HCL Technologies Greece Single Member P.C.

Annual Financial Statements

For the year ended 31 December 2023 and nine months period ended 31 December 2022

HCL Technologies Greece Single Member P.C.

Balance Sheet as at 31 December 2023 and 31 December 2022

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

	Note No.	As at 31 December 2023	31 December 2022
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	**2.1**	80	24
(b) Right-of-use assets	**2.25**	11	8
(c) Goodwill	**2.2**	80	80
(d) Other intangible assets	**2.3**	20	26
(e) Financial assets			
(i) Others	**2.5**	13	65
(f) Deferred tax assets (net)	**2.19**	86	107
(g) Other non-current assets	**2.6**	4	5
Total non-current assets		**294**	**315**
(2) Current assets			
(a) Inventories	**2.7**	74	51
(b) Financial Assets			
(i) Trade receivables			
Billed	**2.4**	469	900
Unbilled	**2.4**	211	354
(ii) Cash and cash equivalents	**2.8**	669	383
(iii) Others	**2.5**	68	112
(c) Current tax assets (net)		-	31
(d) Other current assets	**2.9**	391	614
Total current assets		**1,882**	**2,445**
TOTAL ASSETS		**2,176**	**2,760**
II. EQUITY			
(a) Equity Share Capital	**2.10**	441	441
(b) Other Equity		383	360
TOTAL EQUITY		**824**	**801**

HCL Technologies Greece Single Member P.C.

Balance Sheet as at 31 December 2023 and 31 December 2022

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

	Note No.	As at 31 December 2023	As at 31 December 2022
III. LIABILITIES			
(1) Non - current liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	**2.25**	5	4
(b) Contract Liabilities	**2.11**	3	4
Total non-current liabilities		**8**	**8**
(2) Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	**2.12**		
Billed		781	669
Unbilled and accruals		319	859
(ii) Lease liabilities	**2.25**	8	5
(b) Contract liabilities	**2.11**	171	226
(c) Current tax liabilities (net)		1	-
(d) Other current liabilities	**2.13**	64	192
Total current liabilities		**1,344**	**1,951**
TOTAL EQUITY AND LIABILITIES		**2,176**	**2,760**
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
ICAI Firm Registration Number : 101248W/W-100022

For and on behalf of the Board of Directors
of HCL Technologies Greece Single Member P.C.

Ramachandran Sundararajan
Ramachandran Sundararajan (May 8, 2024 17:18 GMT+5.5)

Shiv Walia
Shiv Walia (May 8, 2024 10:42 GMT+1)

Rakesh Dewan
Partner
Membership Number : 092212

Ramachandran Sundararajan
Director

Shiv Kumar Walia
Director

Gurugram, India
Date : 8th May 2024

Date : 8th May 2024

HCL Technologies Greece Single Member P.C.
Statement of Profit and Loss for the year ended 31 December 2023 and nine months period ended 31 December 2022
(All amounts in thousands EUR except share data and as stated otherwise)

		Note No.	Period ended	
			31 December 2023	31 December 2022
I	**Revenue**			
	Revenue from operations	**2.14**	1,978	1,391
	Other income	**2.15**	19	18
	Total revenue		**1,997**	**1,409**
II	**Expenses**			
	Purchase of stock-in-trade		197	114
	Changes in inventories of stock-in-trade	**2.16**	(23)	(13)
	Outsourcing costs		1,645	1,189
	Finance costs	**2.17**	4	2
	Depreciation, amortization and impairment expense		33	18
	Other expenses	**2.18**	45	23
	Total expenses		**1,901**	**1,333**
III	**Profit before tax**		**96**	**76**
IV	**Tax expense**			
	Current tax	**2.19**	52	11
	Deferred tax charge	**2.19**	21	4
	Total tax expense		**73**	**15**
V	**Profit for the year**		**23**	**61**
VI	**Total Comprehensive income for the year**		**23**	**61**
	Earnings per equity share of EUR 1 each	**2.21**		
	Basic (in EUR)		0.05	0.14
	Diluted (in EUR)		0.05	0.14
	Summary of significant accounting policies	**1**		

