HCL Canada Inc.

FINANCIAL STATEMENTS

For the year ended 31 March 2022 and 31 March 2021

HCL Canada Inc.
Balance Sheet
(All amounts in CAD lakhs, except share data and as stated otherwise)

	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	67	75
(b) Capital work in progress	2.2	6	-
(c) Right-of-use assets		74	57
(d) Goodwill	2.3	68	68
(e) Other intangible assets	2.4	17	22
(f) Financial assets			
(i) Trade receivables - unbilled	2.5a	35	31
(ii) Others	2.6	25	29
(g) Deferred tax assets (net)	2.25	-	6
(h) Other non-current assets	2.7	29	16
Total non-current assets		**321**	**304**
(2) Current assets			
(a) Inventories	2.8	13	10
(b) Financial assets			
(i) Trade receivables			
Billed	2.5b	695	613
Unbilled	2.5b	143	116
(ii) Cash and cash equivalents	2.9	239	89
(iii) Loans	2.10	100	181
(iv) Others	2.6	46	30
(c) Other current assets	2.11	238	153
Total Current assets		**1,474**	**1,192**
TOTAL ASSETS		**1,795**	**1,496**
II. EQUITY			
(a) Equity share capital	2.12	2	2
(b) Other equity		956	789
TOTAL EQUITY		**958**	**791**
III. LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	2.27	58	49
(ii) Others	2.13	2	1
(b) Contract Liabilities	2.14	10	5
(c) Provisions	2.15	29	11
(d) Deferred tax liabilities (net)	2.25	5	-
Total non-current liabilities		**104**	**66**
(2) Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	2.27	17	8
(ii) Trade payables			
Billed	2.16	144	167
Unbilled and accruals		247	165
(iii) Others	2.13	105	60
(b) Contract Liabilities	2.14	141	116
(c) Other current liabilities	2.17	35	96
(d) Provisions	2.15	31	13
(e) Current tax liabilities (net)		13	14
Total current liabilities		**733**	**639**
TOTAL LIABILITIES		**837**	**705**
TOTAL EQUITY AND LIABILITIES		**1,795**	**1,496**
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

VIMAL CHAUHAN Digitally signed by VIMAL CHAUHAN Date: 2022.07.25 20:32:18 +05'30'

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 25 July 2022

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

VIJAYAKUMAR CHINNASWAMY Digitally signed by VIJAYAKUMAR CHINNASWAMY Date: 2022.07.25 19:29:36 +05'30'

C. Vijayakumar
Director

Zürich, Switzerland
Date: 25 July 2022

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Prateek Aggarwal
Director

Noida(UP), India
Date: 25 July 2022

HCL Canada Inc.
Statement of Profit and Loss
(All amounts in CAD lakhs, except share data and as stated otherwise)

		Note No.	Year ended 31 March 2022	Year ended 31 March 2021
I	**Revenue**			
	Revenue from operations	2.18	3,272	2,538
	Other income	2.19	6	5
	Total Income		3,278	2,543
II	**Expenses**			
	Purchase of stock-in-trade		51	47
	Changes in inventories of stock-in-trade	2.20	(3)	2
	Employee benefits expense	2.21	1,638	1,059
	Outsourcing costs	2.23	1,256	1,195
	Finance costs	2.22	2	2
	Depreciation and amortisation expense	2.1, 2.4 & 2.27	41	24
	Other expenses	2.24	73	95
	Total Expenses		3,058	2,424
III	**Profit before tax**		220	119
IV	**Tax Expense**	2.25		
	Current tax		42	58
	Deferred tax charge (credit)		11	(14)
	Total Tax expense		53	44
V	**Profit after tax**		167	75
VI	**Other comprehensive income**			
	Items that will not be reclassified to profit and loss		-	-
	Items that will be reclassified subsequently to profit and loss		-	-
VII	**Total other comprehensive income**		-	-
VIII	**Total comprehensive income for the year**		167	75
	Earnings per equity share	2.26		
	Basic		1,670	750
	Diluted		1,670	750
	Summary of significant accounting policies	1		

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Membership Number: 511230

Gurugram, India
Date: 25 July 2022

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C. Vijayakumar
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Prateek Aggarwal
Director

Noida(UP), India
Date: 25 July 2022

HCL Canada Inc.
Statement of Changes in Equity
(All amounts in CAD lakhs, except share data and as stated otherwise)

Particulars	Equity share capital		Other equity		
	Shares	Share capital	Reserves and Surplus		Total
			Retained earnings	Securities premium	
Balance as at 1 April 2020	10,000	2	695	19	714
Profit for the year			75		75
Total comprehensive income for the year			75	-	75
Balance as at 31 March 2021	**10,000**	**2**	**770**	**19**	**789**
Balance as at 1 April 2021	10,000	2	770	19	789
Profit for the year			167		167
Total comprehensive income for the year			167	-	167
Balance as at 31 Mar 2022	**10,000**	**2**	**937**	**19**	**956**

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

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Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 25 July 2022

