HCL America Solutions Inc.

FINANCIAL STATEMENTS
For the Year ended 31 March 2022 and 31 March 2021

HCL America Solutions Inc.
Balance Sheet as at 31 March 2022
(Amount in USD lakhs, except share and per share data)

	Note No.	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	-	-
(b) Other intangible assets	2.2	-	-
(c) Other Non-current assets	2.4	1	-
(d) Deferred tax assets (net)	2.19	7	13
Total non-current assets		8	13
(2) Current assets			
(a) Financial assets			
(i) Trade receivables	2.3		
Billed		532	394
Unbilled		31	61
(ii) Cash and cash equivalents	2.5	112	113
(b) Other current assets	2.6	18	3
Total current assets		693	571
TOTAL ASSETS		701	584
II. EQUITY			
(a) Equity share capital	2.7	-	-
(b) Other equity		162	67
TOTAL EQUITY		162	67
III LIABILITIES			
(1) Non - current liabilities			
(a) Provisions	2.12	10	10
Total non-current liabilities		10	10
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.8	-	64
(ii) Trade payables	2.9		
Billed		247	205
Unbilled and accruals		146	106
(iii) Other financial liabilities	2.10	79	61
(b) Contract liabilities		10	24
(c) Other current liabilities	2.11	28	34
(d) Provisions	2.12	19	13
Total current liabilities		529	507
TOTAL EQUITY AND LIABILITIES		701	584
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 19:34:50 +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 America Solutions Inc.

VIJAYAKUMAR CHINNASWAMY Digitally signed by VIJAYAKUMAR CHINNASWAMY Date: 2022.07.25 17:41:09 +05'30'

C. Vijayakumar
Director

Zürich, Switzerland
Date: 25 July 2022

PRATEEK AGGARWAL Digitally signed by PRATEEK AGGARWAL Date: 2022.07.25 17:40:29 +05'30'

Prateek Aggarwal
Director

Noida (UP), India
Date: 25 July 2022

HCL America Solutions Inc.
Statement of Profit and Loss for the year ended 31 March 2022
(Amount in USD lakhs, except share and per share data)

		Note No.	Year ended 31 March 2022	Year ended 31 March 2021
I	**Revenue**			
	Revenue from operations	2.13	2,968	1,840
	Other income	2.14	1	2
	Total Income		2,969	1,842
II	**Expenses**			
	Purchase of stock-in-trade		-	10
	Employee benefits expense	2.15	1,676	898
	Finance costs	2.16	-	1
	Outsourcing costs	2.17	1,127	852
	Other expenses	2.18	35	15
	Total Expenses		2,838	1,776
III	**Profit before tax**		131	66
IV	**Tax Expense**	2.19		
	Current tax		30	15
	Deferred tax charge (credit)		6	2
	Total tax expense		36	17
V	**Profit for the year**		95	49
VI	**Other comprehensive income**		-	-
VII	**Total other comprehensive income**		-	-
VIII	**Total comprehensive income for the year**		95	49
	Earnings per equity share of par value USD 1000 each	2.23		
	Basic		950,000	490,000
	Diluted		950,000	490,000
	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

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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 America Solutions Inc.

VIJAYAKUMAR CHINNASWAMY Digitally signed by VIJAYAKUMAR CHINNASWAMY Date: 2022.07.25 17:42:49 +05'30'

C. Vijayakumar
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Prateek Aggarwal
Director

Noida (UP), India
Date: 25 July 2022

HCL America Solutions Inc.

Statement of changes in equity for the year ended 31 March 2022
(Amount in USD lakhs, except share and per share data)

Particulars	Equity share capital		Other equity	
	Shares	Share capital	Reserves and Surplus	
			Retained earnings	Total
Balance as at 1 April 2020	10	-	18	18
Profit for the year	-	-	49	49
Total comprehensive income for the year			49	49
Balance as at 31 March 2021	**10**	**-**	**67**	**67**
Balance as at 1 April 2021	10	-	67	67
Profit for the year	-	-	95	95
Total comprehensive income for the year			95	95
Balance as at 31 March 2022	**10**	**-**	**162**	**162**

Summary of significant accounting policies **1**

The accompanying notes are an integral part of the financial statements

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

For and on behalf of the Board of Directors

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Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 25 July 2022