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HCL Technologies Greece Single Member P.C.
Statement of Changes in Equity for the year ended 31 December 2023
(All amounts in thousands EUR except share data and as stated otherwise)

	Equity share capital		Other Equity	Total Equity
	Number of shares	Share capital	Reserves and Surplus	
Balance as at 1 April 2022	441,000	441	299	740
Profit for the year	-	-	61	61
Total comprehensive income for the year	**-**	**-**	**61**	**61**
Balance as at 31 December 2022	**441,000**	**441**	**360**	**801**
Balance as at 1 January 2023	441,000	441	360	801
Profit for the year	-	-	23	23
Total comprehensive income for the year	**-**	**-**	**23**	**23**
Balance as at 31 December 2023	**441,000**	**441**	**383**	**824**

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements

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HCL Technologies Greece Single Member P.C.
Statement of cash flow for the period ended 31 December 2023 and nine months period ended 31 December 2022
(All amounts in thousands EUR except share data and as stated otherwise)

	Period ended	
	31 December 2023	**31 December 2022**
A. Cash flows from operating activities		
Profit before tax	96	76
Adjustment for:		
Depreciation and amortization expense	33	18
Provision for doubtful debts/ bad debt written back (net)	(2)	-
Interest expense	1	1
	128	**95**
Net Change in		
Trade receivables	576	(189)
Inventories	(23)	(13)
Other financial assets and other assets	320	5
Trade payables	(428)	716
Contract liabilities and other liabilities	(184)	(498)
Cash generated from (used in) operations	**389**	**116**
Direct taxes paid (net of refunds)	(20)	(78)
Net cash flow from operating activities (A)	**369**	**38**
B. Cash flows from investing activities		
Purchase of property,plant and equipment	(78)	-
Net cash used in investing activities (B)	**(78)**	**-**
C. Cash flows from financing activities		
Payment of lease liabilities including interest	(4)	(2)
Interest paid	(1)	(1)
Net cash used in financing activities (C)	**(5)**	**(3)**
Net increase in cash and cash equivalents (A+B+C)	286	35
Cash and cash equivalents at the beginning of the year	383	348
Cash and cash equivalents at the end of the year (refer note 2.8)	**669**	**383**
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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ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies Greece Single Member P.C. (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 30 September 2014 in Greece with Registration Number 131925901000, having its registered office at 62 Kifissias Avenue, 15125 Maroussi, Athens.

The financial statements for the year ended 31 December 2023 were approved and authorized for issue by the Board of Directors on 8th May 2024.

1. Summary of Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with recognition and measurement principle laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the 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 accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.

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

The functional currency of the Company is EURO.

Effective 1st April 2022, the Company had changed its financial year as year ending 31st December to get the year ending in line with Greece's local jurisdiction and tax returns. Accordingly, the previous financial year of the Company is for nine months period from 1 April 2022 to 31 December 2022. Accordingly, the figures for the current financial year are not comparable to those of the previous year.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period 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, refer note 1(i).
ii. Allowance for uncollectible accounts receivables, refer note 1(m)(i)
iii. Recognition of income and deferred taxes, refer note 1(l) and note 2.19
iv. Useful lives of property, plant and equipment, refer note 1(e)
v. Lives of intangible assets, refer note 1(f)
vi. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(k).
vii. Key assumptions used for impairment of goodwill, refer note 1(g) and note 2.2.
viii. Provisions and contingent liabilities, refer note 1(o)

c) Inventories

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

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

d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Company measures the non-controlling interest in the acquiree at fair value. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as financial liability is measured at fair value with changes in fair value recognized in the statement of profit and loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is recognized as capital reserve after reassessing the fair values of the net assets.

e) 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 assets as a whole.