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

VIJAYAKUMAR CHINNASWAMY Digitally signed by VIJAYAKUMAR CHINNASWAMY Date: 2022.07.25 19:30:33 +05'30'

C. Vijayakumar
Director

Zürich, Switzerland
Date: 25 July 2022

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Prateek Aggarwal
Director

Noida(UP), India
Date: 25 July 2022

HCL Canada Inc.
Statement of Cash Flows
(All amounts in CAD lakhs, except share data and as stated otherwise)

		Year ended 31 March 2022	Year ended 31 March 2021
A.	**Cash flows from operating activities**		
	Profit before tax	220	119
	Adjustment for:		
	Depreciation and amortization expense	41	24
	Interest income	(2)	(5)
	Interest expenses	1	1
	Provision for doubtful debts	0	1
	Other non cash benefits (net)	4	45
	Operating profit before working capital changes	**264**	**185**
	Net change in		
	Trade receivables	(113)	(93)
	Inventories	12	2
	Other financial assets and other assets	(108)	(84)
	Trade payables	59	(108)
	Provisions, other financial liabilities and other liabilities	37	55
	Cash generated from operations	151	(43)
	Income taxes paid	(43)	(48)
	Net cash flow from/(used in) operating activities (A)	108	(91)
B.	**Cash flows from investing activities**		
	Proceeds from loans extended to group companies	77	667
	Loans extended to group company	-	(450)
	Purchase of property, plant and equipment and intangibles, including capital work in progress and capital advances	(19)	(57)
	Proceeds from sale of property, plant and equipment	1	-
	Interest received	1	6
	Net cash flow from investing activities (B)	60	166
C.	**Cash flows from financing activities**		
	Payment of lease liabilities including interest	(18)	(7)
	Payment for deferred consideration on business acquisition	-	(49)
	Interest paid	-	(1)
	Net cash used in financing activities (C)	(18)	(57)
	Net increase /(decrease) in cash and cash equivalents (A+B+C)	150	18
	Cash and cash equivalents at the beginning of the year	89	71
	Cash and cash equivalents at the end of the period as per note 2.9	239	89

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

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Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 25 July 2022

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

VIJAYAKUMAR CHINNASWAMY Digitally signed by VIJAYAKUMAR CHINNASWAMY Date: 2022.07.25 19:31:22 +05'30'

C. Vijayakumar
Director

Zürich, Switzerland
Date: 25 July 2022

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Prateek Aggarwal
Director

Noida(UP), India
Date: 25 July 2022

ORGANIZATION AND NATURE OF OPERATIONS

HCL Canada Inc. (hereinafter referred to as 'Company') is a Business Transformation Consultancy Company providing medium and large size organizations with Business Transformation solutions that encompass all elements of business consulting, solution implementation and ongoing application management. The Company leverages its global technology workforce and intellectual properties to deliver solutions across verticals. The Company also provides range of software services and infrastructure services. The Company was incorporated on July 1, 2012 in Winnipeg (Canada) having its registered office at 55 City Centre Drive, Unit# 303, Mississauga Ontario, L5B 1M3, Canada.

The financial statements for the year ended 31 March 2022 were approved and authorized for issue by the Board of Directors on 25th July 2022.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the financial statements. The Company is not domiciled in India and hence was not incorporated under Companies Act, 2013 or under any previous Company law in India. These financial statements have been prepared on the request of HCL Technologies, being the Ultimate Holding Company to comply with requirements of the Companies 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 except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

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

The Company uses the CAD as its reporting currency.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates

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

i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note 1(e)
ii. Allowance for uncollectible accounts receivables, refer note 1(n)(i)
iii. Recognition of income and deferred taxes, refer note 1(f) and note 2.25
iv. Useful lives of property, plant and equipment, refer note 1(g)
v. Lives of intangible assets, refer note 1(h)
vi. Key assumptions used for impairment of goodwill, refer note 1(k) and note 2.3
vii. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(i)
viii. Provisions and contingent liabilities, refer note 1(l) and note 2.31

In view of pandemic relating to COVID-19, the company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of

receivables, unbilled receivables, goodwill, intangible assets, other financial assets, impact on revenues and costs and impact on leases, including but not limited to the assessment of liquidity and going concern assumption. However, the actual impact of COVID-19 on the company's financial statements may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

c) ***Foreign currency and translation***

The financial statements are presented in CAD, which is also the Company's functional currency. 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 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 (loss) for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currency using the exchange rate in effect on the date of the transaction.

d) Fair value measurement

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

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

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

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

c) Cost approach – Replacement cost method.

Certain assets are measured at fair value on a non-recurring basis. These assets consist primarily of non-financial assets such as goodwill and intangible assets. Goodwill and intangible assets recognized in business combinations are measured at fair value initially and subsequently when there is an indicator of impairment, the impairment is recognized. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

e) Revenue recognition

Contracts involving provision of services and material

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

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

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume of transactions 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 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.

Proprietary Software Products

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

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 controls the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

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

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). A contract liability arises when there is excess billing over the revenue recognized.

