c/c

S.R. BATLIBOI & CO. LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of HCL America Inc.

Opinion

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

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

Basis for Opinion

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

Responsibility of Management for the special purpose Ind AS Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose Ind AS financial statements, including the disclosures, and whether the special purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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Other Matter

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

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

Nilangshu Katriar

Per Nilangshu Katriar
Partner
Membership Number: 58814
Place of Signature: Gurugram
Date: June 28, 2019

S.R. BATLIBOI & CO. LLP
GURUGRAM

HCL America Inc.

STANDALONE FINANCIAL STATEMENTS
For the year ended 31 March 2019 and 31 March 2018

HCL America Inc.

Balance Sheet as at 31 March 2019

(Amount in millions, except share and per share data)

	Note No.	As at 31-Mar-19 (USD)	As at 31-Mar-18 (USD)	As at 31-Mar-19 (Refer note 1 (a)) (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3.1	86	59	5,926
(b) Capital work in progress		1	1	67
(c) Goodwill	3.2	297	297	20,522
(d) Other intangible assets	3.3	22	24	1,491
(e) Financial assets				
(i) Investments	3.4	371	157	25,634
(ii) Loans	3.5	126	-	8,714
(iii) Others	3.6	73	58	5,036
(f) Deferred tax assets (net)	3.25	18	22	1,252
(g) Other non-current assets	3.7	69	40	4,783
(2) Current assets				
(a) Inventories	3.8	2	7	164
(b) Financial assets				
(i) Trade receivables	3.9	712	604	49,235
(ii) Cash and cash equivalents	3.10	10	25	685
(iii) Loans	3.5	26	22	1,801
(iv) Others	3.6	186	227	12,851
(c) Other current assets	3.11	112	84	7,742
TOTAL ASSETS		2,111	1,627	145,903
II. EQUITY				
(a) Equity share capital	3.12	7	7	517
(b) Other equity		979	801	67,667
Equity attributable to shareholders of the Company		986	808	68,184
TOTAL EQUITY		986	808	68,184
III. LIABILITIES				
(1) Non - current liabilities				
(a) Financial Liabilities				
(i) Borrowings	3.13	306	5	21,119
(ii) Others	3.14	1	1	46
(b) Provisions	3.15	20	19	1,407
(c) Other non-current liabilities	3.16	17	11	1,153
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	3.13	148	24	10,260
(ii) Trade payables	3.17	246	369	16,992
(ii) Others	3.14	333	343	22,969
(b) Other current liabilities	3.18	37	31	2,585
(c) Provisions	3.15	17	16	1,188
TOTAL EQUITY AND LIABILITIES		2,111	1,627	145,903
Summary of significant accounting policies	1			

The accompanying notes are an integral part of financial statements

As per our report of even date

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

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 28 JUNE 2019

For and on behalf of the Board of Directors of HCL America Inc.

C. Vijayakumar
Director

Robin Abrams
Director

Date: 28 JUNE 2019

HCL America Inc.

Statement of Profit and Loss for the year ended 31 March 2019

(Amount in millions, except share and per share data)

		Note No.	Year ended 31-Mar-19 (USD)	Year ended 31-Mar-18 (USD)	Year ended 31-Mar-19 (Refer note 1 (a)) (₹)
I.	**Revenue**				
	Revenue from operations	3.19	3,276	3,682	226,418
	Other income	3.20	94	45	6,468
	Total Income		3,370	3,727	232,886
II	**Expenses**				
	Purchase of stock-in-trade		86	93	5,965
	Changes in inventories of stock-in-trade	3.21	5	3	343
	Employee benefits expense	3.22	1,531	1,462	105,795
	Finance costs	3.23	12	3	846
	Depreciation and amortisation expense	3.1 & 3.3	33	23	2,294
	Outsourcing costs		1,312	1,832	90,690
	Other expenses	3.24	171	154	11,739
	Total expenses		3,150	3,570	217,672
III	**Profit before tax**		220	157	15,214
IV	**Tax Expense**				
	Current tax	3.25	39	12	2,715
	Deferred tax charge		4	27	278
	Total tax expense		43	39	2,993
V	**Profit for the year**		177	118	12,221
VI	**Other comprehensive income**		-	-	-
VII	**Total other comprehensive income**		-	-	-
VIII	**Total comprehensive income for the year**		177	118	12,221
	Earnings per equity share of par value USD 1 each	3.26			
	Basic		23.69	15.78	1,635.05
	Diluted		23.69	15.78	1,635.05
	Summary of significant accounting policies	1			

The accompanying notes are an integral part of financial statements

As per our report of even date

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

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 28 JUNE 2019

S.R. BATLIBOI & CO. LLP * GURUGRAM *

For and on behalf of the Board of Directors of HCL America Inc.

C. Vijayakumar
Director

Robin Abrams
Director

Date: 28 JUNE 2019

HCL America Inc.

Statement of changes in equity for the year ended 31 March 2019

(Amount in millions, except share and per share data)

USD

Particulars	Equity share capital		Other equity			
	Shares	Share capital	Reserves and Surplus			Total
			Retained earnings	General Reserve	Securities premium	
Balance as at 1 April 2017	7,474,410	7	390	30	262	682
Profit for the year			118			118
Excess tax benefit from share-based payments			1			1
Total comprehensive income for the year			119	-	-	119
Balance as at 31 March 2018	**7,474,410**	**7**	**509**	**30**	**262**	**801**
Balance as at 1 April 2018	7,474,410	7	509	30	262	801
Profit for the year			177			177
Excess tax benefit from share-based payments			1			1
Total comprehensive income for the year			178	-	-	178
Balance as at 31 March 2019	7,474,410	7	687	30	262	979

(₹)

Particulars	Equity share capital		Other equity			
	Shares	Share capital	Reserves and Surplus			Total
			Retained earnings	General Reserve	Securities premium	
Balance as at 1 April 2017	7,474,410	517	26,955	2,068	18,125	47,148
Profit for the year			8,149			8,149
Excess tax benefit from share-based payments			80			80
Total comprehensive income for the year			8,229	-	-	8,229
Balance as at 31 March 2018	**7,474,410**	**517**	**35,184**	**2,068**	**18,125**	**55,377**
Balance as at 1 April 2018	7,474,410	517	35,184	2,068	18,125	55,377
Profit for the year			12,221			12,221
Excess tax benefit from share-based payments			69			69
Total comprehensive income for the year			12,290	-	-	12,290
Balance as at 31 March 2019	7,474,410	517	47,474	2,068	18,125	67,667

Summary of significant accounting policies 1

The accompanying notes are an integral part of financial statements

As per our report of even date

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

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 28 JUNE 2019

For and on behalf of the Board of Directors
of HCL America Inc.

