HCL Technologies Solution GmbH

Financial Statements

For the year ended 31 March 2023 and 2022

B S R & Co. LLP
Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase-II,
Gurugram – 122 002, India

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Independent Auditor's Report

To the Board of Directors of HCL Technologies Solution GmbH

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL Technologies Solution GmbH (the " Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (collectively referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the 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 (ICAI) 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 opinion on the financial statements.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the financial statements. 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors 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 financial statements, including the disclosures, and whether the 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, including any significant deficiencies in internal control that we identify during our audit.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP
(a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

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.

Other Matter-Restriction on Use

These financial statements are prepared for the use of the Company and the ultimate holding Company, HCL Technologies Limited, to comply with the requirements of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted, or referred to, in correspondence or discussion, in whole or in part to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Rakesh Dewan
Digitally signed by Rakesh Dewan
Date: 2023.06.22 20:04:00 +05'30'

Rakesh Dewan
Partner
Membership No. 092212
ICAI UDIN: 23092212BGXMAK3174

Place: Gurugram, India
Date: 22 June 2023

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

		Note No.	As at 31 March 2023	As at 31 March 2022
I.	**ASSETS**			
	(1) Non-current assets			
	(a) Property, plant and equipment	2.1	1	1
	(b) Intangible assets	2.2	-	1
	(c) Financial assets			
	(i) Others	2.3	851	35
	(d) Other non-current assets	2.4	14,613	17,751
	Total non-current assets		**15,465**	**17,788**
	(2) Current assets			
	(a) Inventories	2.5	97	45
	(b) Financial assets			
	(i) Trade receivables			
	Billed	2.6	15,101	11,518
	Unbilled	2.6	878	2,179
	(ii) Cash and cash equivalents	2.7	4,439	609
	(iii) Others	2.3	355	25
	(c) Other current assets	2.8	10,432	19,875
	Total current assets		**31,302**	**34,251**
	TOTAL ASSETS		**46,767**	**52,039**
II.	**EQUITY**			
	(a) Equity share capital	2.9	120	120
	(b) Other equity		6,388	5,849
	TOTAL EQUITY		**6,508**	**5,969**
III.	**LIABILITIES**			
	(1) Non current liabilities			
	Contract liabilities		11	53
	Total non-current liabilities		**11**	**53**
	(2) Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	2.10	9,527	5,652
	(ii) Trade payables			
	Billed	2.12	10,327	4,777
	Unbilled and accruals	2.12	6,310	14,549
	(iii) Others	2.13	10,258	18,394
	(b) Contract liabilities		924	1,552
	(c) Other current liabilities	2.14	2,156	627
	(d) Provisions	2.11	20	10
	(e) Current tax liabilities (net)		726	456
	Total current liabilities		**40,248**	**46,017**
	TOTAL LIABILITIES		**40,259**	**46,070**
	TOTAL EQUITY AND LIABILITIES		**46,767**	**52,039**
	Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Rakesh Dewan
Rakesh Dewan (Jun 22, 2023 18:12 GMT+4)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: June 22, 2023

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

Rahul Singh
Rahul Singh (Jun 22, 2023 18:31 GMT+5.5)

Shiv Walia
Director

Egham, UK
Date: June 22, 2023

Rahul Singh
Director

London, UK
Date: June 22, 2023

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

		Note No.	Year ended 31 March 2023	Year ended 31 March 2022
I	**Revenue**			
	Revenue from operations	**2.15**	68,053	34,232
	Other income	**2.16**	741	107
	Total income		**68,794**	**34,339**
II	**Expenses**			
	Purchase of stock-in-trade		2,041	154
	Changes in inventories of stock-in-trade	**2.17**	(52)	(41)
	Employee benefits expense	**2.18**	855	103
	Outsourcing costs		64,658	31,400
	Finance costs	**2.19**	177	39
	Depreciation and amortization expense	**2.1 & 2.2**	1	2
	Other expenses	**2.20**	321	1,225
	Total expenses		**68,001**	**32,882**
III	**Profit before tax**		**793**	**1,457**
IV	**Tax expense**	**2.21**		
	Current tax		254	287
	Total tax expense		254	**287**
V	**Profit for the year**		**539**	**1,170**
VI	**Other comprehensive income**		-	-
VII	**Total comprehensive income for the year**		**539**	**1,170**
	Earnings per quota share (absolute) of CHF 1000 each	**2.22**		
	Basic		4,491.67	9,750.00
	Diluted		4,491.67	9,750.00
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: June 22, 2023