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

Interest 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.

f) Income taxes

Income tax expense comprises current and deferred income tax.

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

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted 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 period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

g) Property, plant and equipment

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

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

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

Asset description	Asset life (in years)
Office equipment	5
Computers	4-5
Furniture and fixtures	7

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

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

h) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at their fair value at the date of acquisition. Subsequently, following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful 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:

Asset description	Asset life (in years)
Software	3
Customer relationships	1 to 10

i) Leases

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

Company as a lessee

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

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

The lease liability is measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow, in the country where the lease was executed. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the Company is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease. Lease liability is subsequently measured by increase the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any.

The Company has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the statement of profit and loss. For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

Company as a lessor

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

Leases in which the Company transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the present value of lease receivable. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the statement of profit and loss.

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

j) Inventory

Stock in trade 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 are determined using the weighted average cost formula.

k) Impairment of non-financial assets

Goodwill

Goodwill is tested annually on March 31, for impairment, or sooner 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 the 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.

l) Provisions and contingent liabilities

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

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

m) Retirement and other employee benefits

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

ii. The Company and employees contribute to the social security scheme in accordance with the local statutory requirements to the RRSP (Registered Retirement Savings Plan) governed by The Federal Income Tax Act and administered by Canada Revenue Agency. Contributions are charged to income in the period in which they accrue.

n) 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 short-term deposits
Cash and short-term deposits in the balance sheet comprise cash in banks and cheques in hand, 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.

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.

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

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

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

Derecognition

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

Offsetting of financial instruments

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

o) 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.

p) Nature and purpose of reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares.

q) Recently issued accounting pronouncements

On 23 March 2022, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2022 effective from 1 April 2022. Following is key amended provision which may have an impact on the financial statements of the Company:

Onerous Contracts – Cost of Fulfilling a Contract (Amendment to Ind AS 37)
The amendments clarifies that the 'costs of fulfilling a contract' comprise both the incremental costs and allocation of other direct costs. The Company does not expect the adoption of this update to have a material impact on its financial statements.

2. Notes to financial statements

2.1 Property, Plant and Equipment

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

Particulars	Office Equipment	Computers	Furniture & Fixtures	Total
Gross Block as at 1 April 2021	31	66	15	112
Additions	-	25	2	27
Deletions/Adjustment	1	40	-	41
Gross Block as at 31 March 2022	**30**	**51**	**17**	**98**
Accumulated Depreciation as at 1 April 2021	1	36	-	37
Charge for the year	7	9	3	19
Deletions	-	25	-	25
Accumulated Depreciation as at 31 March 2022	**8**	**20**	**3**	**31**
Net Block as at 31 March 2022	**22**	**31**	**14**	**67**
Net Block as at 31 March 2021	**30**	**30**	**15**	**75**

The changes in the carrying value for the year ended 31 March 2021

Particulars	Office Equipment	Computers	Furniture & Fixtures	Total
Gross Block as at 1 April 2020	1	**47**	-	48
Additions	30	19	15	64
Gross Block as at 31 March 2021	**31**	**66**	**15**	**112**
Accumulated Depreciation as at 1 April 2020	-	26	-	26
Charge for the year	1	10	-	11
Accumulated Depreciation as at 31 March 2021	**1**	**36**	**-**	**37**
Net Block as at 31 March 2021	**30**	**30**	**15**	**75**

2.2 Capital work in progress (CWIP)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2022					
Project in progress	6	-	-	-	6
	6	**-**	**-**	**-**	**6**
As at 31 March 2021					
Project in progress	-	-	-	-	-
	-	-	-	-	-

2.3 Goodwill

The changes in the carrying value of goodwill, for the year ended 31 March 2022

Particulars	Total
Opening balance as at 1 April 2021	68
Addition	-
Closing balance as at 31 March 2022	**68**

The changes in the carrying value of goodwill, for the year ended 31 March 2021

Particulars	Total
Opening balance as at 1 April 2020	68
Addition	-
Closing balance as at 31 March 2021	**68**

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

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

	As at	
	31 March 2022	31 March 2021
Growth rate (%)	2.0 to 5.0	2.0 to 5.0
Terminal growth rate (%)	2.0	1.0
Pre-tax discount rate (%)	5.43	2.83

As at 31 March 2022 and 31 March 2021, the estimated recoverable amount of the CGU exceeded its carrying amount and accordingly, no impairment was recognized. An analysis of the sensitivity of the computation to a change in key assumptions based on reasonable probability did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

2.4 Intangible Assets

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

Particulars	Software	Customer Relationships	Total
Gross Block as at 1 April 2021	2	29	31
Additions	-	-	-
Gross Block as at 31 March 2022	**2**	**29**	**31**
Accumulated amortization as at 1 April 2021	2	7	9
Charge for the year	-	5	5
Accumulated amortization as at 31 March 2022	**2**	**12**	**14**
Net Block as at 31 March 2022	**-**	**17**	**17**
Net Block as at 31 March 2021	**-**	**22**	**22**

