HCL Technologies Solution GmbH
(formerly Axon Solutions Schweiz GmbH)

Financial Statements

Years ended 31st March 2019 and 2018

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel : +91 124 681 6000

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Technologies Solution GmbH

Opinion

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

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

Basis for Opinion

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

Responsibility of Management for the special purpose Ind AS Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose Ind AS financial statements, including the disclosures, and whether the special purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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Other Matter

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

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Nilangshu Katriar

Per Nilangshu Katriar
Partner
Membership Number: 58814
Place of Signature: Gurugram
Date: June 14, 2019

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HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Balance Sheet as at 31 March 2019

(All amount are in thousands except stated otherwise)

	Note No.	As at 31 March 2019 (CHF)	As at 31 March 2018 (CHF)	As at 31 March 2019 (₹)
I. ASSETS				
(1) Non-current assets				
(a) Other non-current assets	2.1	943	662	65,432
(2) Current assets				
(a) Financial Assets				
(i) Trade receivables	2.2	11,294	5,499	784,025
(ii) Cash and cash equivalents	2.3	2,598	626	180,354
(iii) Others	2.4	611	-	42,398
(b) Other current assets	2.5	1,087	254	75,462
TOTAL ASSETS		**16,533**	**7,041**	**1,147,671**
II. EQUITY				
(a) Equity Share Capital	2.6	120	120	8,330
(b) Other Equity		1,846	1,268	128,142
TOTAL EQUITY		**1,966**	**1,388**	**136,472**
III. LIABILITIES				
(1) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.7	2,484	58	172,431
(ii) Trade payables	2.8	9,537	2,630	662,028
(iii) Others	2.9	1,100	2,210	76,363
(b) Other current liabilities	2.10	683	250	47,423
(c) Provisions	2.11	-	64	-
(d) Current tax liabilities (net)		763	441	52,954
TOTAL EQUITY AND LIABILITIES		**16,533**	**7,041**	**1,147,671**
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

S.R. BATLIBOI & CO. LLP ★ GURUGRAM ★

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date : June 14, 2019

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

Subramanian Gopalakrishnan
Director

Bejoy Joseph George
Director

Date : June 14, 2019

HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Statement of Profit and Loss for the year ended 31 March 2019
(All amount are in thousands except stated otherwise)

		Note No.	Year ended 31 March 2019 (CHF)	Year ended 31 March 2018 refer note 1(a) (CHF)	Year ended 31 March 2019 (₹)
I	**Revenue**				
	Revenue from operations	2.12	20,333	16,365	1,411,454
	Other income	2.13	17	270	1,173
	Total income		**20,350**	**16,635**	**1,412,627**
II	**Expenses**				
	Cost of materials consumed		3	-	227
	Purchase of stock-in-trade		-	168	-
	Employee benefits expense	2.14	472	1,628	32,733
	Finance costs	2.15	9	9	589
	Outsourcing costs		18,319	12,929	1,271,707
	Other expenses	2.16	647	711	44,893
	Total expenses		**19,450**	**15,445**	**1,350,149**
III	**Profit before tax**		**900**	**1,190**	**62,478**
IV	**Tax expense**	2.17			
	Current tax		322	266	22,351
	Total tax expense		322	266	22,351
V	**Profit for the year**		**578**	**924**	**40,127**
IX	**Total Comprehensive Income for the year**		**578**	**924**	**40,127**
	Earnings per equity share	2.19			
	Basic		4.82	7.70	334.39
	Diluted		4.82	7.70	334.39
	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

S.R. BATLIBOI & CO. LLP ★ GURUGRAM ★

Gurugram, India
Date : June 14, 2019

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

Subramanian Gopalakrishnan
Director

Bejoy Joseph George
Director

Date : June 14, 2019

HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Statement of Changes in Equity for the year ended 31 March 2019
(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, 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
Balance as at April 1, 2018	120	120	1,268	1,268
Profit for the year	-	-	578	578
Total comprehensive income for the year	-	-	578	578
Balance as at March 31, 2019	120	120	1,846	1,846