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

Rahul Singh
Rahul Singh (Jun 22, 2023 18:51 GMT+5.5)

Shiv Walia
Director

Egham, UK
Date: June 22, 2023

Rahul Singh
Director

London, UK
Date: June 22, 2023

HCL Technologies Solution GmbH
Statement of Changes in Equity for the year ended 31 March 2023
(All amount are in thousands of CHF except stated otherwise)

	Equity share capital		**Other equity**		
	Number of shares	Share capital	**Reserve and Surplus** Retained earnings	**Total other equity**	**Total equity**
Balance as at 1 April 2021	120	120	4,679	4,679	4,799
Profit for the year	-	-	1,170	1,170	1,170
Total comprehensive income for the year	-	-	1,170	1,170	1,170
Balance as at 31 March 2022	**120**	**120**	**5,849**	**5,849**	**5,969**
Balance as at 1 April 2022	120	120	5,849	5,849	5,969
Profit for the year	-	-	539	539	539
Total comprehensive income for the year	-	-	539	539	539
Balance as at 31 March 2023	**120**	**120**	**6,388**	**6,388**	**6,508**

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
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Shiv Walia
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Egham, UK
Date: June 22, 2023

Rahul Singh
Director

London, UK
Date: June 22, 2023

HCL Technologies Solution GmbH
Statement of Cash flows for the year ended 31 March 2023
(All amount are in thousands of CHF except stated otherwise)

		31 March 2023	31 March 2022
A. Cash flows from operating activities			
Profit before tax		793	1,457
Adjustment for:			
Depreciation and amortization expense		1	2
Interest income		(187)	(92)
Interest expense		167	31
Provision for doubtful debts/bad debts written off (net)		55	(15)
		829	**1,383**
Net changes in			
Trade receivables		(2,151)	(8,359)
Inventories		(51)	(41)
Other financial assets and other assets		11,435	(35,189)
Trade payables		(2,689)	11,931
Other financial liabilities, contract liabilities, provisions and other liabilities		(7,278)	18,771
Cash generated (used in) operations		**95**	**(11,504)**
Income taxes paid		16	(422)
Net Cash flow (used in) operating activities	**(A)**	**111**	**(11,926)**
B. Cash flow from investing activities			
Purchase of property, plant and equipment and intangibles		-	(1)
Interest received		-	38
Net cash flow from investing activities	**(B)**	**-**	37
C. Cash flows from financing activities			
Proceeds from short term borrowings		3,875	5,652
Interest paid		(156)	(29)
Net cash flow from financing activities	**(C)**	**3,719**	**5,623**
Net (decrease) in cash and cash equivalents (A+B+C)		3,830	(6,266)
Cash and cash equivalents at the beginning of the year		609	6,875
Cash and cash equivalents at the end of the year as per note 2.7		**4,439**	**609**

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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Shiv Walia
Director

Egham, UK
Date: June 22, 2023

Rahul Singh
Director

London, UK
Date: June 22, 2023

ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies Solution GmbH (hereinafter referred to as 'the Company') is a Business Transformation consultancy company aiming to provide medium and large size organizations with Business transformation solutions that encompass all elements of business consulting, solution implementation and ongoing application management. The Company was incorporated on 2 May 2002 in Zurich, having its registered office at Kirchgasse 24, 8024 Zurich, Switzerland.