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 property, plant and equipment 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 before 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 lives of following assets for computing depreciation are as follows: -

	Life (in years)
Computers	3-5

The useful life as given above best represents the period over which the management expects to use these assets, based on technical assessment. Hence, the useful life for the assets is different from the useful life 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.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

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.

	Life (in years)
Customer relationships	10

g) Impairment of non-financial assets

Goodwill

Goodwill is tested annually on December 31, for impairment, or sooner whenever there is an indicator that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the company cash generating units (CGU) expected to benefit from the synergies arising from the business

combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in subsequent periods.

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 to be recognized 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.

h) Fair value measurement

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

The prescribed fair value hierarchy and related valuation methodologies are as follows:

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

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

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

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

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

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

iii. Cost approach – Replacement cost method.

Certain assets are measured at fair value on a non-recurring basis. These assets consist primarily of non-financial assets such as goodwill and intangible assets. Goodwill and intangible assets recognized in business combinations

are measured at fair value initially and subsequently when there is an indicator of impairment, the impairment is recognized.

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.

i) 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 contracts/ volume based and transaction based

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

Fixed Price contracts

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

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

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

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

Proprietary Software Products

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

j) Foreign currency and transactions

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of the transaction. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the initial transaction.

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

k) Leases

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

Company as a lessee

Company is lessee in case of leasehold land, office space, accommodation for its employees & IT equipment. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in Ind AS 116.

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

The lease liability is measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow, in the country where the lease was executed. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the Company is reasonably certain to exercise the option and payment of penalties for

terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease. Lease liability is subsequently measured by increase the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any. The Company has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the statement of profit and loss. For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

Company as a lessor

Leases in which the 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 the 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 receivables at an amount equal to the present value of lease receivables. After initial recognition, the 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, the Company allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

l) Taxation

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.

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.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period 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.

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

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

m) Financial Instruments

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

i. Financial assets:

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

Cash and cash equivalents

Cash in the balance sheet comprise cash in banks, which is subject to an insignificant risk of change 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 other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, loans, unbilled revenue, trade and other receivables.

Derecognition of financial assets

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

Impairment of financial assets

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

ii. Financial liabilities

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

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

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

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

Derecognition

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

Offsetting of financial instruments

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

n) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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.

o) Provisions and contingent liabilities

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

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

p) Adoption of new accounting principles

Onerous contracts – cost of fulfilling a contract (amendment to Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets). 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 January 2023 and the adoption did not have any material impact on its financial statements.

q) 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 - Presentation of Financial Statements)

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 - Accounting Policies, Changes in Accounting Estimates and Errors)

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.

2.1 Property, plant and equipment

The changes in the carrying value for the period ended 31 December 2023

	Plant and equipment	Computers	Total
Gross block as at 1 January 2023	-	68	68
Additions	2	76	78
Gross block as at 31 December 2023	**2**	**144**	**146**
Accumulated depreciation as at 1 January 2023	-	44	44
Depreciation	0	22	22
Accumulated depreciation as at 31 December 2023	**0**	**66**	**66**
Net block as at 31 December 2023	**2**	**78**	**80**

The changes in the carrying value for the year ended 31 December 2022

	Plant and equipment	Computers	Total
Gross block as at 1 April 2022	-	68	68
Additions		-	-
Gross block as at 31 December 2022	**-**	**68**	**68**
Accumulated depreciation as at 1 April 2022	-	31	31
Depreciation	-	13	13
Accumulated depreciation as at 31 December 2022	**-**	**44**	**44**
Net block as at 31 December 2022	**-**	**24**	**24**

2.2 Goodwill

The changes in the carrying value for the year ended 31 December 2023

	Goodwill on acquisition of business	Total
Gross block as at 1 January 2023	80	80
Gross block as at 31 December 2023	**80**	**80**

The changes in the carrying value for the year ended 31 December 2022

	Goodwill on acquisition of business	Total
Gross block as at 1 April 2022	80	80
Gross block as at 31 December 2022	**80**	**80**

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) which benefit from the synergies of the acquisition.