C. Vijayakumar
Director

Zürich, Switzerland
Date: 25 July 2022

Prateek Aggarwal
Director

Noida (UP), India
Date: 25 July 2022

HCL America Solutions Inc.
Statement of Cash flow for the year ended 31 March 2022
(Amount in USD lakhs, except share and per share data)

		Year ended 31 March 2022	Year ended 31 March 2021
A	**Cash flows from operating activities**		
	Profit before tax	131	66
	Adjustment for:		
	Interest expenses	-	1
	Provision written back	(1)	(2)
	Net change in		
	Trade receivables	(107)	(85)
	Other assets	(16)	33
	Trade payables	82	16
	Provisions, other financial liabilities, contract liabilities and other liabilities	4	62
	Cash generated from operations	93	91
	Income taxes paid (net of refunds)	(30)	(15)
	Net cash flow from/(used in) operating activities (A)	63	76
B	**Cash flows from investing activities**		
	Net cash used in investing activities (B)	-	-
C	**Cash flows from financing activities**		
	Proceeds from loans taken from group companies	-	32
	Repayment of loans taken from group companies	(64)	(8)
	Interest paid	-	(1)
	Net cash flow from financing activities (C)	(64)	23
	Net increase /(decrease) in cash and cash equivalents (A+B+C)	(1)	99
	Cash and cash equivalents at the beginning of the year	113	14
	Cash and cash equivalents at the end of the period as per note 2.5	112	113

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

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 25 July 2022

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

VIJAYAKUMAR CHINNASWAMY
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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 America Solutions Inc. (herein after referred to as "Company") was incorporated on June 26, 2012 having its registered office in 330, Potrero Ave, Sunnyvale in the state of California, with the objective to provide product design services. Financial statements have been prepared for the period ended 31 March 2022.

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

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year 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 USD as its reporting currency.

b) Use of estimates and judgements

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

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

i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note 1(e)
ii. Allowance for uncollectible accounts receivables, refer note 1(o)(i)
iii. Recognition of income and deferred taxes, refer note 1(f) and note 2.19
iv. Provisions and contingent liabilities, refer note 1(l) and note 2.26

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 and effectiveness of its hedging relationships, 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 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.

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.

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.

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.

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 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 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 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 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). 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 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 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 de recognition 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)
Computers and Networking Equipment	4-5

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

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

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. 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 under:

Asset description	Asset life (in years)
Software	3

i) 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

Subsequently, 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.

j) 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.

k) Impairment of non-financial assets

Intangible assets and property, plant and equipment

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

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. 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.

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.

n) 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.

o) Financial Instruments

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

(i) Financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of 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, 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 OCI

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 SPPI.

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.

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.

(All amount in lakhs of USD, except share data and as stated otherwise)

(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.

p) Earnings per share (EPS)

Basic EPS amounts are computed by dividing the net profit attributable to the equity holders of the parent 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 parent company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

q) 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	Computers	Office Equipment	Total
Gross Block as at 1 April 2021	-	-	-
Gross Block as at 31 March 2022	-	-	-
Accumulated Depreciation as at 1 April 2021	-	-	-
Charge for the year	-	-	-
Accumulated Depreciation as at 31 March 2022	-	-	-
Net Block as at 31 March 2022	-	-	-
Net Block as at 31 March 2021	-	-	-

(Note: Due to rounding off of balances, the amount is appeared as zero "-")

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

Particulars	Computers	Office Equipment	Total
Gross Block as at 1 April 2020	-	-	-
Deletions	-	-	-
Gross Block as at 31 March 2021	**-**	**-**	**-**
Accumulated Depreciation as at 1 April 2020	-	-	-
Charge for the year	-	-	-
Deletions	-	-	-
Accumulated Depreciation as at 31 March 2021	**-**	**-**	**-**
Net Block as at 31 March 2021	**-**	**-**	**-**

2.2 Other Intangible assets

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

Particulars	Software	Total
Gross Block as at 1 April 2021	**2**	**2**
Gross Block as at 31 March 2022	**2**	**2**
Accumulated Amortization as at 1 April 2021	**2**	**2**
Charge for the year	-	-
Accumulated Amortization as at 31 March 2022	**2**	**2**
Net Block as at 31 March 2022	**-**	**-**
Net Block as at 31 March 2021	**-**	**-**