The Financial Statements for the year ended 31 March 2023 were approved and authorized for issue by the Board of Directors on June 22, 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation:

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

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

The Company has a net current liabilities position as at 31 March 2023 where its current liabilities exceed its current assets by CHF 8,946 thousand. However, the Company has a positive net worth as at 31 March 2023 and has earned profits during the current year and earlier years. Further, based on HCL Technologies Limited, the ultimate holding company's commitment to provide continued financial and operational support for a period of not less than 12 months from the date of the financial statements, management believes that the company would be able to continue its business operations and meet its liquidity requirements for next 12 months. Accordingly, no adjustments is required in respect of the carrying value of assets or liabilities and these financial statements have been prepared on a going concern basis.

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

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

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

(b) Use of estimates and judgements

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

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

i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in contracts involving multiple performance obligations, refer note 1(e)
ii. Allowance for uncollectible accounts receivables, refer note 1(o)(i)
iii. Recognition of income and deferred taxes, refer note 1(f) and note 2.21
iv. Useful lives of property, plant and equipment, intangible assets, refer note 1(g & h)
v. Provisions and contingent liabilities, refer note 1(m)

(c) Foreign currency and translation

Transactions in foreign currencies are initially recorded by company at reporting currency spot rates at the date the transaction first qualifies for recognition. Foreign-currency denominated monetary assets and liabilities are translated to the reporting currency at exchange rates in effect at the Balance Sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

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

(d) Fair value measurement

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

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

a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.
c) Cost approach – Replacement cost method.

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

(e) Revenue recognition

Contracts involving provision of services and material

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

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

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

Fixed Price contracts

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, System implementations and application development are recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified.

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

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

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

Proprietary Software Products

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

Multiple performance obligation

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

If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a company is then allocated to each software obligation and lease deliverable. Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

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

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

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

The company recognizes an onerous contract provision when the expected unavoidable costs of meeting the future obligations exceed the expected economic benefits to be received under a contract. Such provision, if any, is recorded in the period in which such losses become probable and is included in cost of revenues

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivables in the statements of financial position, contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition- and right to consideration is not unconditional. Contract assets are recognized where there is excess of revenue over the billings. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due). A contract liability arises when there is excess billing over the revenue recognized.

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

Interest income

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

(f) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity, wherever applicable. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties, wherever applicable. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from derecognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

The management's estimates of the useful live of asset for computing depreciation is as follows:

Asset description	**Asset life (in years)**
Computers	5

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(h) Intangible assets

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

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

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

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

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

(i) 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.

(j) Leases

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

Company as a lessor

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

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

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

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

(k) 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.

(l) Impairment of non – financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment recognized under the head "Depreciation and amortization expense" in the statement of profit and loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset.

(m) Provision and contingent liabilities

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

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

(n) 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.

(o) 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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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

Financial instruments at amortized cost

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

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

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

Derecognition

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

Impairment of financial assets

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

ii. **Financial liabilities**

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 subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. Changes in fair value of such liability are recognized in the statement of profit or loss.

Financial liabilities at amortized cost

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

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

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

Derecognition

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

Offsetting of financial instruments

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

(p) 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.

(q) Adoption of new accounting principles

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

The amendment clarified that the 'costs of fulfilling a contract' comprise both the incremental costs and allocation of other direct costs. The Company has adopted this amendment effective 1 April 2022 and the adoption did not have any material impact on its financial statements.

(r) Recently issued accounting pronouncements

On 31 March 2023, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2023 effective from 1 April 2023. Following is key amended provision which may have an impact on the financial statements of the Company:

Disclosure of Accounting Policies (Amendments to Ind AS 1)

The amendments intend to assist in deciding which accounting policies to disclose in the financial statements. The amendments to Ind AS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

Definition of Accounting Estimate (Amendments to Ind AS 8)

The amendments distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to Ind AS 12 Income Taxes)

The amendments specify how to account for deferred tax on transactions such as leases. The amendments clarify that lease transactions give rise to equal and offsetting temporary differences and financial statements should reflect the future tax impacts of these transactions through recognizing deferred tax. The Company is evaluating the impact, if any, in its financial statements.