The changes in the carrying value for the year ended 31 March 2021

Particulars	Software	Customer Relationships	Total
Gross Block as at 1 April 2020	2	29	31
Additions	-	-	-
Gross Block as at 31 March 2021	**2**	**29**	**31**
Accumulated amortization as at 1 April 2020	2	2	4
Charge for the year	-	5	5
Accumulated amortization as at 31 March 2021	**2**	**7**	**9**
Net Block as at 31 March 2021	**-**	**22**	**22**

2.5 (a) Trade receivables - Non Current

Particulars	As at	
	31 March 2022	31 March 2021
Unbilled receivable	35	31
	35	**31**

2.5 (b) Trade receivables – Current

	As at	
	31 March 2022	31 March 2021
Unsecured, considered good (refer note below)	695	616
Trade receivables which have significant increase in credit risk	3	1
	698	**617**
Impairment allowance for bad and doubtful debts	(3)	(4)
	695	**613**
Unbilled receivables	143	116
Total trade receivables	**838**	**729**

Note:
Trade receivables include billed receivables from related parties amounting to CAD 204 (previous year: CAD 289) and unbilled receivables from related parties amounting to CAD 43 (previous year: CAD 33).

Trade Receivable – Current	Not due	Outstanding as at 31 March 2022 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed - considered good	275	408	9	-	3	695
Undisputed Trade receivables – which have significant increase in credit risk	-	-	1	1	1	3
	275	**408**	**10**	**1**	**4**	**698**
Impairment allowance for bad and doubtful debts						(3)
Unbilled receivables						143
						838

Trade Receivable - Current	Not due	Outstanding as at 31 March 2021 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed - considered good	284	322	5	4	1	616
Undisputed Trade receivables – which have significant increase in credit risk			1	-		1
	284	**322**	**6**	**4**	**1**	**617**
Impairment allowance for bad and doubtful debts						**(4)**
Unbilled receivables						**116**
						729

2.6 Other financial assets

	As at	
	31 March 2022	31 March 2021
Non-Current		
Finance lease receivables (refer note 2.27(b))	21	26
Security Deposits	4	3
	25	**29**
	31 March 2022	31 March 2021
Current		
Finance lease receivables (refer note 2.27(b))	20	24
Interest receivable-related parties (refer note 2.30(d))	3	2
Security deposits	7	4
Other Receivables	16	-
	46	**30**

2.7 Other non-current assets

	As at	
	31 March 2022	31 March 2021
Unsecured considered good unless otherwise stated		
Deferred contract cost (refer note 2.18)	27	15
Capital Advances	-	-
Prepaid expenses	2	1
	29	**16**

2.8 Inventories

	As at	
	31 March 2022	**31 March 2021**
Stock in trade	13	10
	13	**10**

2.9 Cash and cash equivalents

	As at	
	31 March 2022	**31 March 2021**
Cash and cash equivalents		
Balance with banks		
- in current accounts	239	89
	239	**89**

2.10 Financial Assets -Loans

	As at	
	31 March 2022	**31 March 2021**
Unsecured, considered good		
Loans to related party (refer note 2.30(d))	100	181
	100	**181**

2.11 Other Current assets

	As at	
	31 March 2022	**31 March 2021**
Unsecured, considered good		
Advances other than capital advances		
Advance to employees	2	1
Others:		
Deferred contract cost (refer note 2.18)	15	10
Deferred contract cost-related parties (refer note 2.18 & 2.30(d))	206	127
Prepaid Expenses	9	5
Contract Assets (refer note 2.18)	3	6
Others	3	4
	238	**153**

2.12 Share Capital

	As at	
	31 March 2022	**31 March 2021**
Authorized		
Equity Shares	-	-
Issued, subscribed and fully paid up equity shares		
10,000 equity shares (no specified par value) (refer note below)	2	2
	2	2

Note: The Company has one class of shares referred to as equity having no par value. Each holder of equity shares is entitled to one vote per share

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

	As at			
	31 March 2022		31 March 2021	
	No. of shares	CAD	No. of shares	CAD
Number of shares at the beginning	10000	2	10,000	2
Number of shares at the end	10000	2	10,000	2

b) Details of shareholders holding more than 5 % shares in the Company:

	As at			
	31 March 2022		31 March 2021	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of CAD 20.7316, fully paid				
HCL Bermuda Limited, Bermuda	9,999	100%	9,999	100%

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 have been generally met through operating cash flows generated.

2.13 Other financial liabilities

	As at	
	31 March 2022	31 March 2021
Non-Current		
Carried at amortized cost		
Employee bonuses accrued	-	1
Other Payable- related parties (refer note below)	2	-
	2	**1**
Current		
Carried at amortized cost		
Capital accounts payables	22	8
Accrued Salary & benefits		
Employee bonuses accrued	66	44
Other employee costs	17	8
	105	**60**

Note: Amount payable to HCL Technologies Limited, the ultimate Parent Company against RSUs awarded to the employees of the Company (refer note 2.21 & 2.30 (d)).