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

Particulars	Software	Total
Gross Block as at 1 April 2020	2	2
Gross Block as at 31 March 2021	**2**	**2**
Accumulated Amortization as at 1 April 2020	2	2
Charge for the year	-	-
Accumulated Amortization as at 31 March 2021	**2**	**2**
Net Block as at 31 March 2021	**-**	**-**

2.3 Trade receivables- Current

	As at	
	31 March 2022	**31 March 2021**
Billed		
Unsecured, considered good (refer note below)	532	396
Trade receivables - credit impaired	1	-
	533	396
Impairment allowance for bad and doubtful debts (refer note 2.20(b))	(1)	(2)
	532	394
Unbilled receivables (refer note below)	31	61
	563	**455**

Note:
Trade receivables include receivables from related parties amounting to USD 475 lakhs (previous year: USD 354 lakhs) refer note 2.22(d).

(All amount in lakhs of USD, except share data and as stated otherwise)

Trade receivables – current	Not Due	Outstanding as at 31 March 2022 from the due date of payment					
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	55	430	-	1	-	46	532
Undisputed – credit impaired	-	-	-	-	-	1	1
							533
Impairment allowance for bad and doubtful debts							(1)
							532
Unbilled receivables							31
							563

Trade receivables - current	Not Due	Outstanding as at 31 March 2021 from the due date of payment					
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	51	298	1	-	-	46	396
Undisputed – credit impaired	-	-	-	-	-	-	-
							396
Impairment allowance for bad and doubtful debts							(2)
							394
Unbilled receivables							61
							455

2.4 Other non-current assets

	As at	
	31 March 2022	**31 March 2021**
Unsecured considered good :		
- Deferred contract cost	1	-
	1	**-**

2.5 Cash and Cash Equivalents

	As at	
	31 March 2022	**31 March 2021**
Balance with banks		
- in current accounts	112	113
	112	**113**

2.6 Other Current Assets

	As at	
	31 March 2022	**31 March 2021**
Unsecured, considered good		
Advances other than capital Advances :		
Advances to employees	1	1
Others:		
Deferred contract cost-related parties (refer note 2.13 &2.22(d))	17	-
Prepaid Expenses	-	2
	18	**3**

2.7 Share Capital

	As at	
	31 March 2022	**31 March 2021**
Authorized		
10 (31 March 2022:10, 31 March 2021:10) equity shares of, USD 1000 each	-	-
Issued, subscribed and fully paid up		
10 (31 March 2022:10, 31 March 2021:10) equity shares of, USD 1000 each	-	-

(Note: Due to rounding off of balances, the amount is appeared as zero "-")

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 1000/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at			
	31 March 2022		**31 March 2021**	
	No. of shares	**USD**	**No. of shares**	**USD**
Number of shares at the beginning	10	-	10	-
Number of shares at the end	**10**	**-**	**10**	**-**

(Note: Due to rounding off of balances, the amount is appeared as zero "-")

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

	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 USD 1000 each, fully paid				
HCL America Inc., USA, the holding company	10	100.00%	10	100.00%

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.

2.8 Borrowings

	As at	
	31 March 2022	**31 March 2021**
Short term borrowings		
Unsecured		
Loan from related parties (refer note 2.22(d))	-	64
	-	**64**

Note:

The company has availed short term loan for Working capital financing of USD 64 lakhs at an interest rate of 1%+ LIBOR.

(All amount in lakhs of USD, except share data and as stated otherwise)

2.9 Trade Payables - current

	As at	
	31 March 2022	**31 March 2021**
Trade payables	146	58
Trade payables-related parties (refer note 2.22(d))	101	147
	247	**205**
Unbilled and accruals	131	81
Unbilled and accruals-related parties (refer note 2.22 (d))	15	25
	146	**106**
	393	**311**

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**
(i) Others	146	74	27	-	-	247
						247
Unbilled and accruals						146
						393

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**
(i) Others	-	205	-	-	-	205
						205
Unbilled and accruals						106
						311

2.10 Other Financial Liabilities

	As at	
	31 March 2022	**31 March 2021**
Current		
Carried at amortized cost		
Accrued salaries and benefits:		
Employee bonus accrued	3	2
Others employee cost	75	58
Others		
Liabilities for expenses	1	1
	79	**61**