Goodwill is tested for impairment at least annually. Impairment is recognised, if present value of future cash flows is less than the carrying value of goodwill. Future cash flows are forecasted for 5 years and then on perpetuity on the basis of certain assumptions which include revenue growth, earnings before interest and taxes, taxes, capital outflow and working capital requirement. The assumptions are taken on the basis of past trends and management estimates and judgement. Future cash flows are discounted with "Weighted Average Cost of Capital". The key assumptions are as follows:

	As at	
	31 December 2023	31 December 2022
Growth rate (%)	Upto 5%	Upto 5%
Terminal growth rate (%)	1.50%	1.50%
Discount rate (%)	4.84%	9.35%

As at 31 December 2023 and 31 December 2022, the estimated recoverable amount of the CGU exceeded its carrying amount and accordingly, no impairment was recognized. An analysis of the sensitivity of the computation to a change in key assumptions based on reasonable probability did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

2.3 Other intangible assets

The changes in the carrying value for the year ended 31 December 2023

	Customer relationship	Total
Gross block as at 1 January 2023	50	50
Gross block as at 31 December 2023	**50**	**50**
Accumulated depreciation as at 1 January 2023	24	24
Amortization	6	6
Accumulated depreciation as at 31 December 2023	**30**	**30**
Net Block as at 31 December 2023	**20**	**20**

Changes in the carrying value for the year ended 31 December 2022

	Customer Relationship	Total
Gross block as at 1 April 2022	50	50
Gross block as at 31 December 2022	**50**	**50**
Accumulated depreciation as at 1 April 2022	21	21
Amortization	3	3
Accumulated depreciation as at 31 December 2022	**24**	**24**
Net Block as at 31 December 2022	**26**	**26**

2.4 Trade Receivables

	As at	
	31 December 2023	**31 December 2022**
Billed		
Unsecured considered good (Refer note below)	472	900
	472	**900**
Impairment Allowance (allowance for bad and doubtful debts)	(3)	**-**
	469	**900**
Unbilled receivables (refer note below)	211	354
	680	**1,254**

Note:- Trade Receivable include receivable from related party amouting to EUR 118 (31 December 2022 EUR 112) refer note no 2.22.

Trade receivables	**Not Due**	**Outstanding as at 31 December 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	281	99	-	10	38	43	471
Undisputed – which have significant increase in credit risk	-	-	-	1	-	-	1
							472
Impairment allowance for bad and doubtful debts							(3)
							469
Unbilled receivables	211						211
							680

Trade receivables	**Not Due**	**Outstanding as at 31 December 2022 from the due date of payment**					
		Less than 6 months	**6 months – 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed – considered good	797	22	1	38	11	31	900
							900
Unbilled receivables	354						354
							1,254

2.5 Other financial assets

	As at	
	31 December 2023	**31 December 2022**
Non Current		
Carried at amortized cost		
Finance lease receivables (refer note 2.25)	13	65
	13	**65**
Current		
Carried at amortized cost		
Finance lease receivables (refer note 2.25)	68	112
	68	**112**

2.6 Other non-current assets

	As at	
	31 December 2023	**31 December 2022**
Unsecured, considered good		
Prepaid Expenses	-	1
Deferred Cost	4	4
	4	**5**

2.7 Inventories

	As at	
	31 December 2023	**31 December 2022**
Stock-in-trade	74	51
	74	**51**

2.8 Cash and bank balances

	As at	
	31 December 2023	**31 December 2022**
Cash and cash equivalents		
Balances with banks	669	383
	669	**383**

2.9 Other current assets

	As at	
	31 December 2023	**31 December 2022**
Unsecured, considered good		
Deferred contract cost-related parties (refer note no. 2.22)	387	610
Prepaid Expenses	4	1
Others	-	3
	391	**614**