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

S.R. BATLIBOI & CO. LLP GURUGRAM

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date : June 14, 2019

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

Subramanian Gopalakrishnan
Director

Bejoy Joseph George
Director

Date : June 14, 2019

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 2019 (CHF)	Year ended 31 March 2018 refer note 1(a) (CHF)	Year ended 31 March 2019 (₹)
A. Cash flows from operating activities			
Profit before tax	900	1,190	62,478
Adjustment for:			
Interest expenses	4	2	237
Provision for doubtful debts	25	-	1,743
Operating profit before working capital changes	**929**	**1,192**	**64,458**
Movement in Working Capital			
(Increase) in trade receivables	(5,820)	(3,338)	(404,031)
(Increase) in other non current assets	(281)	(663)	(19,473)
(Increase)/Decrease in other financial assets and other assets	(1,443)	2,999	(100,202)
Increase/(Decrease) in trade payables	6,907	(1,297)	479,443
(Decrease)/Increase in provisions, other financial liabilities and other liabilities	(743)	1,409	(51,495)
Cash (used in)/generated from operations	**(451)**	**302**	**(31,300)**
Net cash flow (used in)/from operating activities (A)	**(451)**	**302**	**(31,300)**
B. Cash flows from financing activities			
Repayment of short term borrowings	(58)	-	(4,037)
Proceeds from short term borrowings	2,484	58	172,431
Interest paid	(3)	(8)	(187)
Net cash inflow from financing activities (B)	**2,423**	**50**	**168,207**
Net increase in cash and cash equivalents (A+B)	1,972	352	136,907
Effect of exchange differences on cash and cash equivalents held in foreign currency	-	-	-
Cash and cash equivalents at the beginning of the year	626	274	43,447
Cash and cash equivalents at the end of the year as per note 2.3	**2,598**	**626**	**180,354**
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

S.R. BATLIBOI & CO. LLP GURUGRAM

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date : June 14, 2019

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

Subramanian Gopalakrishnan
Director

Bejoy Joseph George
Director

Date : June 14, 2019

HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Notes to financial statements for the year ended 31 March 2019
(All amount are in thousands except stated otherwise)

2.1 Other non- current assets

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Others			
Prepaid expenses	-	15	-
Deferred contract cost	943	647	65,432
	943	662	65,432

2.2 Trade receivables

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Unsecured, considered good (refer note below)	11,298	5,499	784,293
Trade receivables which have significant increase in credit risk	21	-	1,449
	11,319	5,499	785,742
Impairment allowance for bad and doubtful debts			
-Unsecured, considered good	(4)	-	(268)
-Trade receivables which have significant increase in credit risk	(21)	-	(1,449)
	11,294	5,499	784,025

Note:-

1. Includes receivables from related parties amounting to CHF 5,224 (31 March 2018- 2,299)

2.3 Cash and cash equivalents

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Cash and cash equivalent			
Balance with banks			
- in current accounts	2,598	626	180,354
	2,598	626	180,354

2.4 Others

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Current			
Carried at amortized cost			
Unbilled receivables	427	-	29,644
Contract assets	184	-	12,754
	611	-	42,398

2.5 Other current assets

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Unsecured , considered good			
Prepaid expenses	29	59	1,994
Prepaid expenses - related parties (refer note 2.20)	3	-	231
Deferred contract cost	347	194	24,072
Deferred contract cost - related parties (refer note 2.20)	530	-	36,799
Advance to suppliers	21	1	1,436
Other receivables	12	-	839
Receivable expenses - related parties (refer note 2.20)	145	-	10,091
	1,087	254	75,462

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(All amount are in thousands except stated otherwise)

2.6 Share Capital

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Authorized 120 (31 March 2018, 120) quota shares of CHF 1000 each	120	120	8,330
Issued, subscribed and fully paid up 120 (31 March 2018, 120) quota shares of CHF 1000 each	120	120	8,330

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 2019		31 March 2018		31 March 2019	
	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	8,330
Add: Quota Shares issued during the year	-	-	-	-	-	-
Number of Quota shares at the end	120	120	120	120	120	8,330

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 2019		31 March 2018	
	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.