2.11 Other current liabilities

	As at	
	31 March 2022	**31 March 2021**
Current:		
Other Advances:		
Advance received from customers	8	4
Others		
Withholding and other taxes payable	20	30
	28	**34**

2.12 Provisions

	As at	
	31 March 2022	**31 March 2021**
Non-Current		
Provision for leave benefits	10	10
	10	**10**
Current		
Provision for leave benefits	19	13
	19	**13**

2.13 Revenue from operations

	Year ended	
	31 March 2022	**31 March 2021**
Sale of products	-	11
Sale of services	2,968	1,829
	2,968	**1,840**

Disaggregate Revenue Information

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

	Year ended	
	31 March 2022	**31 March 2021**
Contract type		
Fixed price	916	671
Time and material	2,052	1,169
Total	**2,968**	**1,840**
Geography wise		
America	1,303	1,224
Others	1,665	616
Total	**2,968**	**1,840**

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 $ 675 lakhs (31 March 2021 $ 755 lakhs) out of which, approximately 37% 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).

The company does not have any contract assets as on 31 March 2022.

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

(All amount in lakhs of USD, except share data and as stated otherwise)

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

	Year ended	
	31 March 2022	31 March 2021
Balance as at beginning of the year	24	46
Additional amounts billed but not recognized as revenue	8	2
Deduction on account of revenues recognized during the year	(22)	(24)
Balance as at end of the year	**10**	**24**

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

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

	Year ended	
	31 March 2022	31 March 2021
Balance as at beginning of the year	-	16
Additional cost capitalized during the year	18	-
Deduction on account of cost amortized during the year	-	(16)
Balance as at end of the year	**18**	**-**

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

	Year ended	
	31 March 2022	31 March 2021
Contracted price	2,968	1,840
Reduction towards variable consideration components	-	-
Revenue recognized	**2,968**	**1,840**

Generally variable consideration comprises of volume discounts, service level credits etc.

2.14 Other Income

	Year ended	
	31 March 2022	31 March 2021
Provision written back	1	2
	1	**2**

2.15 Employee benefit expenses

	Year ended	
	31 March 2022	31 March 2021
Salary, wages & bonus	1,575	847
Contribution to employee benefits	101	51
	1,676	**898**

2.16 Finance costs

	Year ended	
	31 March 2022	31 March 2021
Interest on loan taken-related parties(refer note 2.22(c))	-	1
	-	**1**

(All amount in lakhs of USD, except share data and as stated otherwise)

2.17 Outsourcing cost

	Year ended	
	31 March 2022	**31 March 2021**
Outsourcing Cost	907	424
Outsourcing Cost-related parties (refer note 2.22(c))	220	428
	1,127	**852**

2.18 Other expenses

	Year ended	
	31 March 2022	**31 March 2021**
Rent	22	1
Travel and Conveyance	9	6
Communication costs	1	-
Legal & Professional	1	3
Miscellaneous expenses	2	5
	35	**15**

2.19 Income Taxes

	Year ended	
	31 March 2022	**31 March 2021**
Income tax charged to statement of profit and loss		
Current Income Tax Charge	30	15
Deferred tax charge (credit)	6	2
	36	**17**

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 2022	**31 March 2021**
Profit before income tax	131	66
Statutory tax rate in USA	27.30%	26.86%
Expected tax expense	36	17
Impact of rate change	-	(1)
Others		-
Total taxes	**36**	**16**
Effective income tax rate	**27.30%**	**24.24%**

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

	Opening balance	**Recognized in profit and loss**	**Closing balance**
Deferred tax assets			
Provision for doubtful debts	1	(1)	-
Accrued employee cost	6	1	7
Others	6	(6)	-
Gross deferred tax assets (A)	**13**	**(6)**	**7**
Deferred tax liabilities	-	-	-
Gross deferred tax liabilities (B)	**-**	**-**	**-**
Net deferred tax assets (A-B)	**13**	**(6)**	**7**

(All amount in lakhs of USD, except share data and as stated otherwise)

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

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provision for doubtful debts	2	(1)	1
Accrued employee cost	1	5	6
Others	12	(6)	6
Gross deferred tax assets (A)	**15**	**(2)**	**13**
Deferred tax liabilities			
Depreciation and amortization expense	-	-	-
Gross deferred tax liabilities (B)	**-**	**-**	**-**
Net deferred tax assets (A-B)	**15**	**(2)**	**13**