2.14 Contract Liabilities

Particulars	As at 31st March	
	31- March-2022	31-March-2021
Non-Current		
Contract Liabilities (refer note 2.18)	10	5
	10	**5**
Current		
Contract Liabilities (refer note 2.18)	141	116
	141	**116**

2.15 Provisions

	As at	
	31 March 2022	31 March 2021
Non-Current		
Provision for compensated absences	29	11
	29	**11**
Current		
Provision for compensated absences	31	13
	31	**13**

2.16 Trade Payables-Current

	As at	
	31 March 2022	31 March 2021
Trade payables others	57	49
Trade payables - related parties (refer note 2.30(d))	87	118
	144	**167**
Unbilled and accruals	139	74
Unbilled and accruals - related parties (refer note 2.30(d))	108	91
	247	**165**
Total Trade Payables	**391**	**332**

Particulars	Not due	Outstanding as at 31 March 2022 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Others	68	76	-	-	-	144
Unbilled and accruals						247
						391

Particulars	Not due	Outstanding as at 31 March 2021 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Others	-	160	7	-	-	167
Unbilled and accruals						165
						332

2.17 Other current liabilities

	As at	
	31 March 2022	**31 March 2021**
Other Current liabilities		
Advance received from customers	15	52
Withholding and other taxes payable	20	44
	35	**96**

2.18 Revenue from operations

	For year ended	
	31 March 2022	**31 March 2021**
Sale of services	3,215	2,483
Sale of hardware and software	57	55
	3,272	**2,538**

Disaggregate Revenue Information

The disaggregated revenue from contracts with the customers by contract type is as follows:

	For year ended	
	31 March 2022	**31 March 2021**
Contract type		
Fixed price	2,284	1,929
Time and material	988	609
	3,272	**2,538**
Geography wise		
America	402	261
Canada	1,911	1,563
Others	959	714
	3,272	**2,538**

Remaining performance obligations

As at 31 March 2022, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was CAD 2,291 (31 March 2021 CAD 1,956) out of which, approximately 40% is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions as below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,

b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or

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

Contract balances

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

CAD 3 contract asset outstanding as on 31st March 2022 pertains to current year i.e. from 01st April 2021 to 31st March 2022.

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

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

	For year ended	
	31 March 2022	**31 March 2021**
Balance as at beginning of the year	121	75
Additional amounts billed but not recognized as revenue	89	79
Deduction on account of revenues recognized during the year	(59)	(33)
Balance as at end of the year	**151**	**121**

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

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

	For year ended	
	31 March 2022	**31 March 2021**
Balance as at beginning of the year	152	23
Additional cost capitalized during the year	225	139
Deduction on account of cost amortized during the year	(129)	(10)
Balance as at end of the year	**248**	**152**

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

	For year ended	
	31 March 2022	**31 March 2021**
Contracted price	3,285	2,552
Reduction towards variable consideration components	(13)	(14)
Revenue recognized	**3,272**	**2,538**

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

2.19 Other Income

	For year ended	
	31 March 2022	**31 March 2021**
Interest income -related parties (refer note 2.30 (c))	1	4
Interest income-Others	1	1
Exchange differences (net)	4	-
	6	**5**

2.20 Changes in inventories of stock-in-trade

	For year ended	
	31 March 2022	**31 March 2021**
Opening stock	10	12
Less: Closing stock	(13)	(10)
	(3)	**2**

2.21 Employee benefit expenses

	For year ended	
	31 March 2022	**31 March 2021**
Salaries, wages and bonus	1,520	1,007
Contribution to employee benefits	116	52
Share based payments to employees (refer note below)	2	-
	1,638	**1,059**

During the year, HCL Technologies Limited ('HCLT'), the ultimate Parent Company instituted the Restricted Stock Unit Plan 2021'("RSU Plan") to provide equity-based incentives to all eligible employees of HCLT and its subsidiaries. Each RSU granted under the plan entitles the holder to one equity share of HCLT at an exercise price, which is approved by the Nomination and Remuneration Committee of HCLT.

"Share based payment expense" represents reimbursement of cost to HCLT, towards RSUs granted by HCLT to the employees of the Company. The fair value of these RSUs are determined using the Black-Scholes Model for RSUs with time and non-market performance-based vesting conditions.