HCL Technologies Solution GmbH
Notes to financial statements for the year ended 31 March 2023
(All amount are in thousands of CHF except stated otherwise)

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2023 and 31 March 2022

	Computer	
	As at	
	31 March 2023	31 March 2022
Gross block as at the start of the year	1	-
Additions	-	1
Gross block as at the end of the year	1	1
Accumulated depreciation as at the start of the year	-	-
Depreciation*	-	-
Accumulated depreciation as at the end of the year	-	-
Net block as at the end of the year	1	1

*amounts are less than 0.5 thousands

2.2 Intangible assets

The changes in the carrying value for the year ended 31 March 2023 and 31 March 2022

	Software	
	As at	
	31 March 2023	31 March 2022
Gross block as at the start of the year	4	4
Additions	-	-
Gross block as at the end of the year	4	4
Accumulated amortization as at the start of the year	3	1
Amortization	1	2
Accumulated amortization as at the end of the year	4	3
Net block as at the end of the year	-	1
Estimated remaining useful life (in years)	-	1

2.3 Other financial assets

	As at	
	31 March 2023	31 March 2022
Non - current		
Carried at amortized cost		
Finance lease receivables (refer note 2.23)	851	35
	851	35
Current		
Carried at amortized cost		
Finance lease receivables (refer note 2.23)	355	25
	355	25

2.4 Other non- current assets

	As at	
	31 March 2023	31 March 2022
Deferred contract cost	14,576	17,750
Prepaid expenses	37	1
	14,613	**17,751**

2.5 Inventories

	As at	
	31 March 2023	31 March 2022
Stock-in-trade	97	45
	97	**45**

HCL Technologies Solution GmbH
Notes to financial statements for the year ended 31 March 2023
(All amount are in thousands of CHF except stated otherwise)

2.6 Trade receivables

	As at	
	31 March 2023	**31 March 2022**
Billed		
Unsecured, considered good (refer note below)	14,979	11,530
Trade receivables - credit impaired	201	12
	15,180	**11,542**
Impairment allowance for bad and doubtful debts (refer note 2.27(b))	(79)	(24)
	15,101	11,518
Unbilled receivables (refer note below)	878	2,179
	15,979	**13,697**

Note:-
Includes receivables from related parties amounting to CHF 342 thousands (31 March 2022- CHF 689 thousands).

Trade receivables	**Not due**	**Outstanding as at 31 March 2023 from the due date of payment**					
		Less than 6 months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed – considered good	12,017	2,115	532	227	64	24	14,979
Undisputed – credit impaired	201	-	-	-	-	-	201
	12,218	2,115	532	227	64	24	15,180
Impairment allowance for bad and doubtful debts							(79)
							15,101
Unbilled receivables							878
							15,979

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

2.7 Cash and cash equivalents

	As at	
	31 March 2023	**31 March 2022**
Balance with banks		
- in current accounts	4,439	609
	4,439	**609**

2.8 Other current assets

	As at	
	31 March 2023	**31 March 2022**
Unsecured , considered good		
Advances other than capital advances		
Advance to suppliers	4	1
Others		
Deferred contract cost	7,016	8,332
Deferred contract cost - related parties (refer note 2.26)	690	9,671
Prepaid expenses	207	49
Contract assets	2,465	1,784
Receivable expenses - related parties (refer note 2.26)	3	3
Others	47	35
	10,432	**19,875**

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

2.9 Share capital

	As at	
	31 March 2023	**31 March 2022**
Authorized		
120 (31 March 2022, 120) quota shares of CHF 1000 each	120	120
Issued, subscribed and fully paid up		
120 (31 March 2022, 120) quota shares of CHF 1000 each	120	120

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as quota shares having a par value of CHF 1000/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at			
	31 March 2023		**31 March 2022**	
	No. of shares	Amount	No. of shares	Amount
Number of Quota shares at the beginning	120	120	120	120
Number of Quota shares at the end	120	120	120	120

Quota shares are normal equity shares.