2.20 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		
Billed	532	532
Unbilled	31	31
Cash and cash equivalents	112	112
Total	**675**	**675**
Financial Liabilities		
Trade payables		
Billed	247	247
Unbilled and accruals	146	146
Others	79	79
Total	**472**	**472**

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		
Billed	394	394
Unbilled	61	61
Cash and cash equivalents	113	113
Total	**568**	**568**
Financial Liabilities		
Borrowings	64	64
Trade payables		
Billed	205	205
Unbilled and accruals	106	106
Others	61	61
Total	**436**	**436**

(All amount in lakhs of USD, except share data and as stated otherwise)

(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 and 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 of the company and foreign currency forecasted revenue and cash flows. A significant portion of the Company revenue and cost is in USD.

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

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.

There is no significant non-derivative foreign currency exposure as of 31 March 2022 and 31 March 2021.

(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 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, trade receivables, unbilled receivables. The cash resources of the Company are invested with banks and corporations after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties.

The customers of the Company are primarily corporations based in the United States of America 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	2	6
Additional provision during the year	-	-
Deductions on account of write offs and collections	1	4
Balance at the end of the year	**1**	**2**

Liquidity Risk

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

(All amount in lakhs of USD, except share data and as stated otherwise)

2.21 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 below:

	Year ended	
	31 March 2022	**31 March 2021**
Geography wise		
America	1,303	1,224
Others	1,665	616
	2,968	**1,840**

2.22 Related parties' transactions

a) **Related parties where control exists**

List of companies as at 31 March 2022 and 31 March, 2021 is as below:

S. No.	Name	Country of Incorporation	Percentage holding as at	
			31 March 2022	**31 March 2021**
1	HCL America Inc.	USA	100%	100%

a) **Related parties where control exists**
Holding Company

HCL America Inc.

Ultimate Holding Company
HCL Technologies Limited

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

Holding Company

HCL America Inc.

Ultimate Holding Company

HCL Technologies Limited

Fellow Subsidiaries

HCL Technologies UK Limited
HCL Technologies Italy S.p.A.
HCL Technologies Sweden AB
HCL Technologies Sweden (IOMC)
HCL Australia Services Pty. Limited, Australia
HCL Singapore Pte. Limited
HCL Great Britain Limited
HCL Japan Limited, Japan
HCL Mexico
HCL (Brazil) Technologia da Informacao Ltd.
Axon Solutions (Shanghai) Co. Limited

(All amount in lakhs of USD, except share data and as stated otherwise)

HCL Technologies Germany GmbH
HCL (Ireland) Information Systems Limited
HCL Technologies Solutions GmBh (fly Axon Soltns Schz GmbH)
HCL Axon Solutions (Shanghai) Co., Ltd.
HCL Technologies Denmark ApS
HCL Italy SLR
HCL Technologies Finland Oy
Sankalp Semiconductor Private Limited
Butler America Aerospace LLC
HCL Technologies Malaysia SDN BHD (Fy HCLAxonMalaysiaSDNBHD)
HCL Argentina
Geometric Americas Inc.
HCL Technologies Chile SpA
HCL Technologies Corporate Services Limited
HCL Technologies Philippines Inc
HCL Technologies Belgium BVBA
HCL Technologies Colombia SAS
HCL Hungry
HCL Canada Inc.
HCL GmbH

Non-Executive & Independent Directors
Mr. C. Vijayakumar
Ms. Robin Abrams
Mr. Raghu Raman Lakshmanans
Mr. Prateek Aggarwal

c) Transactions with related parties during the year

Transactions with related parties during the normal course of business	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	Year ended					
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Revenue from operations	88	28	971	565	1,555	557
Outsourcing cost	-	95	206	304	14	29
Loan Taken	-	-	-	-	-	32
Loan Repaid	-	-	-	-	64	8
Interest Expense	-	-	-	-	-	1
Rent			22	-		
Insurance	-	1	-	-	-	-
Other expenses	-	-	-	1	-	-

d) Outstanding balances with related parties

Outstanding balances	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	As at					
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade Receivable	9	11	241	212	213	100
Deferred contract cost	17	-	-	-	-	-
Unbilled Receivables	12	1	-	-	-	30
Trade payables	-	-	96	137	5	10
Unbilled and accruals	-	10	15	15	-	-
Short term borrowings	-	-	-	-	-	64
Receivable Expense	-	-	1	-	-	-