2.22 Finance cost

	For year ended	
	31 March 2022	**31 March 2021**
Interest		
-on the lease liability	1	-
-others	-	1
Bank charges	1	1
	2	**2**

2.23 Outsourcing cost

	For year ended	
	31 March 2022	**31 march 2021**
Outsourcing Cost	424	264
Outsourcing Cost-related parties (refer note 2.30(c))	832	931
	1,256	**1,195**

2.24 Other expenses

	For year ended	
	31 March 2022	**31 March 2021**
Rent	1	6
Power and fuel	18	6
Repairs and maintenance		
- Plant and equipment	1	-
- others	7	4
Communication costs	8	6
Travel and conveyance	11	6
Legal and professional charges	14	17
Provision for doubtful debts/ bad debts	-	1
Exchange differences (net)	-	44
Miscellaneous expenses	13	5
	73	**95**

2.25 Income Taxes

	For year ended	
	31 March 2022	**31 March 2021**
Income tax charged to statement of profit and loss		
Current tax charge	42	58
Deferred tax charge (credit)	11	(14)
	53	**44**

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

	For year ended	
	31 March 2022	**31 March 2021**
Profit before income tax	220	119
Statutory tax rate in Canada	26.49%	26.74 %
Expected tax expense	58	31
Permanent Difference	4	-
Income taxed at a lower / higher rate	(1)	6
Reversal of prior year provision	(7)	2
Additional provision created in books	-	3
Others	(1)	-
Total taxes	**53**	**44**
Effective income tax rate	**24.09%**	**36.97%**

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

	Opening balance	**Recognized in profit and loss**	**Closing balance**
Deferred tax assets			
Accrued employee costs	5	9	14
Unrealized Forex Loss	2	(1)	1
Others	12	(10)	2
Gross deferred tax assets (A)	**19**	**(2)**	**17**
Deferred tax liabilities			
Depreciation and amortization expense	9	2	11
Deferred revenue/cost	-	5	5
Intangibles	1	-	1
Others	3	2	5
Gross deferred tax liabilities (B)	**13**	**9**	**22**
Net deferred tax Assets /(liabilities) (A-B)	**6**	**(11)**	**(5)**

Components of deferred tax assets and liabilities as on 31 March 2021

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Accrued employee costs	5	-	5
Unrealized Forex Loss	-	2	2
Others	1	11	12
Gross deferred tax assets (A)	**6**	13	**19**
Deferred tax liabilities			
Depreciation and amortization expense	4	5	9
Unrealized Forex Gain	5	(5)	-
Intangibles	1	-	1
Others	4	(1)	3
Gross deferred tax liabilities (B)	**14**	(1)	**13**
Net deferred tax liabilities (A-B)	**(8)**	**14**	**6**

2.26 Earnings per share

	For year ended	
	31 March 2022	**31 March 2021**
Net Profit as per Statement of Profit and Loss for computation of EPS	167	75
Weighted average number of equity shares outstanding in calculating Basic and Diluted EPS	10,000	10,000
Earnings per equity share		
- Basic	1670	750
- Diluted	1670	750

2.27 Leases

a) Company as a lessee

The Company's significant leasing arrangements are in respect of leases for office spaces & accommodation for its employees.

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

Particulars	Buildings	Total
Balance as at 1 April 2020	5	5
Additions	60	60
Depreciation charge for the year	8	8
Balance as at 31 March 2021	**57**	**57**
Balance as at 1 April 2021	**57**	**57**
Additions	34	34
Depreciation charge for the year	17	17
Balance as at 31 March 2022	**74**	**74**

The reconciliation of lease liabilities is as follows:

Particulars	For year ended	
	31 March 2022	31 March 2021
Balance as at beginning of the year	57	5
Additions	35	59
Amounts recognized in statement of profit and loss as interest expense	1	-
Payment of lease liabilities	(18)	(7)
Balance as at end of the year	**75**	**57**

The lease rental expense recognized in the statement of profit and loss account for the year is CAD 1 (previous year CAD 6).

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March 2022:

Particulars	31 March 2022	31 March 2021
Within one year	19	9
One to two years	13	9
Two to three years	12	9
Three to five years	26	18
After 5 years	9	15
Total lease payments	79	60
Imputed interest	(4)	(3)
Total lease liabilities	**75**	**57**

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

b) Company as a lessor

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

	Total minimum lease payments outstanding	Interest included in minimum lease payments	Present value of minimum lease payments
31 March 2022			
Not later than one year	21	1	20
Later than one year but not later than five years	22	1	21
	43	**2**	**41**
31 March 2021			
Not later than one year	25	1	24
Later than one year but not later than five years	26	1	25
	51	**2**	**49**

2.28 Financial Instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2022 is as follows:

	Amortized cost	Total Carrying Value
Financial Assets		
Trade receivables (Including unbilled)	873	873
Cash and cash equivalents	239	239
Loans	100	100
Others	71	71
Total	**1,283**	**1,283**
Financial Liabilities		
Trade payables (including unbilled and accruals)	391	391
Others	107	107
Total	**498**	**498**

The carrying value of financial instruments by categories as at 31 March 2021 is as follows:

	Amortized cost	Total Carrying Value
Financial Assets		
Trade receivables(including unbilled)	760	760
Cash and cash equivalents	89	89
Loans	181	181
Others	59	59
Total	**1,089**	**1,089**
Financial Liabilities		
Trade payables(including unbilled and accruals)	332	332
Others	61	61
Total	**393**	**393**

(b) Financial risk management

The Company is exposed to market risk and credit 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.

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

The impact of appreciation / depreciation of 1% in respective foreign currencies is not material for the year ended 31 March 2022.