C. Vijayakumar
Director

Robin Abrams
Director

Date: 28 JUNE 2019

S.R. BATLIBOI & CO. LLP * GURUGRAM *

HCL America Inc.
Statement of Cash flows
(Amount in millions, except share and per share data)

	Year ended 31-Mar-19 (USD)	Year ended 31-Mar-18 (USD)	Year ended 31-Mar-19 (Refer note 1 (a)) (₹)
A. Cash flows from operating activities			
Profit before tax	220	157	15,214
Adjustment for:			
Depreciation and amortization	33	23	2,294
Interest income	(9)	(1)	(613)
Interest expenses	12	2	813
Dividend income from subsidiaries	-	(43)	-
Loss on sale of property, plant and equipment (net)	-	0	-
Income on Investment carried at fair value through profit & loss	(1)	(0)	(40)
Provision for doubtful debts/(Bad debts written back)	(1)	4	(60)
Profit on sale of Investment	(78)	-	(5,404)
Other non cash (benefits)/ charges (net)	(3)	1	(236)
Operating profit before working capital changes	173	143	11,968
Movement in working capital :			
(Increase) decrease in trade receivables	(108)	(40)	(7,448)
(Increase) decrease in inventories	5	3	343
(Increase) decrease in other financial assets and other assets	(30)	(28)	(2,080)
Increase (decrease) in trade payables	(123)	29	(8,514)
Increase (decrease) in provisions, other financial liabilities and other liabilities	8	(29)	523
Cash generated from operations	(75)	78	(5,208)
Direct taxes paid (net of refunds)	(36)	(37)	(2,489)
Net cash flow from operating activities (A)	(111)	41	(7,697)
B. Cash flows from investing activities			
Payments for business acquisitions, net of cash acquired	(230)	(13)	(15,889)
Proceeds from sale of Investment	99	-	6,822
Investment in limited liability partnership	(1)	0	(43)
Proceeds from loans extended to group company	237	15	16,362
Loans extended to group company	(371)	(15)	(25,618)
Purchase of Licensed IPRs	-	(10)	-
Purchase of property, plant and equipment and intangibles, including capital work in progress and capital advances	(60)	(34)	(4,138)
Proceeds from sale of property, plant and equipment	0	1	7
Dividend received from subsidiaries	-	43	-
Interest received	8	0	548
Net cash flow used in investing activities (B)	(318)	(13)	(21,949)
C. Cash flows from financing activities			
Principal proceeds on finance lease obligations, net	7	1	512
Proceeds from (Repayment of) short term borrowings	102	(4)	7,076
Proceeds from long term borrowings	297	-	20,526
Proceeds from loans taken from group companies	36	55	2,485
Repayment of loans taken from group companies	(17)	(55)	(1,206)
Payment for deferred consideration on business acquisition	(2)	(2)	(157)
Interest paid	(9)	(2)	(633)
Net cash flow (used in)/ from financing activities (C)	414	(7)	28,603
Net increase (decrease) in cash and cash equivalents (A+B+C)	(15)	21	(1,043)
Cash and cash equivalents at the beginning of the year	25	4	1,728
Cash and cash equivalents at the end of the period as per note 3.10	10	25	685

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of financial statements

As per our report of even date

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

per Nilangshu Katriar
Partner
Membership Number: 58814

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 28 JUNE 2019

For and on behalf of the Board of Directors of HCL America Inc.

C. Vijayakumar
Director

Robin Abrams
Director

Date: 28 JUNE 2019

ORGANIZATION AND NATURE OF OPERATIONS

HCL America Inc., USA (hereinafter referred to as 'the Company'), is primarily engaged in providing a range of software services, business process outsourcing and IT infrastructure services. The Company was incorporated in USA in November 1988 having its registered office at 330, Potrero Avenue, Sunnyvale, California 94085. The Company leverages an extensive onshore infrastructure and its global network of offices in various countries and professionals to deliver solutions across selected verticals including financial services, manufacturing (automotive, aerospace, hi-tech and semi-conductors) telecom, retail and consumer packaged goods services, media, publishing and entertainment, public services, energy and utility, healthcare and travel, transport and logistics.

The financial statements for the year ended 31 March, 2019 were approved and authorized for issue by the Board of Directors on 28 JUNE 2019

HCL Axon Solution Inc. has been merged with HCL America Inc. with effect from 1st July 2017, being 100% subsidiary of HCL America Inc. The comparative numbers for last year is also presented for merged entity i.e. including financials of HCL Axon Solutions Inc.

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) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable to the financial statements. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

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

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.

The functional currency of the Company is USD. The translation from USD to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of USD 1 = ₹69.11/- the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ` amount represents, or have been or could be converted into, USD at that or any other rate.

b) *Use of estimates*

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to; accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, accrual of warranty costs, income taxes, valuation of share-based compensation, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, impairment of goodwill, and other contingencies and commitments. Changes in estimates are reflected in the consolidated financial statements in the year in which the changes are made. Actual results could differ from those estimates.

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c) Business combination 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 at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previous interest held, over the 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.

d) Foreign currency and translation

The financial statements of the Company are presented in its functional currency USD. For each foreign operation, the Company determines the functional currency which is its respective local currency.

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 initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the year. 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.

The translation of foreign operations from respective functional currency into INR (the reporting currency) for assets and liabilities is performed using the exchange rates in effect at the balance sheet date, and for revenue, expenses and cash flows is performed using an appropriate daily weighted average exchange rate for the respective years. The exchange differences arising on translation for consolidation are reported as a component of 'other comprehensive income (loss)'. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the statement of profit and loss.

e) 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 Company holds certain fixed income securities, equity securities and derivatives, which must be measured using the guidance for fair value hierarchy and related valuation methodologies. The guidance of fair value specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires a Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

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

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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:

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 methodology.

c) Cost approach – Replacement cost method.

Certain assets are measured at fair value on a non-recurring basis. The assets consist primarily of nonfinancial 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.

f) Revenue recognition

Adoption of new accounting principles

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

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. 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

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 fulfil 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

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be generated by the contract and are included in cost of revenues and recorded in other accrued liabilities

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

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

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

Multiple performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which Company would sell a promised good or service separately to the customer. When not directly observable, we typically estimate standalone selling price by using the expected cost plus a margin approach. We typically establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a 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 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 incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the 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 control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

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

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

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

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

Interest income

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

g) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the 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.

Deferred income tax assets and liabilities recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are recognized for those temporary differences which originate during the tax holiday period are reversed after the tax holiday period. For this purpose, reversal of timing differences is determined using first-in-first-out method.

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 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. Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in the statement of profit and loss.

In some tax jurisdictions, tax deductions on share based payments to employees are different from the related cumulative remuneration expenses. If the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, the excess of the associated tax is recognized directly in retained earnings.

h) 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

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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 period 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/period.

The management's estimates of the useful lives of various assets for computing depreciation are as follows:

Asset description	Asset life (in years)
Buildings	20
Plant and machinery (including air conditioners, electrical installations)	10
Office equipment	5
Computers and networking equipment	4-5 or over the period of lease whichever is lower
Furniture and fixtures	7
Vehicles - owned	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.

i) Intangibles 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.

Intangible assets are amortized over the useful economic 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 period. 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 or loss when the asset is derecognized.

The intangible assets are amortized over the estimated useful life of the assets as mentioned below except certain Licensed IPRs which include the right to modify, enhance or exploit are amortized in proportion to the expected benefits over the useful life which could range up to 15 years:

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Asset description	Asset life (in years)
Software	3
Licensed IPRs	5-15

j) Research and development costs

Research costs are expensed as incurred. Development expenditure, on an individual project, is recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

k) 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 capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

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

l) Leases

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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 period in which they are earned.

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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 receivable at an amount equal to the net investment in the leased assets. 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.

m) 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 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.

n) Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment as on 31 March and whenever there is an indication 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's 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 statement of profit and loss is not reversed in the subsequent period.

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 assets exceeds the estimated recoverable amount of the asset.

o) Provisions

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

p) Retirement and other employee benefits

i. State plans: The Company has a saving and Investment Plan under Section 401(k) of the Internal Revenue Code of the United States of America. This is a defined contribution plan. Contributions are charged to Profit and Loss Account in the period in which they accrue.