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(All amount are in thousands except stated otherwise)

2.7 Borrowings

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Short term borrowings			
Unsecured			
Bank overdraft	2,484	-	172,431
Short term loan - related parties (refer note 2.20)	-	58	-
	2,484	**58**	**172,431**

Note:-

Current borrowings were primarily on account of bank overdrafts required for management of working capital.

2.8 Trade payables

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Trade payables	198	483	13,731
Trade payables - related parties (refer note 2.20)	9,339	2,147	648,297
	9,537	**2,630**	**662,028**

2.9 Other financial liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Interest accrued but not due on borrowings	-	1	-
Interest payable	2	-	113
Accrued salaries and benefits			
Other employee costs	-	3	-
Others			
Liabilities for expenses	1,098	2,196	76,250
Liabilities for expenses - related parties (refer note 2.20)	-	10	-
	1,100	**2,210**	**76,363**

2.10 Other current liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Pension payable	2	14	132
Deferred contract liability	319	2	22,154
Others			
Withholding and other taxes payable	362	234	25,137
	683	**250**	**47,423**

2.11 Provisions

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Current			
Provision for employee benefits			
Provision for leave benefits	-	64	-
	-	**64**	**-**

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(All amount are in thousands except stated otherwise)

2.12 Revenue from operations

	Year ended		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Sale of services	20,329	16,156	1,411,186
Sale of hardware and software	4	209	268
	20,333	**16,365**	**1,411,454**

2.13 Other income

	Year ended		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Exchange differences (net)	-	270	-
Expense written back	17	-	1,173
	17	**270**	**1,173**

2.14 Employee benefits expense

	Year ended		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Salaries, wages and bonus	393	1,315	27,256
Contribution to other employee funds	65	283	4,500
Staff welfare expenses	3	7	187
Others	11	23	790
	472	**1,628**	**32,733**

2.15 Finance cost

	Year ended		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Interest			
Bank overdraft	3	-	190
Others	1	2	47
Late payment fees	-	1	-
Bank charges	5	6	352
	9	**9**	**589**

2.16 Other expenses

	Year ended		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Travel and conveyance	2	0	132
Legal and professional charges	18	49	1,219
Insurance	8	31	533
Exchange differences (net)	115	-	7,954
Communication costs	408	311	28,335
Recruitment, training and development	-	58	-
Business Promotion	57	254	3,970
Provision for doubtful debts / bad debts written off	25	1	1,743
Software license fee	4	-	304
Miscellaneous expenses	-	7	-
Provision for loss on inventory	10	-	703
	647	**711**	**44,893**

2.17 Income taxes

	Year ended		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Income tax charged to statement of profit and loss			
Current income tax charge	322	266	22,351
	322	**266**	**22,351**

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HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Notes to financial statements for the year ended 31 March 2019
(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 2019 (CHF)	**31 Mar 2018** (CHF)	**31 Mar 2019** (₹)
Profit before income tax	900	1,190	62,478
Statutory tax rate in Switzerland	35.66%	33.53%	35.66%
Total tax expense	322	399	22,351
Utilization of carried forward losses	-	-	-
Allowable tax expense	-	(89)	-
Reversal of prior year provision	-	(44)	-
Expected tax expense	**322**	**266**	**22,351**
Effective income tax rate	35.78%	22.32%	35.77%

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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, 2019 were approved and authorized for issue by the Board of Directors on June 14, 2019

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.) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable to the financial statements. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

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 = ₹ 69.4182, 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

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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) Fair value measurement

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

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

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

(e) Revenue recognition

Adoption of new accounting principles

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

Contracts involving provision of services and material

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

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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.
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 continues to be in inventory.