2.10 Share Capital

	As at	
	31 December 2023	**31 December 2022**
Authorized		
441,000 Equity shares of EUR 1 each (Previous year 441,000 of EUR 1 each)	441	441
Issued, subscribed and fully paid up		
441,000 Equity shares of EUR 1 each (Previous year 441,000 of EUR 1 each)	441	441

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of EUR 1/-. 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 reporting period

	As at			
	31 December 2023		**31 December 2022**	
	No. of shares	EUR in thousand	No. of shares	EUR in thousand
Number of shares at the beginning	441,000	441	441,000	441
Number of shares at the end	**441,000**	**441**	**441,000**	**441**

Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

Name of the shareholder	As at			
	31 December 2023		**31 December 2022**	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares of EUR 1 each fully paid				
HCL Technologies UK Limited, Holding Company	441,000	100%	441,000	100%

Details of shareholders/promoters holding more than 5 % shares in the company

Name of the shareholder	As at			
	31 December 2023		**31 December 2022**	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares of EUR 1 each fully paid				
HCL Technologies UK Limited, Holding Company	441,000	100%	441,000	100%

As per the records of the Company, including its register of shareholders, the above shareholding represents both legal and beneficial ownership of shares. There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation.

Capital management

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

2.11 Contract liabilities

	As at	
	31 December 2023	**31 December 2022**
Non - Current		
Contract Liabilities (Refer note 2.14)	3	4
	3	**4**
Current		
Contract Liabilities (Refer note 2.14)	171	226
	171	**226**

2.12 Trade payables

	As at	
	31 December 2023	**31 December 2022**
Trade payables	12	33
Trade payables-related party (refer note:2.22)	769	636
	781	**669**
Unbilled and accruals	41	29
Unbilled and accruals-related parties (refer note 2.22)	278	830
	319	**859**
	1,100	**1,528**

Particulars	**Not Due**	**Outstanding as at 31 December 2023 from the due date of payment**				
		Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Others	12	760	9	-	-	781
						781
Unbilled and accruals						319
						1,100

Particulars	**Not Due**	**Outstanding as at 31 December 2022 from the due date of payment**				
		Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Others	283	384	2	-	-	669
						669
Unbilled and accruals						859
						1,528

2.13 Other current liabilities

	As at	
	31 December 2023	**31 December 2022**
Advance received from customer	5	1
Withholding and other taxes payable	59	191
	64	**192**

2.14 Revenue from operations

	Year ended	Nine months period ended
	31 December 2023	**31 December 2022**
Sale of services	1,804	1,260
Sale of hardware and software	174	131
	1,978	**1,391**

Disaggregate Revenue Information

The disaggregated revenue from contracts with the customers by geography wise is as follows:

	Year ended	Nine months period ended
	31 December 2023	**31 December 2022**
Geography wise		
America	80	6
Europe	1,852	1,366
India	7	-
Others	39	19
	1,978	**1,391**

Remaining performance obligations

As at 31 December 2023, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was EUR 2,366 out of which, approximately 38% is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions of below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,
b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or

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

Contract balances

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

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

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

	31 December 2023	31 December 2022
Balance as at beginning of the year	230	454
Additional amounts billed but not recognized as revenue	3	186
Deduction on account of revenues recognized during the year	(59)	(410)
Balance as at end of the year	**174**	**230**

2.14 Revenue from operations (continued)

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	Nine months period ended
	31 December 2023	31 December 2022
Balance as at beginning of the year	614	463
Additional cost capitalised during the year	193	196
Deduction on account of cost amortised during the year	(416)	(45)
Balance as at end of the year	**391**	**614**

The contracted price equals the revenue recognized since there is no reduction towards variable consideration component during the year.