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ii. Compensated absences: The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the Projected Unit Credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as a short-term employee benefit and accumulated leave expected to be carried forward beyond twelve months is treated as a long-term employee benefit for measurement purposes. The expense on non-accumulating compensated absences is recognized 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.

q) 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 the 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 and cash equivalents in the balance sheet comprise cash in banks and remittances in transit, 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 includes cash and bank balances, loans, unbilled receivables, trade and other receivables.

Financial instruments at Fair Value through Other Comprehensive Income
A 'financial instrument' is classified and measured at fair value through OCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent solely payments of principle and interest.

Financial instruments included within the OCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from OCI to statement of profit and loss.

Financial instruments at Fair Value through Profit and loss
Any financial instrument, which does not meet the criteria for categorization at amortized cost or at fair value through other comprehensive income, is classified at fair value through profit and loss. Financial instruments included in the fair value through profit and loss category are measured at fair value with all changes recognized in the statement of profit and loss.

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Equity investments
Equity investments in subsidiaries and investments for which sufficient more recent information to measure fair value are not available are measured at cost. Other equity investments in scope of Ind AS 109 are measured at fair value through profit and loss. Contingent considerations recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at fair value through profit and loss.

Equity instruments included within the fair value through profit and loss category are measured at fair value with all changes recognized in the statement of profit and loss.

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 the 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.

Financial liabilities at amortized cost

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Method(EIR) method. Gains and losses are recognized in 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.

(iii) Derivative financial instruments and hedge accounting

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with forecast transactions denominated in certain foreign currencies.

The Company recognizes all derivatives as assets or liabilities measured at their fair value. Changes in fair value for derivatives not designated in a hedge accounting relationship are marked to market at each reporting date and the related gains (losses) are recognized in the statement of profit and loss as 'foreign exchange gains (losses)'.

The foreign exchange forward contracts and options in respect of forecast transactions which meet the hedging criteria are designated as cash flow hedges. Changes in the derivative fair values (net of tax) that are designated as effective cash flow hedges are deferred and recorded in the hedging reserve account as a component of accumulated 'other

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comprehensive income (loss)' until the hedged transaction occurs and are then recognized in the statement of profit and loss. The ineffective portion of hedging derivatives is immediately recognized in the statement of profit and loss.

In respect of derivatives designated as hedges, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Hedge accounting is discontinued prospectively from the last testing date when (1) it is determined that the derivative financial instrument is no longer effective in offsetting changes in the fair value or cash flows of the underlying exposure being hedged; (2) the derivative financial instrument matures or is sold, terminated or exercised; or (3) it is determined that designating the derivative financial instrument as a hedge is no longer appropriate. When hedge accounting is discontinued the deferred gains or losses on the cash flow hedge remain in 'other comprehensive income (loss)' until the forecast transaction occurs. Any further change in the fair value of the derivative financial instrument is recognized in current year earnings.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

r) Dividend

Final dividend proposed by the Board of Directors are recognized upon approval by the shareholders who have the right to decrease but not increase the amount of dividend recommended by the Board of Directors. Interim dividends are recognized on declaration by the Board of Directors.

s) *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.

t) Nature and purpose of reserves

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares and buyback of shares in accordance with the provisions of the Companies Act, 2013.

Share based payment reserve

The share options based payment reserve is used to recognize the grant date fair value of options issued to employees under Employee stock option plan.

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(Amount in millions, except share and per share data)

u) Recently issued accounting pronouncements

Ind AS 116 - Leases

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

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

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

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

2. ACQUISITIONS/ ARRANGEMENTS

(a) Acquisitions/ Arrangements in the current year

(i) Actian Corporation

In terms of definitive agreement entered on April 12, 2018 by the Company and Sumeru Equity Partners (SEP), to acquire Actian Corporation, through a joint venture Company, the acquisition has been consummated on July 17,2018.

The Company has paid $164 to acquire 80.39% stake in Joint Venture Company and SEP has paid $40 to acquire 19.61% of the stake in the joint venture Company and the balance purchase consideration has been funded through intercompany loan by the Company. The acquisition is part of the Company's strategy to augment its capabilities in the products and platforms business.

Total purchase consideration of $341 (including fair value of options $18) has been preliminarily allocated based on management estimates to the acquired assets and liabilities as follows:

	Amount
Net Working capital	($15)
Deferred tax liability	(24)
Property plant and equipment	1
Customer relationship	51
Technology	59
Goodwill	269
Total Purchase consideration	**$341**

(ii) C3i Solutions

During April 2018, the Company has acquired 100% shareholding of a US based Company, a provider of Multi-channel customer engagement services for the life sciences and consumer packaged goods (CPG) industries. With this acquisition, the Company will complement its broad-based IT and business services capability with the additional depth in the life sciences and CPG verticals.

Total purchase consideration of $66 paid in cash has been preliminarily allocated based on management estimates to the acquired assets and liabilities as follows:

	Amount
Net working capital	48
Property plant and equipment	12
Goodwill	6
Total purchase consideration	**66**

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(Amount in millions, except share and per share data)

(b) Acquisitions/ Arrangements in the previous year

Urban Fulfillment Services LLC

On 24 August 2017, the Company through a wholly owned subsidiary, HCL Mortgage Holding, LLC has entered into an agreement to acquire 100% outstanding capital units of Urban Fulfillment Services, LLC (UFS), a provider of mortgage business process and fulfilment services to its customers. Subsequently, 24.54% holding of Urban Fulfillment Services, LLC (UFS) is transferred from HCL Mortgage Holding Inc. to HCL America Inc., now HCL Mortgage Holding Inc. holds 75.46% outstanding capital units of Urban Fulfillment Services, LLC (UFS).

Notes to financial statements

3.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2019

Particulars	Freehold land	Building	Plant and machinery	Office equipment	Computers	Furniture and fittings	Vehicles	Total (USD)
Gross Block as at 1 April 2018	1	10	8	7	84	13	0	123
Additions	-	-	1	2	41	7	-	51
Disposals	-	-	0	0	0	0	0	0
Gross Block as at 31 March 2019	1	10	9	9	125	20	-	174
Accumulated Depreciation as at 1 April 2018	-	4	6	5	42	7	0	64
Charge for the year	-	0	1	1	20	2	-	24
Deduction/Other Adjustments	-	-	0	0	0	0	0	0
Accumulated Depreciation as at 31 March 2019	-	4	7	6	62	9	-	88
Net Block as at 31 March 2019	1	6	2	3	63	11	-	86
Net Block as at 31 March 2018	1	6	2	2	42	6	-	59

The changes in the carrying value for the year ended 31 March 2018

Particulars	Freehold land	Building	Plant and machinery	Office equipment	Computers	Furniture and fittings	Vehicles	Total (USD)
Gross Block as at 1 April 2017	1	10	7	6	63	12	0	99
Additions	-	-	1	1	28	1	-	31
Disposals	-	-	0	0	7	0	-	7
Gross Block as at 31 March 2018	1	10	8	7	84	13	0	123
Accumulated Depreciation as at 1 April 2017	-	4	6	4	33	6	0	53
Charge for the year	-	0	0	1	15	1	-	17
Deduction/Other Adjustments	-	-	0	0	6	0	-	6
Accumulated Depreciation as at 31 March 2018	-	4	6	5	42	7	0	64
Net Block as at 31 March 2018	1	6	2	2	42	6	-	59
Net Block as at 31 March 2017	1	6	1	2	30	6	-	46

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(Amount in millions, except share and per share data)