Non-derivative foreign currency exposure as of 31 March 2022, 31 March 2021 in major currencies is as below:

	Financial Assets		Financial Liabilities	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
USD/CAD	389	892	90	654
CNY/CAD	-	9	(8)	-
GBP/CAD	1	-	-	-
EUR/CAD	-	2	-	2

(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 Company's exposure to the risk of changes in the market interests rate arises on loans given with floating interest rate.

Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled revenue, finance lease receivables. The cash resources of the Company are invested with banks 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, Canada and others 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 2022	**31 March 2021**
Balance at the beginning of the year	4	3
Additional provision during the year	1	1
Deductions on account of write offs and collections	2	-
Balance at the end of the year	**3**	**4**

Liquidity Risk

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

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

	Year 1 (Current)	**Year 2**	**Year 3**	**Year 4-5 and thereafter**	**Total**
As at 31 March 2022					
Lease liabilities	19	13	12	35	79
Employee bonus accrued	66	-	-	-	66
Trade payables	391	-	-	-	391
Other financial liabilities	41	-	-	-	41
Total	**517**	**13**	**12**	**35**	**577**
As at 31 March 2021					
Lease liabilities	9	9	9	33	60
Employee bonus accrued	44	1	-	-	45
Trade payables	332	-	-	-	332
Other financial liabilities	16	-	-	-	16
Total	**401**	**10**	**9**	**33**	**453**

2.29 Segment Reporting

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

Revenue disaggregation as per geography is given in note 2.18.

2.30 Related party transactions

a) Related parties where control exists

Ultimate holding Company

HCL Technologies Limited

Holding Company

HCL Bermuda Limited, Bermuda

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

Ultimate holding Company

HCL Technologies Limited

Fellow subsidiaries

HCL America Inc.
HCL Australia Services Pty Limited
HCL Technologies Philippines Inc.
HCL Great Britain Limited
HCL (Brazil) Technologia da Informacao EIRELI Ltd
Axon Solutions (Shanghai) Co. Limited
HCL Japan Limited
HCL Technologies UK Limited
HCL Technologies Sweden AB
HCL America Inc. (Axon)
HCL America Solutions Inc.
HCL (Ireland) Information Systems Limited
HCL Technologies (Thailand) Ltd.
HCL Technologies (Shanghai) Ltd.
HCL Technologies Belgium BVBA
HCL Technologies Sweden (IOMC)
HCL Belgium N.V
HCL Technologies Colombia SAS
HCL Technologies Germany GmbH
HCL Technologies Italy S.p.A.
HCL Technologies Norway AS
HCL Hong Kong SAR Limited
PT. HCL Technologies Indonesia Limited
HCL Technologies Corporate Services Limited
HCL Technologies Romania s.r.l
HCL Saudi Arabia LLC
HCL Argentina s.a.
HCL Poland SP.zo.o.
HCL Technologies Denmark Aps
Filial Espanola De HCL Technologies, S.L.(HCL Spain)

HCL Technologies Solutions GmBh (fly Axon Soltns Schz GmbH)
HCL Technologies Vietnam Company Limited HCL Technologies Middle East FZ- LLC
HCL (New Zealand) Limited
HCL Technologies Finland Oy
HCL Mexico
HCL Singapore Pte. Limited, Singapore
HCL Technologies Bulgaria EOOD
C3i Services &Technologies (Dalian) Co., Ltd
HCL Technologies BV
HCL Technologies Chile SpA
HCL Latin America Holding, LLC
HCL Technologies Malaysia SDN BHD (Fy HCL Axon Malaysia SDNBHD)
HCL Technologies Egypt Ltd
HCL Technologies France
HCL Technologies Austria GmbH
Geometric Americas Inc.
HCL Technologies (Taiwan) Ltd.
HCL Technologies Beijing Co., Ltd
HCL Technologies Lithuania UAB
HCL Technologies Greece Single Member P.C.
HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.
HCL Asia Pacific Pte Ltd
HCL Vietnam Company Limited
Sankalp Semiconductor Inc.
HCL Guatemala, Sociedad Anonima
HCL istanbul Bilisim Teknolojileri Limited sirketi
HCL TECHNOLOGIES ANGOLA (SU), LDA
Telerx Marketing, Inc.
HCL Technologies Lanka (Private) Limited
HCL Technologies (PTY) Ltd. (Fy HCL Axon PTY Ltd.)
HCL Technologies S.A.
Sankalp Semiconductor Private Limited

c) Transactions with related parties:

Transactions with related parties during the normal course of business	**Ultimate Holding Company**		**Fellow Subsidiaries**	
	31 March 2022	**31 March 2021**	**31 March 2022**	**31 March 2021**
Revenue from operations	347	255	852	587
Outsourcing cost	605	621	227	310
Interest Income	-	-	1	4
Purchase of stock-in-trade	-	-	-	-
Miscellaneous expenses	1	1	-	-
Short term loan given	-	-	-	450
Repayment of short term loan given	-	-	77	667