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

Name of the shareholder	As at			
	31 March 2023		**31 March 2022**	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Quota shares of CHF 1000 each fully paid				
Axon Group limited, United Kingdom, the holding company	120	100%	120	100%

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

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back during five years immediately preceding the reporting date.

Capital management

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

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

2.10 Borrowings

	As at	
	31 March 2023	31 March 2022
Short term borrowings		
Unsecured		
Bank overdraft (refer note 1 below)	5,536	1,545
Short term loan - related parties (refer note 2 below & note 2.26)	3,991	4,107
	9,527	**5,652**

Notes

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

2) The company has taken short term loan at interest rate ESTR+0.5% for management of working capital which is repayable on demand.

2.11 Provisions

	As at	
	31 March 2023	31 March 2022
Current		
Provision for employee benefits		
Provision for leave benefits	20	10
	20	**10**

2.12 Trade payables

	As at	
	31 March 2023	31 March 2022
Trade payables	1,098	143
Trade payables - related parties (refer note 2.26)	9,229	4,634
	10,327	4,777
Unbilled and accruals - related parties (refer note 2.26)	6,310	14,549
	16,637	**19,326**

Trade payables	Not due	Outstanding as at 31 March 2023 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed	1,097	9,230	-	-	-	10,327
	1,097	9,230	-	-	-	10,327
Unbilled and accruals - related parties (refer note 2.26)						6,310
						16,637

Trade payables	Not due	Outstanding as at 31 March 2022 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed	78	4,698	1	-	-	4,777
	78	4,698	1	-	-	4,777
Unbilled and accruals - related parties (refer note 2.26)						14,549
						19,326

HCL Technologies Solution GmbH
Notes to financial statements for the year ended 31 March 2023
(All amount are in thousands of CHF except stated otherwise)

2.13 Other financial liabilities

	As at	
	31 March 2023	**31 March 2022**
Current		
Carried at amortized cost		
Interest accrued but not due on borrowings - related parties (refer note 2.26)	11	2
Accrued salaries and benefits		
Employee bonuses accrued	23	2
Other employee costs	74	17
Others		
Liabilities towards customer contracts	9,866	18,353
Provision for Customer Discount	93	20
Capital accounts payables	191	-
	10,258	**18,394**

2.14 Other current liabilities

	As at	
	31 March 2023	**31 March 2022**
Advances received from customers	1,101	13
Others		
Withholding and other taxes payable	1,055	614
	2,156	**627**

HCL Technologies Solution GmbH
Notes to financial statements for the year ended 31 March 2023
(All amount are in thousands of CHF except stated otherwise)

2.15 Revenue from operations

	Year ended	
	31 March 2023	**31 March 2022**
Sale of services	66,503	34,013
Sale of hardware and software	1,550	219
	68,053	**34,232**

Disaggregate revenue information
The disaggregated revenue from customers by geographic area based on location of customer is as follows:

	Year ended	
	31 March 2023	**31 March 2022**
Switzerland	57,792	25,784
Europe (Other than Switzerland)	464	529
America	9,518	7,176
Others	279	743
Total	**68,053**	**34,232**

Remaining performance obligations
Remaining performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). As at 31 March 2023, the aggregate amount of transation price allocated to remaining performance obligations as per the requirements of Ind AS 115 was CHF 68,184 thousand (31 March 2022- CHF 30,431 thousands)out of which, approximately 39% is expected to be recognized as revenues within one year and the balance beyond one year. These amounts are not adjusted for variable consideration allocated to remaining performance obligation, which are not probable. These amounts also exclude contracts for which we recognize revenues based on the right to invoice for services performed and contracts where consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

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

Out of CHF 2,465 thousand of contract assets as on 31 March 2023, 100% pertains to current year.