Particulars	Freehold land	Building	Plant and machinery	Office equipment	Computers	Furniture and fittings	Vehicles	Total (₹)
Gross Block as at 1 April 2018	70	668	531	482	5,848	870	1	8,470
Additions	-	-	37	108	2,863	487	-	3,495
Disposals	-	-	2	0	8	20	1	31
Gross Block as at 31 March 2019	70	668	566	590	8,703	1,337	-	11,934
Accumulated Depreciation as at 1 April 2018	-	280	400	353	2,869	486	1	4,389
Charge for the year	-	33	16	79	1,387	128	-	1,643
Deduction/Other Adjustments	-	-	2	0	7	14	1	24
Accumulated Depreciation as at 31 March 2019	-	313	414	432	4,249	600	-	6,008
Net Block as at 31 March 2019	70	355	152	158	4,454	737	-	5,926
Net Block as at 31 March 2018	70	388	131	129	2,979	384	-	4,081

3.2 Goodwill

The changes in the carrying value of goodwill balances by reportable segment, for the year ended 31 March 2019

Particulars	Software Services	Total (USD)
Opening balance as at 1 April 2018	297	297
Acquisition through business combination	-	-
Closing balance as at 31 March 2019	297	297

The changes in the carrying value of goodwill balances by reportable segment, for the year ended 31 March 2018

Particulars	Software Services	Total (USD)
Opening balance as at 1 April 2017	297	297
Acquisition through business combination	-	-
Gross Block as at 31 March 2018	297	297

Particulars	Software Services	Total (₹)
Opening balance as at 1 April 2018	20,522	20,522
Acquisition through business combination	-	-
Closing balance as at 31 March 2019	20,522	20,522

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, when the carrying amount of a cash generating units (CGU) including the goodwill, exceeds the estimated recoverable amount of the CGU. Future cash flows are forecast for 5 years and then on perpetuity on the basis of certain assumptions which includes revenue growth, earnings before interest and taxes, taxes, capital outflow and working capital requirements. 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:

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(Amount in millions, except share and per share data)

	As at	
	31 March 2019	31 March 2018
Terminal growth rate (%)	4.00	4.00
Discount rate (%)	6.99	7.07

As at 31 March 2019 and 31 March 2018 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.

3.3 Other Intangible assets

The changes in the carrying value for the year ended 31 March 2019

Intangible Assets	Software	Intellectual property rights	Total (USD)
Gross Block as at 01 April 2018	39	16	55
Additions	7	-	7
Disposals	0	-	0
Gross Block as at 31 March 2019	46	16	62
Accumulated amortization as at 01 April 2018	28	3	31
Charge for the year	6	3	9
Deduction/Other Adjustments	0	-	0
Accumulated amortization as at 31 March 2019	34	6	40
Net Block as at 31 March 2019	12	10	22
Net Block as at 31 March 2018	11	13	24

The changes in the carrying value for the year ended 31 March 2018

Intangible Assets	Software	Intellectual property rights	Total (USD)
Gross Block as at 01 April 2017	34	6	40
Additions	6	10	16
Disposals	1	-	1
Gross Block as at 31 March 2018	39	16	55
Accumulated amortization as at 01 April 2017	24	2	26
Charge for the year	5	1	6
Deduction/Other Adjustments	1	-	1
Accumulated amortisation as at 31 March 2018	28	3	31
Net Block as at 31 March 2018	11	13	24
Net Block as at 31 March 2017	10	4	14

Intangible Assets	Software	Intellectual property rights	Total (₹)
Gross Block as at 01 April 2018	2,689	1,096	3,785
Additions	477	-	477
Disposals	17	-	17
Gross Block as at 31 March 2019	3,149	1,096	4.245
Accumulated amortization as at 01 April 2018	1,899	221	2,120
Charge for the year	443	208	651
Deduction/Other Adjustments	17	-	17
Accumulated amortization as at 31 March 2019	2,325	429	2,754
Net Block as at 31 March 2019	824	667	1,491
Net Block as at 31 March 2018	790	875	1,665

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(Amount in millions, except share and per share data)

3.4 Investments

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Financial assets			
Non-current			
Unquoted investments			
Equity Investment in subsidiary companies carried at cost (fully paid up)			
10,568,334 (previous year: 10,568,334) equity shares of GBP 1 each, in HCL Great Britain Limited	-	17	-
1,050,100 (previous year: 1,050,100) equity shares of INR 10 each, in HCL Technologies Solutions Limited	0	0	16
20,000,000 (previous year: 20,000,000) equity shares of EUR 0.0005165 each, in HCL Italy S.R.L.	-	4	-
10 (previous year: 10) equity shares of USD 1,000 each, in HCL America Solution Inc.	0	0	1
8,110,000 (previous year: 8,110,000) equity shares of GBP 1 each, in HCL Insurance BPO Services Limited	0	0	1
Investment in Butler America Aerospace LLC	83	83	5,735
250 (previous year: 250) equity shares of USD 5 each , in Power Team LLC	36	36	2,489
10,000 membership units of USD 1000 each in HCL Mortgage Holding LLC	-	10	-
Investment in Urban Fulfillment Services LLC	16	3	1,128
Investment in Telerx Marketing, Inc.	66	-	4,557
Investment in HCL Technologies SEP Holdings Inc	164	-	11,333
Equity Investment in fellow subsidiary companies (fully paid up)			
756,320 (previous year: 756,320) equity shares of ARS 1 each, in HCL Argentina S.A.	0	0	8
1 (previous year: 1) equity shares of MXN 1 each, in HCL Technologies Mexico S.DE.R.L.DE.C.V.	0	0	0
	365	**153**	**25,268**
Investment in Joint Venture carried at fair value through profit or loss			
Investment in Morado Venture Partners II, L.P.	5	4	326
Share of profit(loss) in limited liability partnership	1	0	40
	6	**4**	**366**
Total investments - financial assets	**371**	**157**	**25,634**
Aggregate amount of unquoted investments	**371**	**157**	**25,634**
Equity instruments carried at cost	**365**	**153**	**25,268**
Investment carried at fair value through profit and loss	**6**	**4**	**366**

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(Amount in millions, except share and per share data)

3.5 Loans

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Non-Current			
Loans to related party (refer note 3.30 (e))	126	-	8,714
	126	**-**	**8,714**
Current			
Unsecured, considered good			
Loans to related party (refer note 3.30 (e))	26	22	1,783
Loan to employees	0	0	18
	26	**22**	**1,801**

3.6 Other financial assets

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Non-Current			
Carried at amortized cost			
Finance lease receivables (refer note 3.27 (iii))	48	41	3,332
Security Deposits	1	1	52
Contract Assets	19	-	1,298
Unbilled receivable (previous year-unbilled revenue)	5	16	354
	73	**58**	**5,036**
Current			
Carried at amortized cost			
Unbilled receivable (previous year-unbilled revenue)	130	174	9,001
Unbilled receivable-related parties (previous year-unbilled revenue) (refer note 3.30 (e))	18	22	1,267
Interest receivable-related parties (refer note 3.30 (e))	2	1	105
Security deposits	2	1	120
Finance lease receivables (refer note 3.27 (iii))	32	29	2,216
Contract Assets	2	-	142
	186	**227**	**12,851**

3.7 Other non-current assets

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Unsecured considered good unless otherwise stated			
Capital advances	0	0	0
Others			
Prepaid expenses	39	19	2,705
Deferred contract cost (previous year : Deferred cost)	29	20	2,027
Deferred contract cost-related parties (previous year : Deferred cost) (refer note 3.30 (e))	1	1	51
	69	**40**	**4,783**

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(Amount in millions, except share and per share data)

3.8 Inventories

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Stock-in-trade	2	7	164
	2	7	**164**

3.9 Trade receivables

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Unsecured, considered good (refer note below)	718	607	49,678
Trade receivables which have significant increase in credit risk	0	1	10
Trade Receivables - credit impaired	1	1	13
	719	**609**	**49,701**
Impairment allowance for bad and doubtful debts			
-Unsecured, considered good	(6)	(3)	(443)
-Trade receivables which have significant increase in credit risk	(0)	(1)	(10)
-Trade receivables - credit impaired	(1)	(1)	(13)
	712	**604**	**49,235**

Note:
1. Trade receivables include receivables from related parties amounting to USD 391 (₹27,045), (previous year: USD 56), refer note 3.30.

