements for the year ended 31 March 2018

2.22 Financial instruments (continued)

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables and unbilled revenue. The cash resources of the Company are invested with banks after an evaluation of the credit risk.

The customers of the Company are primarily corporations based in Switzerland and accordingly, trade receivables 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 accounts receivables.

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.



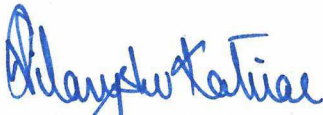
HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Notes to financial statements for the year ended 31 March 2018

3. Previous year comparatives

The Company has changed its presentation from "in absolute" to "in thousand" and accordingly, amounts less than 0.50 thousands are rounded off to Nil. The figures of previous year have been re-arranged to confirm to current year presentation.

As per our report of even date.

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


per Nilangshu Katriar
Partner
Membership Number: 58814



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


Rahul Singh
Director


Bejoy Joseph George
Director

Gurugram, India
Date : 16th July 2018

Date : 16th July 2018