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

	Year ended	
	31 March 2023	**31 March 2022**
Balances as at beginning of the year	1,605	819
Additional amounts billed but not recognized as revenue	304	1,476
Deduction on account of revenues recognized during the year	(973)	(690)
Balance as at end of the year	**936**	**1,605**

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

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

	Year ended	
	31 March 2023	**31 March 2022**
Balance as at beginning of the year	35,753	1,395
Additional cost capitalised during the year	722	35,348
Deduction on account of cost amortised during the year	(14,193)	(990)
Balance as at end of the year	**22,282**	**35,753**

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

	Year ended	
	31 March 2023	**31 March 2022**
Contracted price	68,764	34,272
Reduction towards variable consideration components	(711)	(40)
Revenue recognised	**68,053**	**34,232**

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

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

2.16 Other income

	Year ended	
	31 March 2023	**31 March 2022**
Interest income		
- On loan given to related parties	-	38
- On customer receivable	187	54
Exchange differences (net)	554	-
Provision for doubtful debt no longer required written back	-	15
	741	**107**

2.17 Changes in inventories of traded goods

	Year ended	
	31 March 2023	**31 March 2022**
Opening stock	45	4
Less : Closing stock	97	45
	(52)	**(41)**

2.18 Employee benefits expense

	Year ended	
	31 March 2023	**31 March 2022**
Salaries, wages and bonus	707	84
Contribution to employee funds	148	19
	855	**103**

2.19 Finance costs

	Year ended	
	31 March 2023	**31 March 2022**
Interest		
on bank overdraft	110	26
on loan taken from related parties	57	2
on direct taxes	-	3
Bank charges	10	8
	177	**39**

2.20 Other expenses

	Year ended	
	31 March 2023	**31 March 2022**
Legal and professional charges	31	33
Provision for doubtful debts / bad debts written off	55	-
Exchange differences (net)	-	203
Business promotion	151	969
Miscellaneous expenses	84	20
	321	**1,225**

2.21 Tax expense

	Year ended	
	31 March 2023	**31 March 2022**
Income tax charged to Statement of Profit and Loss		
Current income tax charge	174	287
Current tax liability true up in respect of previous years	42	-
Deferred tax charge (credit)	38	-
	254	**287**

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

2.21 Tax expense(continued)

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

	Year ended	
	31 March 2023	**31 March 2022**
Profit before income tax	793	1,457
Statutory tax rate in Switzerland	21.98%	20.21%
Expected tax expense	174	295
Reversal of prior year provision	80	(8)
Expected tax expense	**254**	**287**
Effective income tax rate	32.00%	19.69%

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

2.22 Earnings Per Share

The computation of earnings per quota is as follows:

	Year ended	Year ended
	31 March 2023	**31 March 2022**
Net profit as per Statement of Profit and Loss for computation of EPS	539	1,170
Weighted average number of quotas outstanding in calculating of basic EPS	120	120
Weighted average number of quotas outstanding in calculating dilutive EPS	120	120
Nominal value of quotas	1,000	1,000
Earnings per quota share (Absolute) of CHF 1000 each		
- Basic	4,491.67	9,750.00
- Diluted	4,491.67	9,750.00

2.23 Leases

Company as a lessor

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

	Total minimum lease payments receivable	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
As on 31 March 2023			
Not later than one year	384	29	355
Later than one year and not later than 5 years	903	52	851
	1287	**81**	**1,206**
As on 31 March 2022			
Not later than one year	26	1	25
Later than one year and not later than 5 years	36	1	35
	62	**2**	**60**

2.24 Employee Benefits

The Company has calculated benefit provided to employees as below:

Defined contribution plans and state plans

Superannuation and Social security contribution fund

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

	Year ended	
	31 March 2023	**31 March 2022**
Superannuation fund	29	5
Social security contribution	64	7
Total	**93**	**12**

2.25 Segment Reporting

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

Revenue disaggregation as per geography has been included in note 2.15.