3.10 Cash and bank balances

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Cash and cash equivalents			
Balance with banks			
- in current accounts	10	25	685
Remittances in transit	0	0	0
	10	**25**	**685**

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(Amount in millions, except share and per share data)

3.11 Other Current assets

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Unsecured , considered good			
Advances other than capital advances			
Advances to employees	0	0	6
Advances to suppliers	2	2	164
Others			
Deferred contract cost (previous year: Deferred cost)	22	13	1,549
Deferred contract cost-related parties (previous year: Deferred cost) (refer note 3.30 (e))	32	27	2,186
Prepaid Expenses	51	34	3,509
Prepaid Expenses-related parties (refer note 3.30 (e))	1	1	72
Advance tax (refundable)	3	6	203
Other advances	1	1	53
	112	**84**	**7,742**
Unsecured , considered doubtful			
Advances other than capital advances			
Other advances	2	1	107
Less: Provision for doubtful advances	(2)	(1)	(107)
	-	-	-
	112	**84**	**7,742**

3.12 Share Capital

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Authorized 10,000,000 (previous year: 10,000,000) equity shares of USD 1 each	10	10	691
Issued, subscribed and fully paid up 7,474,410 (previous year: 7,474,410) equity shares of USD 1 each	7	7	517

Term/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of USD 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.

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(Amount in millions, except share and per share data)

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

	As at					
	31 March 2019		31 March 2018		31 March 2019	
	No. of shares	USD	No. of shares	USD	No. of shares	(₹)
Number of shares at the beginning	7,474,410	7	7,474,410	7	7,474,410	517
Add: Shares issued during the year	-	-	-	-	-	-
Number of shares at the end	**7,474,410**	7	**7,474,410**	7	**7,474,410**	**517**

b) Details of shareholders holding more than 5 % shares are as follows

Name of the shareholder	As at			
	31 March 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of USD 1 each, fully paid				
HCL Bermuda Limited , Bermuda , the Holding Company	6,089,870	81.48%	6,089,870	81.48%
Axon Group Limited, UK	1,384,540	18.52%	1,384,540	18.52%

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

c) There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back during the period of 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.

3.13 Borrowings

	Non-Current			Current		
	As at			As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Long term borrowings						
Secured						
Term loan from bank (refer note 1)	297	-	20,526			
"Finance lease obligations (refer note 2 below & note 3.27 (ii))"	9	5	593	9	5	596
	306	**5**	**21,119**	**9**	**5**	**596**
Short term borrowings						
Unsecured						
From Bank:						
Term loan from bank	-	-	-	102	-	7,076
From Others:						
From related parties (refer note 3 below & note 3.30 (e))	-	-	-	37	19	2,588
	-	**-**	**-**	**139**	**19**	**9,664**
	306	5	21,119	148	24	10,260

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(Amount in millions, except share and per share data)

Notes:

1. The Company has availed the loan from bank at interest rate LIBOR+98.5 bps which is repayable in July'22.

2. The finance lease obligations are secured against servers acquired by the Company on finance lease at interest rates ranging from 0.0% to 5.25%. The same is repayable over a period of 5 years on a monthly/ quarterly rest.

3. The Company has availed the credit from related parties at interest rate LIBOR+100 bps which is repayable on demand.

3.14 Other financial liabilities

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Non-Current			
Carried at amortized cost			
Employee bonuses accrued	1	1	46
	1	**1**	**46**
Current			
Carried at amortized cost			
Interest accrued but not due on borrowings	2	0	155
Accrued salaries and benefits			
Employee bonuses accrued	78	46	5,368
Other employee costs	31	39	2,163
Others			
Liabilities for expenses	155	161	10,720
Liabilities for expenses - related parties (refer note 3.30 (e))	29	48	1,983
Capital accounts payables	9	12	610
Interest payable - related parties (refer note 3.30 (e))	1	0	58
Deferred consideration	-	4	-
Supplier credit	27	33	1,860
Book overdraft	1	0	47
	333	**343**	**22,964**
Carried at fair value through profit and loss			
Unrealized loss on derivative financial instruments	0	-	5
	333	**343**	**22,969**

3.15 Provisions

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Non-Current			
Provision for employee benefits			
Provision for leave benefits	20	19	1,407
	20	**19**	**1,407**
Current			
Provision for employee benefits			
Provision for leave benefits	17	16	1,188
	17	**16**	**1,188**

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(Amount in millions, except share and per share data)

3.16 Other non-current liabilities

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Contract liabilities (Previous year : Revenue received in advance)	17	11	1,153
	17	**11**	**1,153**

3.17 Trade Payables

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Trade payables	89	72	6,122
Trade payables - related parties (refer note 3.30 (e))	157	297	10,870
	246	**369**	**16,992**

3.18 Other current liabilities

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Contract liabilities (Previous year : Revenue received in advance)	36	27	2,524
Other advances			
Advances received from customers	-	2	-
Others			
Withholding and other taxes payable	1	2	61
	37	**31**	**2,585**

3.19 Revenue from operations

	Year ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Sale of services	3,173	3,576	219,280
Sale of hardware and software	103	106	7,138
	3,276	**3,682**	**226,418**

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(Amount in millions, except share and per share data)

3.20 Other Income

	Year ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Interest income			
- Related party (refer note 3.30 (d))	8	1	538
- Others	1	0	75
Dividends from subsidiary companies	-	43	-
Profit on sale of Property, plant & equipment	0	-	2
Profit on sale of investments	78	-	5,403
Bad debts written back	1	-	60
Exchange differences (net)	3	-	196
Income on investments carried at fair value through profit and loss			
-Share of profit in limited liability partnership	1	0	40
Miscellaneous income	2	1	154
	94	**45**	**6,468**

3.21 Changes in inventories of stock-in-trade

	Year ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Opening stock	7	10	507
Closing stock	(2)	(7)	(164)
	5	3	**343**

3.22 Employee benefit expenses

	Year ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Salaries, wages and bonus	1381	1,316	95,461
Contribution to employee benefits	148	144	10,219
Staff welfare expenses	2	2	115
	1,531	**1,462**	**105,795**

3.23 Finance cost

	Year ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Interest			
-on loan from bank	10	0	667
-others	1	1	80
-others-related party (refer note 3.30 (d))	1	1	65
Bank charges	0	1	34
	12	**3**	**846**

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(Amount in millions, except share and per share data)

3.24 Other expenses

	Year ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Rent	16	15	1,124
Power and fuel	4	4	256
Insurance	3	3	206
Repairs and maintenance			
- Plant and machinery	1	1	85
- Buildings	0	0	31
- Others	6	5	409
Communication costs	7	9	463
Travel and conveyance	76	67	5,260
Business Promotion	20	15	1,350
Legal and professional charges	23	24	1,568
Recruitment, training and development	1	0	49
Provision for doubtful debts/ bad debts	-	4	-
Loss on sale of property, plant and equipment (net)	-	0	-
Exchange differences (net)	-	2	-
Miscellaneous expenses	14	5	938
	171	**154**	**11,739**