Material related party balances with HCL Technologies Corporate Services Limited	**As at**	
	31 March 2022	**31 March 2021**
Revenue from operations	561	355
Consulting charges	-	-

d) Outstanding balances with related parties:

Outstanding balances	Ultimate Holding Company		Fellow Subsidiaries	
	As at			
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade Receivables	3	61	201	228
Prepaid expenses	-	-	-	-
Deferred contract cost	206	127	-	-
Unbilled receivables	43	26	-	7
Trade payables	13	35	74	83
Interest Receivable	-	-	3	2
Liability for expenses	107	91	1	-
Loans and Advances	-	-	100	181
Other Payable			2	-

Material related party balances with HCL Technologies Corporate Services Limited	As at	
	31 March 2022	31 March 2021
Trade receivables	83	126
Unbilled receivable	-	7
Trade Payables	1	-

2.31 Commitments and Contingent liabilities

	As at	
	31 March 2022	31 March 2021
Capital and other commitments		
Estimated amount of unexecuted capital contracts	17	12
	17	**12**

2.32 Change in classification

a) Pursuant to amendment in Schedule III to the Companies Act, 2013, effective from 1 April 2021, the Company has modified the classification of certain assets and liabilities. Comparative amounts in the notes to the financial statements were reclassified for consistency

	As reported Earlier	Revised Classification	Difference
Financial Assets			
Trade Receivables-unbilled (Current and non-current)	-	178	178
Others (Current and non-current)	233	55	(178)
Financial Liabilities			
Trade Payables- unbilled and accruals	-	247	247
Others	353	106	(247)

b) During the year ended March 2022, the company revised the presentation of "contract liabilities" from "other liabilities" to the face of balance sheet for better presentation. Comparative amount in the notes to the Financial Statements were reclassified for consistency.

c) During the year ended 31 March 2022, the Company has revised the presentation of certain notes to the financial statements for better presentation. Comparative amounts in the notes to the financial statements were reclassified for consistency.

2.33 Ratios

Ratio	Numerator	Denominator	Units	Year ended 31 March 2022	Year ended 31 March 2021	% Variance
Current ratio	Current assets	Current liabilities	Times	2.0	1.9	**8%**
Debt equity ratio	Total debts (refer note 1 below)	Total equity	Times	0.1	0.1	**9%**
Debt service coverage ratio	Earnings available for debt service (refer note 2 below)	Debt service (refer note 3 below)	Times	11.9	17.7	**(33)%**
Return on equity ratio	Profit for the year	Average total equity	%	19.2	9.6	**100%**
Inventory turnover ratio	Cost of goods sold (refer note 4 below)	Average inventories	Times	4.2	4.4	**(4)%**
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	4.0	3.4	**17%**
Trade payables turnover ratio	Net credit purchases (refer note below 5)	Average trade payables	Times	3.8	3.5	**10%**
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 6)	Times	4.4	4.6	**(4)%**
Net profit ratio	Profit for the year	Revenue from operations	%	5.1	3.0	**73%**
Return on capital employed	Earnings before interest and taxes	Capital employed (refer note 7 below)	%	21.2	13.3	**60%**

Notes :
(1) Total debts consists of borrowings and lease liabilities

(2) Earning available for debt services = Profit for the year + depreciation, amortization and impairment + interest + loss on sale of property, plant and equipment's + Provision for doubtful debts + share based payment to employees + non-cash charges

(3) Debt service = Interest + payment for lease liabilities + principal repayments

(4) Cost of goods sold includes purchase of stock in trade and change in inventories of stock in trade

(5) Net credit purchase includes purchase of stock-in-trade, outsourcing costs and other expenses

(6) Working capital = current assets - current liabilities

(7) Capital employed = Tangible net worth includes acquired goodwill and other intangibles assets + total debt - deferred tax assets

- **Debt Service coverage ratio** has reduced mainly due to high debt service.
- **Return on equity ratio** has improved due to higher revenue growth of 29%.
- **Net Capital Turnover ratio** has reduced due to increase in Working capital.
- **Net Profit ratio** has improved due to increase in profit for the year.
- **Return on Capital Employed** has improved due to increase in Earnings before interest and taxes.

2.34 Round off

The Company has presented its financial statements in "CAD in lakhs" and accordingly, amounts less than CAD 0.50 lakh are rounded off to zero.

As per our report of even date attached

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

VIMAL CHAUHAN
Digitally signed by VIMAL CHAUHAN
Date: 2022.07.25 20:34:11 +05'30'

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 25 July 2022

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

VIJAYAKUMAR CHINNASWAMY
Digitally signed by VIJAYAKUMAR CHINNASWAMY
Date: 2022.07.25 19:31:41 +05'30'

C. Vijayakumar
Director

Zürich, Switzerland
Date: 25 July 2022

PRATEEK AGGARWAL
Digitally signed by PRATEEK AGGARWAL
Date: 2022.07.25 19:31:59 +05'30'

Prateek Aggarwal
Director

Noida (UP), India
Date: 25 July 2022