2.26 Related party transactions

a) Related parties where control exists

Holding company
Axon Group Limited

Ultimate holding company
HCL Technologies Limited

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

Ultimate holding company
HCL Technologies Limited

Fellow Subsidiaries

HCL Technologies Italy S.P.A
HCL Guatemala, Sociedad Anonima
HCL Technologies Morocco Limited
HCL (Brazil) Technologia da informacao EIRELI
HCL Technologies (Thailand) Ltd.
HCL Technologies Bulgaria EOOD
HCL Technologies Sweden AB
HCL (Ireland) Information Systems Limited
HCL Technologies B.V.
HCL Technologies UK Limited
HCL America Inc.
HCL Technologies Germany Gmbh
HCL Technologies Romania s.r.l.
HCL Technologies Starschema Kft
HCL Poland Sp.z.o.o
Filial Espanola De HCL Technologies S.L
HCL Canada Inc.
HCL Technologies Mexico S. de R.L.
HCL America Solutions Inc.
HCL Technologies France SAS
HCL Technologies Malaysia Sdn. Bhd.
HCL Singapore Pte. Limited
HCL Technologies Finland Oy
HCL Australia Services Pty. Limited
HCL Technologies Austria GmbH
HCL Technologies Philippines Inc.
HCL Technologies Vietnam Company Limited
HCL Istanbul Bilisim Teknolojileri Limited Sirketi
HCL Technologies Denmark Aps
HCL (New Zealand) Limited
HCL Hong Kong SAR Limited
Axon Solutions (Shanghai) Co. Limited
Telerx Marketing, Inc.
HCL Technologies Norway AS
HCL Technologies Middle East FZ-LLC
HCL Technologies South Africa (Proprietary) Limited
HCL Technologies Greece Single Member P.C
HCL Japan Limited
C3i Services &Technologies (Dalian) Co., Ltd
HCL Latin America Holding LLC
HCL Technologies Lanka (Private) Limited
PT. HCL Technologies Indonesia Limited
HCL Technologies Columbia S.A.S
HCL Asia Pacific Pte. Ltd.
HCL Technologies Corporate Services Limited
HCL Technologies (Shanghai) Limited
HCL Technologies Belgium BV
C3i Europe Eood
HCL Technologies Beijing Co.Ltd

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Notes to financial statements for the year ended 31 March 2023
(All amount are in thousands of CHF except stated otherwise)

2.26 Related party transactions (continued)

	Transactions with related parties during the normal course of business								
	Revenue	Purchase of stock-in -trade	Interest income	Outsourcing cost	Business promotion	Interest expenses	Disbursement in respect of loan given	Receipt against loan given	Proceeds from borrowings
31 March 2023									
Ultimate holding company	401	577	-	43,127	77	-	-	-	-
Fellow subsidiaries	177	-	-	20,887	74	57	-	-	3,991
	578	**577**	**-**	**64,014**	**151**	**57**	**-**	**-**	**3,991**
31 March 2022									
Ultimate holding company	902	-	-	22,017	938	-	-	-	-
Fellow subsidiaries	89	-	38	8,662	31	2	5,000	5,000	4,107
	991	**-**	**38**	**30,679**	**969**	**2**	**5,000**	**5,000**	**4,107**

Material related party transactions	Year Ended	
	31 Mar 2023	31 Mar 2022
Proceeds from borrowings		
HCL Technologies Italy S.P.A	-	4,107
Disbursement in respect of loan given		
HCL Technologies Germany GmbH	-	5,000
Receipt against loan given		
HCL Technologies Germany GmbH	-	5,000
Outsourcing cost		
HCL Technologies Limited	43,127	22,017

Outstanding balances	Outstanding balances	
	Trade receivables, other financial assets and other assets	Trade payables, other financial liabilities and other liabilities
31 March 2023		
Ultimate holding company	903	12,051
Fellow subsidiaries	132	8,009
	1,035	20,060
31 March 2022		
Ultimate holding company	12,051	16,397
Fellow subsidiaries	8,009	6,895
	20,060	23,292