2.15 Other income

	Year ended	Nine months period ended
	31 December 2023	31 December 2022
Interest Income	16	3
Exchange differences (net)	(1)	11
Bad debts written back	4	-
Miscellaneous Income	-	4
	19	**18**

2.16 Changes in inventories of stock in trade

	Year ended	Nine months period ended
	31 December 2023	31 December 2022
Opening stock	51	38
Less : Closing stock	74	51
	(23)	**(13)**

2.17 Finance cost

	Year ended	Nine months period ended
	31 December 2023	31 December 2022
Bank charges	3	1
Interest		
-others	1	1
	4	**2**

2.18 Other expenses

	Year ended	Nine months period ended
	31 December 2023	31 December 2022
Legal and professional charges	28	23
Rates and taxes	15	-
Provision for doubtful debts / bad debts written off	2	-
	45	**23**

2.19 Income taxes

	Year ended	Nine months period ended
	31 December 2023	31 December 2022
Income tax charged to statement of profit and loss		
Current income tax charge	52	11
Deferred tax charge	21	4
	73	**15**

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

	Year ended	Nine months period ended
	31 December 2023	31 December 2022
Profit before income tax	96	76
Statutory tax rate	22.00%	22.00%
Expected tax expense	**21**	**17**
Impact of prior year provision	-	(3)
Professional Tax	-	1
Others	52	-
Total taxes	**73**	**15**
Effective income tax rate	76.04%	19.34%

Components of deferred tax assets and liabilities as on 31 December 2023

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Accumulated losses	92	18	110
Provision for doubtful debts	-	1	1
Provision for Expenses	7	(1)	6
Depreciation and amortization	6	(4)	2
Gross deferred tax assets (A)	**105**	**14**	**119**
Deferred tax liabilities			
Others	2	(35)	(33)
Gross deferred tax liabilities (B)	**2**	**(35)**	**(33)**
Net deferred tax assets (A-B)	**107**	**(21)**	**86**

Components of deferred tax assets and liabilities as on 31 December 2022

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Accumulated losses	-	92	92
Provision for Expenses	7	-	7
Depreciation and amortization	6	-	6
Others	97	(95)	2
Gross deferred tax assets (A)	**110**	**(3)**	**107**
Deferred tax liabilities			
Intangibles	-	-	-
Gross deferred tax liabilities (B)	**-**	**-**	**-**
Net deferred tax assets (A-B)	**110**	**(3)**	**107**

2.20 Segment Reporting

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

Revenue disagreegation as per geography is given in note 2.14.

2.21 Earnings per share (EPS)

	As at	
	31 December 2023	**31 December 2022**
Net Profit/(loss) as per statement of profit and loss for computation of EPS	23	61
Weighted average number of equity shares outstanding in calculating Basic EPS	441,000	441,000
Weighted average number of equity shares outstanding in calculating Dilutive EPS	441,000	441,000
Nominal value of equity shares (in EUR)	1	1
Earning per equity share (in EUR)		
Basic	0.05	0.14
Diluted	0.05	0.14

2.22 Related party transactions

a) Related parties where control exists

Ultimate Holding company
HCL Technologies Limited
Holding company
HCL Technologies UK Limited

b) Related parties with whom transactions have taken place during the year
Ultimate Holding company
HCL Technologies Limited
Holding company
HCL Technologies UK Limited