(All amount in lakhs of USD, except share data and as stated otherwise)

2.23 Earning per share

Particulars	Year Ended	
	31 March 2022	31 March 2021
Earnings as per statement of profit and loss for computation of EPS	95	49
Weighted average number of equity shares outstanding in calculating Basic and dilutive EPS	10	10
Nominal value of equity shares	1,000	1,000
Earnings per equity share -Basic and diluted	950,000	490,000

2.24 Ratio

Ratio	Numerator	Denominator	Units	Year ended		% Variance
				31 March 2022	31 March 2021	
Current ratio	Current assets	Current liabilities	Times	1.3	1.1	**17%**
Debt equity ratio	Total Debts	Total equity	Times	NA	0.9	
Debt service coverage ratio	Earnings available for debt service (refer note 1 below)	Debt service (refer note 2 below)	Times	1.5	5.3	**(72)%**
Return on equity ratio	Profit for the year	Average total equity	%	83.0	115.3	**(28)%**
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	5.9	4.5	**31%**
Trade payables turnover ratio	Net credit purchases (refer note below 3)	Average trade payables	Times	3.3	2.9	**14%**
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 4)	Times	18.0	28.8	**(38)%**
Net profit ratio	Profit for the year	Revenue from operations	%	3.2	2.7	**19%**
Return on capital employed	Earnings before interest and taxes	Capital employed (refer note 5 below)	%	84.5	56.8	**49%**

Notes:

1. Earnings available for debt services = Profit for the year + depreciation, amortization and impairment + interest + Provision for doubtful debts + non-cash charges.
2. Debt service = Interest + payment for lease liabilities + principal repayments
3. Net credit purchase includes purchase of stock-in-trade, change in inventories of stock-in-trade, outsourcing costs and other expenses

(All amount in lakhs of USD, except share data and as stated otherwise)

4. Working capital = current assets - current liabilities
5. Capital employed = Tangible net worth includes acquired goodwill and other intangibles assets + total debt - deferred tax assets
6. Average is calculated based on simple average of opening and closing balances.

Explanation where change in the ratio is more than 25%

- **Return on equity ratio** has improved due to higher revenue growth of 61%.
- **Trade receivables turnover ratio** has improved due to higher revenue growth.
- **Net Capital Turnover ratio** has reduced due to increase in working capital (mainly in trade receivables billed).
- **Return on Capital Employed** has improved due to increase in Earnings before interest and taxes.
- **Debt Service coverage ratio** has reduced mainly due to repayment of working capital loan.

2.25 Research and development expenditure

	As at	
	31 March 2022	**31 March 2021**
Amount charged to statement of profit and loss	4	2
	4	**2**

2.26 Commitments and Contingent liabilities

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 2022.

2.27 Change in classification

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 Earlier reported	Revised reclassification	Diff
Financial Assets			
Trade receivables – unbilled (current)	-	61	61
Unbilled Receivables (current)	61	-	(61)
Financial liabilities			
Trade Payables – unbilled and accruals	-	106	106
Others	167	61	(106)

- During the year ended 31 March 2022, the Company 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.

- During the year ended 31 March 2022, the Company revised the presentation of “contract liabilities” from “other liabilities” to face of the balance sheet for better presentation. Comparative amounts in the notes to the financial statements were reclassified for consistency.

2.28 Round off

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

As per our report of even date attached

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

Vimal Chauhan
Partner
Membership Number: 511230

Gurgaon, India
Date: 25 July 2022

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

VIJAYAKUMAR CHINNASWAMY Digitally signed by VIJAYAKUMAR CHINNASWAMY Date: 2022.07.25 17:45:37 +05'30'

C. Vijayakumar
Director

Zürich, Switzerland
Date: 25 July 2022

PRATEEK AGGARWAL Digitally signed by PRATEEK AGGARWAL Date: 2022.07.25 17:45:22 +05'30'

Prateek Aggarwal
Director

Noida (UP), India
Date: 25 July 2022