3.25 Income taxes

	Year ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Income tax charged to statement of profit and loss			
Current income tax charge	39	12	2715
Deferred tax charge (credit)	4	27	278
	43	**39**	**2,993**

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

	Year ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Profit before income tax	220	157	15,214
Statutory tax rate in USA	27.13%	36.38%	27.13%
Expected tax expense	60	57	4,135
Capital Gain	(14)	-	(921)
Reduction in deferred tax assets due to change in US federal tax rate	-	10	-
Exempt income	-	(16)	-
Permanent Difference	(0)	-	(30)
Deemed dividend	-	(7)	-
Tax reversal correction of prior year tax	(3)	(2)	(241)
Others	-	(3)	50
Total taxes	**43**	**39**	**2,993**
Effective income tax rate	19.41%	24.71%	19.41%

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HCL America Inc.
Notes to financial statements for the year ended 31 March 2019
(Amount in millions, except share and per share data)

Components of deferred tax assets and liabilities as on 31 March 2019 (USD)

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Acquisition	Recognized directly in equity and against tax liability	Exchange Difference	Closing balance
Deferred tax assets							
Business losses	3	0	-	-	-	-	3
Provision for doubtful debts	2	0	-	-	-	-	2
Accrued employee costs	23	6	-	-	-	-	29
Provision for US sales tax	1	(1)	-	-	-	-	0
Others	10	2	-	-	-	-	12
Gross deferred tax assets (A)	**39**	**7**	**-**	**-**	**-**	**-**	**46**
Deferred tax liabilities							
Depreciation and amortization	10	7	-	-	-	-	17
Others	7	4	-	-	-	-	11
Gross deferred tax liabilities (B)	**17**	**11**	**-**	**-**	**-**	**-**	**28**
Net deferred tax assets (A-B)	**22**	**(4)**	**-**	**-**	**-**	**-**	**18**

(₹)

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Acquisition	Recognized directly in equity and against tax liability	Exchange Difference	Closing balance
Deferred tax assets							
Business losses	179	(21)	-	-	-	-	158
Provision for doubtful debts	108	18	-	-	-	-	126
Accrued employee costs	1,607	432	-	-	-	-	2,039
Provision for US sales tax	92	(92)	-	-	-	-	-
Others	698	134	-	-	-	-	832
Gross deferred tax assets (A)	**2,684**	**471**	**-**	**-**	**-**	**-**	**3,155**
Deferred tax liabilities							
Depreciation and amortization	692	477	-	-	-	-	1,169
Others	462	272	-	-	-	-	734
Gross deferred tax liabilities (B)	**1,154**	**749**	**-**	**-**	**-**	**-**	**1,903**
Net deferred tax assets (A-B)	**1,530**	**(278)**	**-**	**-**	**-**	**-**	**1,252**

Components of deferred tax assets and liabilities as on 31 March 2018 (USD)

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Acquisition	Recognized directly in equity and against tax liability	Exchange Difference	Closing balance
Deferred tax assets							
Business losses	5	(2)					3
Provision for doubtful debts	4	(2)					2
Accrued employee costs	45	(22)					23
Provision for US sales tax	5	(4)					1
Others	6	4					10
Gross deferred tax assets (A)	**65**	**(26)**	**-**	**-**	**-**	**-**	**39**
Deferred tax liabilities							
Depreciation and amortization	9	1					10
Others	7	0					7
Gross deferred tax liabilities (B)	**16**	**1**	**-**	**-**	**-**	**-**	**17**
Net deferred tax assets (A-B)	**49**	**(27)**					**22**

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(Amount in millions, except share and per share data)

3.26 Earning per share

Particulars	Year Ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Net profit as per statement of profit and loss for computation of EPS	177	118	12,221
Weighted average number of equity shares outstanding in calculating Basic EPS	7,474,410	7,474,410	7,474,410
Weighted average number of equity shares outstanding in calculating dilutive EPS	7,474,410	7,474,410	7,474,410
Nominal value of equity shares	1	1	69
Earnings per equity share			
- Basic	23.69	15.78	1,635.05
- Diluted	23.69	15.78	1,635.05

3.27 Leases

i) Operating Leases

The Company leases office spaces and accommodation for its employees under operating lease agreements. The lease rental expense recognized in the statement of profit and loss account for the year is 16 USD (previous year: USD 15). The lease equalization reserve for non-cancellable operating lease payable in future years and accounted for by the Company is USD 4 (₹249) (previous year: USD 4).

Future minimum lease payments and payment profile of non-cancellable operating leases are as follows:

	Year ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Not later than one year	14	14	974
Later than one year but not later than five years	38	39	2,641
Later than five years	1	5	49
Total	**53**	**58**	**3,664**

ii) Finance Leases: In case of assets taken on lease

The Company has acquired servers on finance lease. Total minimum lease payments and the maturity profile of finance leases at the balance sheet date, element of interest included in such payments, and the present value of the minimum lease payments 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 2019			
Not later than one year	9	0	9
Later than one year but not later than five years	9	0	9
	18	**0**	**18**
As on 31 March 2018			
Not later than one year	5	0	5
Later than one year but not later than five years	5	0	5
	10	**0**	**10**
As on 31 March 2019 (₹)			
Not later than one year	614	18	596
Later than one year but not later than five years	610	17	593
	1,224	**35**	**1,189**

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(Amount in millions, except share and per share data)

(iii) Finance Leases: In case of assets given on lease

The Company has given servers to its customers on finance lease basis. The future lease payment 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 2019			
Not later than one year	34	2	32
Later than one year but not later than five years	51	3	48
	85	5	80
As on 31 March 2018			
Not later than one year	30	1	29
Later than one year but not later than five years	44	3	41
	74	4	70
As on 31 March 2019 (₹)			
Not later than one year	2,354	138	2,216
Later than one year but not later than five years	3,555	223	3,332
	5,909	361	5,548

3.28 Segment reporting

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

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

The Company has four geographic segments: India, America, Europe and Rest of the world.

Segment accounting policies

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

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

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

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(Amount in millions, except share and per share data)

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

	Software services	Business process outsourcing services	IT Infrastructure services	Total
Segment Revenues	2,037	55	1,184	3,276
Segment results	68	1	69	138
Unallocated corporate expenses:				
Finance cost				(12)
Other income				85
Interest income				9
Profit before tax				**220**
Tax expense				(43)
Profit for the year				**177**
Significant non-cash items				
Depreciation and amortization	11	0	22	33
Bad debts & advances written off				1

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

	Software services	Business process outsourcing services	IT Infrastructure services	Total
Segment Revenues	140,832	3,773	81,813	226,418
Segment results	4,710	44	4,837	9,591
Unallocated corporate expenses:				
Finance cost				(846)
Other income				5,856
Interest income				613
Net profit before taxes				**15,214**
Tax expense				(2,993)
Net profit after taxes				**12,221**
Significant non-cash adjustments				
Depreciation	768	12	1,514	2,294
Provision for doubtful debts & advances / Bad debts & advances written off				60

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(Amount in millions, except share and per share data)

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

	Software services	Business process outsourcing services	IT Infrastructure services	Total
Segment Revenues	2,226	85	1,371	3,682
Segment results	47	3	65	115
Unallocated corporate expenses:				
Finance cost				(3)
Other income				44
Interest income				1
Net profit before taxes				**157**
Tax expense				(39)
Net profit after taxes				**118**
Significant non-cash adjustments				
Depreciation	7	0	16	23
Provision for doubtful debts & advances / Bad debts & advances written off				**4**

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

	Year ended		
	31 March 2019 (USD)	**31 March 2018 (USD)**	**31 March 2019 (Refer note 1(a)) (₹)**
America	3,194	3,579	220,743
Europe	45	71	3,106
India	1	1	105
Rest of the world	36	31	2,464
	3,276	**3,682**	**226,418**

During the years ended 31 March 2019 and 2018, no single customer represents 10% or more of the Company's total revenue and the top five customers accounted for 19.4% and 18.1% of the revenue of the Company respectively.