2.22 Related party transactions (Continued)

Fellow subsidiaries

HCL Technologies (PTY) Limited. (Fy HCL Axon PTY Limited.)
HCL Technologies Colombia
HCL Technologies Czech Republic
HCL AMERICA INC.
HCL Technologies Beijing
HCL Technologies Thailand
HCL Argentina S.A
HCLTechnologies Sweden AB
HCL Japan Limited
HCL (Brazil) Tecnologia Da Inf
HCL GREAT BRITAIN Ltd.
HCL Australia Services Pty. Limited, Australia
HCL TECHNOLOGIES MEXICO, S. DE
HCL CANADA INC.
HCL Technologies Middle East FZ- LLC
Telerx Marketing Inc
HCL Technologies Philippines Inc
HCL Technologies Costa Rica
HCL Guatemala, Sociedad Anonima
HCL Latin America Holding LLC
HCL Technologies (Shanghai) Limited
HCL Technologies Malaysia SDN BHD
HCL Technologies Chile SpA
HCL Technologies Estonia OU
HCL Technologies South Africa (Proprietary) Limited
HCL Hungary Kft
HCL America Solutions Inc.
HCL Technologies Sollutions GmBh
HCL Technologies Finland Oy
FILIAL ESPAÑOLA DE HCL TEC.S.L
HCL Istanbul Bilisim Teknolojileri Limited Sirketi
HCL POLAND SP.Z O.O.
Geometric Americas Inc.
HCL Technologies Romania S.R.L
HCL Technologies France
HCL Technologies (Taiwan) Ltd.
C3i Europe Eood
HCL Vietnam Company Limited
HCL Technologies Norway AS
HCL (NEWZEALAND) LIMITED
HCL SINGAPORE PTE LTD
HCL Saudi Arabia LLC
HCL HONG KONG SAR LIMITED
HCL Axon Tech.(Shanghai)Co.Ltd
PT. HCL Technologies Indonesia
HCL TECHNOLOGIES S.A.C.
HCL Technologies Lanka (Private) Limited
HCL Asia Pacific Pte Limited
HCL Technologies Philippines Inc
HCL Technologies Egypt Limited
HCL Technologies Sweden (IOMC)
HCL Technologies Denmark ApS
Actian Corporation
HCL Technologies Germany GmbH
Axon Solutions Limited
HCL Technologies Corporate Services Limited

c) Transactions with related parties

	Ultimate Holding company		Holding company		Fellow subsidiares	
	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Revenue	7	4	-	-	86	56
Outsourcing costs	946	731	4	-	580	386

d) Outstanding balances with related parties

	Ultimate Holding company		Holding company		Fellow subsidiares	
	As at		As at		As at	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Trade payables- Unbilled and accruals	277	827	-	-	1	3
Trade payables- Billed	453	296	6	78	310	262
Deferred Contract Cost	387	610	-	-	-	-
Trade Receivables including Unbilled	-	4	-	-	118	108

2.23 Capital commitments

	As at	
	31 December 2023	**31 December 2022**
Capital commitments		
Estimated Amount of unexecuted capital contracts (net of advances)	-	51
Total	**-**	**51**

2.24 Financial Instruments

(a) Financial Assets and Liabilities

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

	31 December 2023		31 December 2022	
	Amortised Cost	**Total carrying value**	**Amortised Cost**	**Total carrying value**
Financial Assets				
Trade receivables (including unbilled)	680	680	1,254	1,254
Cash and cash equivalents	669	669	383	383
Others (Refer note: 2.5)	81	81	177	177
Total	**1,430**	**1,430**	**1,814**	**1,814**
Financial Liabilities				
Trade payables (including unbilled and accruals)	1,100	1,100	1,528	1,528
Lease liabilities	13	13	9	9
Total	**1,113**	**1,113**	**1,537**	**1,537**

(b) Financial risk management

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

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

Market risk

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

Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in curriences other than functional curreny. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in EUR. The fluctuation in exchange rates in respect to EUR may have insignificant 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 EUR 4,447 for the period ended 31 December 2023.