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.

Multiple-element arrangements

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.

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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) 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.

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

(g) 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.

(h) 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.

(i) 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.

(j) Retirement and other employee benefits

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

ii. State Plans: The contribution to State Plans, a defined contribution plan namely Employees' Pension Scheme for the Company are charged to the statement of profit and loss.

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(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

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

Financial instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Derecognition

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

Impairment of financial assets

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

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

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.

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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) 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.

(m) Recently issued accounting pronouncements
Ind AS 116 – Leases

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.
The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.
The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

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2.18 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, Ireland, Sweden, Turkey and Switzerland. All other customers, mainly in Hong Kong, Indonesia, United Arab 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.

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HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Notes to financial statements for the year ended 31 March 2019
(All amount are in thousands except stated otherwise)

Financial information about the business segments for the year ended 31 March 2019 is as follows: (CHF)

	Software services	IT Infrastructure services	Total
Segment revenues	12,850	7,483	20,333
Net revenue of operations from external customers	**12,850**	**7,483**	**20,333**
Segment Results	**750**	**275**	**1,025**
Unallocated corporate expenses			(1)
Finance cost			(9)
Other (expense)			(115)
Profit before share of profit and tax			**900**
Tax expense			(322)
Net profit after taxes			**578**

Financial information about the business segments for the year ended 31 March 2019 is as follows: (₹)

	Software services	IT Infrastructure services	Total
Segment revenues	892,020	519,434	1,411,454
Net revenue of operations from external customers	**892,020**	**519,434**	**1,411,454**
Segment Results	**52,033**	**19,034**	**71,067**
Unallocated corporate expenses			(46)
Finance cost			(589)
Other (expense)			(7,727)
Profit before share of profit and tax			**62,705**
Tax expense			(22,351)
Net profit after taxes			**40,354**

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 external 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**

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

	Year ended		
	31 March 2019 (CHF)	31 March 2018 (CHF)	31 March 2019 (₹)
America	2,240	226	155,464
Europe	17,567	16,139	1,219,479
Others	526	-	36,510
Total	**20,333**	**16,365**	**1,411,454**

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HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)

Notes to financial statements for the year ended 31 March 2019

(All amount are in thousands except stated otherwise)

2.19 Earnings Per Quota

The computation of earnings per quota is as follows:

	Year ended 31 March 2019 (CHF)	Year ended 31 March 2018 (CHF)	Year ended 31 March 2019 (₹)
Net profit as per Statement of profit and loss for computation of EPS	578	924	40,127
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	69,418
Earnings per quota			
- Basic	4.82	7.70	334.39
- Diluted	4.82	7.70	334.39

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2.20 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

Filial Espanola De HCL Technologies S.L.
HCL (Brazil) Technologia da infformacao Ltda
HCL Ireland Information Systems Ltd.
HCL America Inc.
HCL Argentina S.A
HCL Australia Services Pty Ltd
HCL Axon Technologies Inc.- SD
HCL EAS Ltd
HCL Gmbh
HCL Great Britain Limited
HCL Hong Kong Sar Limited
HCL Istanbul Bilisim Teknoloji
HCL Poland Sp.Z O.O.
HCL Singapore Pte Ltd
HCL Technologies (Shanghai)
HCL Technologies Chile SpA
HCL Technologies Denmark ApS
HCL Technologies Estonia OU
HCL Technologies Germany Gmbh
HCL (Netherland) BV
HCL Mexico S. de. R.L De. R.L
HCL Technologies Middle East FZ LLC
HCL Technologies Sweden IOMC
HCL Technologies UK Limited
Pt. HCL Technologies Indonesia

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(All amount are in thousands except stated otherwise)