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

2.27 Financial instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2023 & 31 March 2022 are as follows:

	As at	
	31 March 2023	**31 March 2022**
	Amortized cost	
Financial assets		
Trade receivables	15,979	13,697
Cash and cash equivalents and other bank balances	4,439	609
Others (refer note 2.3)	1,206	60
Total	**21,624**	**14,366**
Financial liabilities		
Borrowings	9,527	5,652
Trade payables	16,637	19,326
Others (refer note 2.13)	10,258	18,394
Total	**36,422**	**43,372**

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

(b) Financial risk management

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

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

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency. A significant portion of the company revenue is in Euro and USD while a large portion of costs are in CHF. The fluctuation in exchange rates in respect to CHF may not have potential impact on the Statement of Profit and Loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the company's profit before tax by approximately CHF 144 (31 March 2022 , CHF 4) for the year ended 31 March 2023.

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

Foreign currency exposure as of 31 March 2023 & 31 March 2022 in major currencies is as below:

	Financial assets		**Financial liabilities**	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
USD / CHF	4,071	5,302	9,467	300
EURO / CHF	2,117	1,897	10,429	6,206

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

2.27 Financial instruments (continued)

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

The customers of the Company are primarily corporations based in Switzerland and accordingly, trade receivables, finance lease receivables and unbilled revenue are concentrated in Switzerland. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of trade receivables, finance lease receivables and unbilled revenue.No single customer accounted for more than 10% of trade receivables, unbilled receivables and finance lease receivables.

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

	As at	
	31 March 2023	**31 March 2022**
Balance at the beginning of the year	24	34
Additional provision during the year	55	24
Deductions on account of write offs and collections	-	(34)
Balance at the end of the year	**79**	**24**

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

HCL Technologies Solution GmbH
Notes to financial statements for the year ended 31 March 2023
(All amount are in thousands of CHF except stated otherwise)

2.28 Ratio

Ratio	Numerator	Denominator	Units	Year ended 31 March 2023	Year ended 31 March 2022	% Variance
Current ratio	Current assets	Current liabilities	Times	0.8	0.7	**14** %
Debt equity ratio	Total debts	Total equity	Times	1.5	0.9	**67** %
Debt service coverage ratio	Earning availables for debt service (refer note 1 below)	Debt service (refer note 2 below)	Times	6.1	38.3	**(84)**%
Return on equity ratio	Profit for the year	Average total equity	%	8.6	21.7	**(60)**%
Inventory turnover ratio	Cost of good sold (refer note 3 below)	Average inventories	Times	28.1	4.6	**511** %
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	4.6	3.6	**28** %
Trade payables turnover ratio	Net credit purchases (refer note 4 below)	Average trade payables	Times	3.7	1.4	**164** %
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 5)	Times	(7.6)	(2.9)	**162** %
Net profit ratio	Profit for the year	Revenue from operations	%	0.8	3.4	**(76)**%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 6 below)	%	4.8	12.0	**(60)**%

Notes :

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

Explanation where change in the ratio is more than 25%

1) Debt Equity ratio: Primarily on account of increase in debt.

2) Debt service coverage ratio: Primarily on account of increase in interest.

3) Return on equity ratio: In last year, ratio was on higher side mainly due to high profit.

4) Inventory turnover ratio: The ratio has increased mainly on account of increase in cost of goods sold.

5) Trade receivables turnover ratio: This ratio increased primarily on account of significant increase in revenue.

6) Trade payable turnover ratio: This ratio increased primarily on account of significant increase in net credit purchases.

7) Net capital turnover ratio: This ratio decreased primarily on account of increase in working capital.

8) Net profit ratio: In last year, ratio was on higher side mainly due to high profit.

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

2.29 Subsequent event

The Company has evaluated all the subsequent events through June 22, 2023, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

As per our report of even date attached

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

Rakesh Dewan
Rakesh Dewan (Jun 22, 2023 18:12 GMT+4)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: June 22, 2023

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

Shiv Walia
Director

Egham, UK
Date: June 22, 2023

Rahul Singh
Rahul Singh (Jun 22, 2023 18:31 GMT+5.5)

Rahul Singh
Director

London, UK
Date: June 22, 2023