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

Non-derivative foreign currency exposure as of 31 December 2023 and 31 December 2022 in major currencies is as below:

	Financial assets		Financial liabilities	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
USD/EUR	33	9	106	2

2.24 Financial Instruments (Continued)

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

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

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

	As at	
	31 December 2023	**31 December 2022**
Balance at the beginning of the year	1	1
Additional/(Reversal of) provision during the year	2	-
Deductions on account of write offs and collections	-	-
Balance at the end of the year	3	**1**

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

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

	Year 1	**Year 2**	**Total**
As at 31st December 2023			
Trade Payables (including unbilled and accruals)	1,100	-	1,100
Lease liabilities	8	5	13
Total	**1,108**	**5**	**1,113**

	Year 1	**Year 2**	**Total**
As at 31st December 2022			
Trade Payables (including unbilled and accruals)	1,528	-	1,528
Lease liabilities	5	4	9
Total	**1,533**	**4**	**1,537**

2.25 Leases

(a) Company as a lessee
The Company's significant leasing arrangements are in respect of leases for IT equipments.

The details of right-of-use assets held by the company is as follows:

	Computers and networking equipments	Total
Balance as at 1 April 2022	2	2
Additions	8	8
Depreciation	2	2
Balance as at 31 December 2022	**8**	**8**
Balance as at 1 January 2023	8	8
Additions	8	8
Depreciation	5	5
Balance as at 31 December 2023	**11**	**11**

The reconciliation of lease liabilities is as follows:

	31 December 2023	31 December 2022
Balance as at beginning of the year	9	3
Additions	8	8
Payment of lease liabilities	4	2
Balance as at end of the year	**13**	**9**

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities :

	31 December 2023	31 December 2022
Within one year	8	5
One to two years	5	4
Total lease payments	**13**	**9**
Imputed interest	0	-
Total lease liabilities	**13**	**9**

Certain lease agreements include options to terminate or extend the leases. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(b) Company as a Lessor
The 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 at 31 December 2023			
Not later than one year	96	28	68
Later than one year but not later than five years	13	-	13
	109	**28**	**81**

2.26 Ratios

Ratio	Numerator	Denominator	Units	Year ended		Variance
				31 December 2023	31 December 2022	
Current ratio	Current assets	Current liabilities	Times	1.4	1.3	8%
Return on equity ratio	Profit for the year	Average total equity	%	2.8%	7.9%	-64%
Inventory turnover ratio	Cost of good sold (refer note 1 below)	Average inventories	Times	2.8	2.3	21%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	2.0	1.2	71%
Trade payables turnover ratio	Net credit purchases (refer note 2 below)	Average trade payables	Times	1.4	1.1	29%
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 3)	Times	3.7	2.8	31%
Net profit ratio	Profit for the year	Revenue from operations	%	1.2%	4.4%	-74%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 4 below)	%	10.7%	10.6%	1%

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

Note: Ratios for year ended 31 December 2023 are calculated based on Statement of Profit and Loss for the twelve months period ended 31 December 2023, however ratios for nine month period ended 31 December 2022 are calculated based on Statement of Profit and Loss for the nine months period ended 31 December 2022.

Explanation where change in the ratio is more than 25%

Return on equity ratio- Net profit has been decreased during current year. Consequently, return on equity is decreased in current year.
Trade receivables turnover ratio - Turnover has increased in the current year. Consequently, Trade receivables turnover ratio has increased.
Trade payables turnover ratio - Due to increase in credit purchases, Trade payables turnover ratio has increased.
Net capital turnover ratio - As turnover has increased, Net capital turnover ratio increased in current year.
Net Profit Ratio - As Net Profit decreased in current year, Net profit ratio decreased in current year

2.27 Subsequent events
The Company has evaluated all the subsequent events through 8th May 2024, 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.

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

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
ICAI Firm Registration Number : 101248W/W-100022

For and on behalf of the Board of Directors
of HCL Technologies Greece Single Member P.C.

Ramachandran Sundararajan
Ramachandran Sundararajan (May 8, 2024 17:18 GMT+5.5)

Shiv Walia
Shiv Walia (May 8, 2024 10:42 GMT+1)

Rakesh Dewan
Partner
Membership Number : 092212

Ramachandran Sundararajan
Director

Shiv Kumar Walia
Director

Gurugram, India
Date : 8th May 2024

Date : 8th May 2024