3.29 Financial Instruments

(a) Derivatives

The Company is exposed to foreign currency fluctuations on foreign currency assets / liabilities and forecast cash flows denominated in foreign currency. The use of derivatives to hedge foreign currency forecasted cash flows is governed by the Company's strategy, which provides principles on the use of such forward contracts and currency options consistent with the Company's Risk Management Policy. The counterparty in these derivative instruments are banks and the Company considers the risks of non-performance by the counterparty as non-material. A majority of the forward foreign exchange/option contracts mature between one to twelve months and the forecasted transactions are expected to occur during the same period. The Company does not use forward contracts and currency options for speculative purposes.

The following table presents the aggregate notional principal amounts of the outstanding derivative forward covers together with the related balance sheet exposure:

Foreign exchange forward denominated in	Notional currency	Notional Principal amounts			Balance sheet exposure asset (liability)		
		31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Buy covers							
USD/CZK	CZK	55	-	3,801	-	-	-
USD/PLN	PLN	13	-	898	-	-	-

As of the balance sheet date, the Company's net foreign currency exposure that is not hedged is (USD 32) (₹2,214) (previous year: USD 26).

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(Amount in millions, except share and per share data)

(b) Financial assets and liabilities

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

	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Total Carrying Value
Financial Assets				
Investments	6	-	365	371
Trade receivables	-	-	712	712
Cash and cash equivalents	-	-	10	10
Loans	-	-	152	152
Others (refer note 3.5)	-	-	259	259
Total	6	-	**1,498**	**1,504**
Financial Liabilities				
Borrowings	-	-	454	454
Trade payables	-	-	246	246
Others (refer note 3.14)	-	-	334	334
Total	-	-	**1,034**	**1,034**

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

	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Total Carrying Value
Financial Assets				
Investments	366	-	25,268	25,634
Trade receivables	-	-	49,235	49,235
Cash and cash equivalents	-	-	685	685
Loans	-	-	10,515	10,515
Others (refer note 3.5)	-	-	17,887	17,887
Total	366	-	**103,590**	**103,956**
Financial Liabilities				
Borrowings	-	-	31,379	31,379
Trade payables	-	-	16,992	16,992
Others (refer note 3.14)	-	-	23,015	23,015
Total	-	-	**71,386**	**71,386**

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

	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Total Carrying Value
Financial Assets				
Investments	4	-	153	157
Trade receivables	-	-	604	604
Cash and cash equivalents	-	-	25	25
Loans	-	-	22	22
Others (refer note 3.5)	-	-	285	285
Total	4	-	**1,089**	**1,093**
Financial Liabilities				
Borrowings	-	-	29	29
Trade payables	-	-	369	369
Others (refer note 3.14)	-	-	344	344
Total	-	-	**742**	**742**

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Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis as at 31 March 2019 and the basis for that measurement is as below:
(USD)

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	6	-	6	-

(₹)

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	366	-	366	-

The following table discloses the assets and liabilities measured at fair value on a recurring basis as at 31 March 2018 and the basis for that measurement:
(USD)

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	4	-	4	-
Liabilities				
Deferred consideration	4	-	-	4

Valuation Methodologies

The investment in limited liability partnership (LLP) is classified as fair value through profit and loss. The share of profit/ loss in limited liability partnership (LLP) is accounted for in the books of the Company as and when it is credited/ debited to the Partner's Capital Account and is classified as Level 2.

Fair value of earn-out consideration: The fair value measurement of earn-out consideration is determined using level 3 inputs. The measurement is calculated using unobservable inputs based on the Company's own assessment of achievement of certain performance goals. During the year ended 31 March, 2019 the Company has made earnout payment of USD 2.

(c) Financial risk management

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

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

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

(i) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's operations and the Company's net investments in foreign subsidiaries.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency of the respective branches and foreign currency forecasted revenue and cash flows. A significant portion of the Company revenue and cost is in Euro, GBP and MXN. The fluctuation in exchange rates in respect to the USD may have potential impact on the statement of profit and loss and other comprehensive income and equity.

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(Amount in millions, except share and per share data)

To mitigate the foreign currency risk the Company uses derivatives as governed by the Company's strategy, which provides principles on the use of such forward contracts and currency options consistent with the Company's Risk Management Policy.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company and its subsidiaries would result in decrease / increase in the Company's profit before tax by approximately (USD 0.32) for the year ended 31 March, 2019.

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

Non-derivative foreign currency exposure as of 31 March 2019 and 31 March 2018 in major currencies is as below:

	Net Financial Assets		Net Financial Liabilities	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
EUR/USD	3	5	6	5
GBP/USD	1	0	11	13
MXN/USD	0	0	2	3

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates arises on borrowings with floating interest rate which is not material.

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, inter-corporate deposits, trade receivables, unbilled revenue, finance lease receivables, investment securities and derivative instruments. The cash resources of the Company are invested with mutual funds, banks, financial institutions and corporations after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

The customers of the Company are primarily corporations based in the United States of America and Europe and accordingly, trade receivables and finance lease receivables are concentrated in the respective countries. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables.

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

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Balance at the beginning of the year	5	9	373
Additional provision during the year	4	4	280
Deductions on account of write offs and collections	2	8	187
Balance at the end of the year	7	5	466

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.

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(Amount in millions, except share and per share data)

Maturity profile of the Company's non-derivative long term financial liabilities based on contractual payments is as below:

	Year 1 (Current)	Year 2	Year 3	Year 4-5	Total
As at 31 March 2019					
Borrowings	9	5	2	2	18
Employee bonus accrued	78	1	-	-	79
Deferred Consideration	-	-	-	-	-
Total	87	6	2	2	97
As at 31 March 2018					
Borrowings	5	4	1	0	10
Employee bonus accrued	46	1	-	-	47
Deferred Consideration	4	-	-	-	4
Total	55	5	1	0	61

3.30 Related party transactions

a) **Related parties where control exists**

Holding companies

- HCL Technologies Limited (Ultimate Holding Company)
- HCL Bermuda Limited (Holding Company)

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

Holding companies

- HCL Technologies Limited
- HCL Bermuda Limited

Direct Subsidiaries

- HCL Great Britain Limited
- HCL America Solutions Inc.
- HCL Italy SRL
- Power team LLC
- Butler America Aerospace ,LLC
- HCL Belgium NV
- HCL Sweden AB
- HCL Technologies Sweden IOMC
- HCL Technologies Chile SpA
- Hcl Technologies Austria Gmbh
- Axon Solutions Singapore Pte Ltd
- HCL Technologies (Thailand)Ltd
- HCL Mortagage Holding LLC.
- Urban Fulfillment Services LLC.
- Geometric SAS
- HCL (Ireland) Infor. Syst Ltd.
- HCL MUSCAT Technologies
- HCL Technologies Beijing Ltd.
- HCL Technologies Corporate services
- HCL Technologies Ltd-Nagpur
- HCL Technologies -South Africa
- HCL Technologies -Vietnam Company
- Octavian Acquisition Corp.
- Point to Point Product Ltd
- Telerx Marketing Inc.