	Transactions with related parties during the normal course of business					
	Revenue	Outsourcing cost	Marketing cost	Administrative cost	Finance cost	Grand Total
31 March 2019 (CHF)						
Ultimate Holding company	5,706	10,019	57	2	-	15,784
Holding company	-	-	-	-	-	-
Fellow subsidiaries	238	3,232	-	-	1	3,471
	5,944	**13,251**	**57**	**2**	**1**	**19,255**
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 2019 (₹)						
Ultimate Holding company	396,110	695,507	3,970	115	-	1,095,702
Holding company	-	-	-	-	-	-
Fellow subsidiaries	16,488	224,358	-	-	47	240,893
	412,598	**919,865**	**3,970**	**115**	**47**	**1,336,595**

	Outstanding balances					
	Trade receivables	Borrowings	Other financial liabilities	Trade payables	Other current assets	Grand Total
31 March 2019 (CHF)						
Ultimate Holding company	5,108	-	-	7,282	678	13,068
Holding company	-	-	-	-	-	-
Fellow subsidiaries	116	-	2	2,057	-	2,175
	5,224	**-**	**2**	**9,339**	**678**	**15,243**
31 March 2018 (CHF)						
Ultimate Holding company	-	-	-	155	-	155
Holding company	-	-	-	-	-	-
Fellow subsidiaries	2,299	58	10	1,992	-	4,359
	2,299	**58**	**10**	**2,147**	**-**	**4,514**
31 March 2019 (₹)						
Ultimate Holding company	354,579	-	-	505,532	47,121	907,232
Holding company	-	-	-	-	-	-
Fellow subsidiaries	8,080	-	115	142,765	-	150,960
	362,659	**-**	**115**	**648,297**	**47,121**	**1,058,192**

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HCL Technologies Solution GmbH (formerly Axon Solutions Schweiz GmbH)
Notes to financial statements for the year ended 31 March 2019
(All amount are in thousands except stated otherwise)

2.21 Financial instruments

(a) Financial assets and liabilities

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

	Amortized cost (CHF)	Total carrying value (CHF)	Amortized cost (₹)	Total carrying value (₹)
Financial assets				
Trade receivables	11,294	11,294	784,025	784,025
Cash and cash equivalents	2,598	2,598	180,354	180,354
Unbilled receivables	427	427	29,644	29,644
Contract assets	184	184	12,754	12,754
Total	**14,503**	**14,503**	**1,006,777**	**1,006,777**
Financial liabilities				
Borrowings	2,484	2,484	172,431	172,431
Trade payables	9,537	9,537	662,028	662,028
Others (refer note 2.9)	1,100	1,100	76,363	76,363
Total	**13,121**	**13,121**	**910,822**	**910,822**

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

	As at 31 March 2018	
	Amortized cost CHF	Total carrying value CHF
Financial assets		
Trade receivables	5,499	5,499
Cash and cash equivalents	626	626
Unbilled receivables	-	-
Total	**6,125**	**6,125**
Financial liabilities		
Borrowings	58	58
Trade payables	2,630	2,630
Others (refer note 2.9)	2,210	2,210
Total	**4,898**	**4,898**

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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 23,470 for the year ended 31 March, 2019.

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

	Net financial assets		Net financial liabilities	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD / CHF	695	498	1,671	283
EURO / CHF	1,474	2,707	2,615	293
RUB / CHF	-	-	-	214
GBP / CHF	-	-	104	-

(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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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.
The allowance for lifetime expected credit loss on customer balances is as below:

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(CHF)	(CHF)	(₹)
Balance at the beginning of the year	-	-	-
Additional provision during the year	25	-	1,743
Deductions on account of write offs and collections	-	-	-
Balance at the end of the year	25	-	1,743

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.

2.23 Commitments and contingent liabilities
The company has Nil commitments and contingnet liabilities during the year

As per our report of even date.

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

Nilangshu Katriar

S.R. BATLIBOI & CO. LLP GURUGRAM

per Nilangshu Katriar
Partner
Membership Number: 58814
Date - June 14, 2019

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

Subramanian Gopalakrishnan
Director

Bejoy Joseph George
Director