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Fellow subsidiaries

- HCL (Brazil) Tecnologia da informacao Ltda.
- Axon Solutions Limited
- Geometric Americas Inc.
- HCL Axon technologies Inc.
- HCL Technologies S.A.
- HCL Axon Solutions (Shanghai) Co., Ltd.
- HCL Technologies Columbia
- HCL AXON Malaysia Sdn Bhd
- HCL Technologies Romania s.r.l.
- HCL Technologies Italy S.p.A.
- HCL İstanbul Bilişim Teknolojileri Limited
- HCL Argentina S.A.
- HCL Technologies Belgium BVBA
- HCL Technologies Sweden AB
- HCL Saudi Arabia LLC
- Axon Solutions Sdn Bhd
- HCL Technologies Luxembourg S.
- HCL Technologies Lithuania UAB
- HCL Technologies Greece Single
- Axon Solutions (BPO NI Division)
- HCL Technologies Taiwan Ltd
- State Street HCL Services (Philippines)
- HCL Technologies Middle East
- HCL Technologies UK Limited
- HCL Technologies BV
- HCL Technologies Philippines Inc
- Axon Solutions Schweiz GmbH
- HCL Technologies Germany GmbH
- HCL Technologies Finland Oy
- HCL Japan Limited
- HCL Poland Sp.z.o.o.
- HCL Technologies Norway AS
- HCL Technologies (Shanghai) Limited
- HCL Australia Services Pty. Limited
- HCL (New Zealand) Limited
- HCL Hong Kong SAR Limited
- HCL Singapore Pte. Limited
- HCL Axon Malaysia Sdn Bhd-Software Division
- PT. HCL Technologies Indonesia
- Filial Espanola De HCL Technologies, S.L. (HCL Spain)
- HCL Technologies France
- HCL Technologies Denmark ApS
- HCL Technologies Czech Republic
- HCL Axon (Pty) Limited
- HCL Technologies Mexico

c) Key management personnel

- Mr. Shiv Nadar – Chairman and Chief Startegy Managing Director
- C. Vijayakumar – President and Chief Executive Officer

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(Amount in millions, except share and per share data)

(d) Transactions with related parties during the year: (USD)

Transactions with related parties during the normal course of business	Ultimate Holding Company		Subsidiaries		Fellow Subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Revenue from operations	409	172	264	94	49	39
Dividend Income	-	-	-	43	-	-
Interest Income	-	0	7	0	1	1
Consulting Charges	517	1,103	34	36	77	112
Corporate Guarantee Fees	-	-	1	1	-	-
Marketing Expense	1	1	-	-	0	1
Interest Expense	-	-	0	1	1	0
Cost of Goods Sold	1	2	1	0	1	0
Insurance	1	0	-	-	-	-
Other Income	-	-	-	-	78	-
Investments	-	-	213	13	-	-

(₹)

Transactions with related parties during the normal course of business	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries
	Year ended	Year ended	Year ended
	31 March 2019	31 March 2019	31 March 2019
Revenue from operations	28,284	18,235	3,398
Dividend Income	-	475	63
Interest Income	35,696	2,359	5,326
Consulting Charges	-	51	-
Corporate Guarantee Fees	50	-	34
Marketing Expense	-	26	39
Interest Expense	45	88	103
Cost of Goods Sold	98	-	-
Insurance	-	-	5,402
Investments	-	14,707	-

Transactions with Key Managerial personnel during the year	Year ended		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Compensation	5	6	312

(e) Outstanding Balances with related parties: (USD)

Outstanding balances	Ultimate Holding Company		Subsidiaries		Fellow Subsidiaries	
	As at		As at		As at	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade Receivable	217	21	153	26	21	9
Prepaid Expenses	1	1	-	-	-	-
Deferred cost	32	27	-	-	-	-
Unbilled receivables	18	18	-	4	-	-
Receivable Expenses	0	0	1	1	3	2
Short term deposits	-	-	1	1	24	22
Long term deposits	-	-	127	-	-	-
Interest Receivable	-	-	0	-	2	1
Liability for expenses	29	48	0	0	-	-
Interest Payable	-	-	0	0	1	0
Trade Payables	50	256	88	21	19	20
Short term borrowings	-	-	18	5	19	14

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(Amount in millions, except share and per share data)

(₹)

Outstanding Balances	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries
	As at 31 March 2019	As at 31 March 2019	As at 31 March 2019
Trade Receivable	14,994	10,604	1,447
Prepaid Expenses	72	-	-
Deferred cost	2,236	-	-
Unbilled receivables	1,267	-	-
Receivable Expenses	16	49	179
Short term deposits	-	55	1,638
Long term deposits	-	8,802	-
Interest Receivable	-	1	104
Liability for expenses	1,983	1	-
Interest Payable	-	27	35
Trade Payables	3,490	6,071	1,295
Short term borrowings	-	1,244	1,344

3.31 Share based payments

Pursuant to the approval of the shareholders, the ultimate parent undertaking, HCL Technologies Limited operated the 1999, 2000 and 2004 stock option plan ('1999 plan", "2000 plan" and "2004 plan"). This was an equity settled incentive scheme for employees in the shares of ultimate parent undertaking, HCL Technologies Limited.

A reconciliation of options movement is shown below:

	31 March 2019			31 March 2018		
	Weighted average exercise price		Number	Weighted average exercise price		Number
	USD	₹		USD	₹	
Outstanding at the beginning of the year	0.23	16	61,920	0.23	16	96,850
Exercised during the year	0.23	16	36,960	0.23	16	34,930
Forfeited during the year						-
Outstanding at the end of the year	**0.23**	**16**	**24,960**	**0.23**	**16**	**61,920**

There are eight shares per option.

There were 24,960 shares outstanding at 31 March 2019.

No share options were granted during the year. The fair value of the options was calculated using the Black-Scholes option pricing model. There were no performance conditions attached to the share options.

The expected volatility is based on trend-based historical volatility based on actively traded stock of the Company.

There is no charge for the year relating to the employee share-based payment plans.

HCL Technologies Limited, the ultimate holding Company, has issued Employee stock options to the employees of the Company. The cost incurred by the ultimate holding Company for issuing such options is nil (previous year: nil). The ultimate holding Company has not transferred any charge on account of stock option expense to the Company.

3.32 Commitments and Contingent liabilities

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (Refer note 1(a)) (₹)
Capital and other commitments			
Estimated amount of unexecuted capital contracts	13	9	887
	13	9	887

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HCL America Inc.
Notes to financial statements for the year ended 31 March 2019
(Amount in millions, except share and per share data)

The Company is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. Some of these matters include speculative and frivolous claims for substantial or indeterminate amounts of damages. The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgement is required to determine both probability and the estimated amount. The Company reviews these provisions at least quarterly and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Company believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Company, or cash flows with respect to loss contingencies for legal and other contingencies as at 31 March 2019.

3.33 Employee benefit plans

Total contributions made to the 401(k) plan by the Company, for the year ended 31 March 2019 is USD 28 (₹1,921), (previous year: USD 24).

As per our report of even date

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

Per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 28 JUNE 2019

For and on behalf of Board of Directors of HCL America Inc.

C. Vijayakumar
Director

Robin Abrams
Director

Date: 28 JUNE 2019

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