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# **HCL AMERICA SOLUTIONS INC.**

## **FINANCIAL STATEMENTS**

For the year ended 31 March 2018 and year ended 31 March 2017

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of HCL America Solutions Inc.

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of HCL America Solutions Inc. ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.



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

Chartered Accountants

## **Other matters**

This report covering the financial statements of the Company for the year ended March 31, 2018 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. These financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1 (a) to the financial statements of the company, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per Nilangshu Katriar  
Partner

Membership Number: 58814



Place: Gurgaon

Date: August 10, 2018.

HCL America Solutions Inc.  
Balance Sheet as at 31 March 2018  
(Amount in lakhs, except share and per share data)

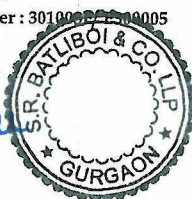
	Note No.	As at 31 March 2018 (USD)	As at 31 March 2017 (USD)	As at 31 March 2018 (Refer note 1 (a)) (₹)
<b>I. ASSETS</b>				
(1) Non-current assets				
(a) Property, Plant and Equipment	2.1	0	0	5
(b) Capital work in progress		-	0	-
(c) Other Intangible assets	2.2	1	1	46
(d) Financial Assets				
(i) Trade receivables		5	4	326
(e) Deferred tax assets (net)	2.19	3	-	181
		<u>9</u>	<u>5</u>	<u>558</u>
(2) Current assets				
(a) Financial Assets				
(i) Trade receivables	2.3	416	314	27,134
(ii) Cash and cash equivalents	2.4	28	14	1,839
(iii) Unbilled revenue	2.5	100	40	6,511
(iv) Others	2.6	0	-	9
(b) Other current assets	2.7	1	10	65
		<u>545</u>	<u>378</u>	<u>35,558</u>
<b>TOTAL</b>		<u><u>554</u></u>	<u><u>383</u></u>	<u><u>36,116</u></u>
<b>II. EQUITY</b>				
(1) Shareholders' funds				
(a) Share capital	2.8	0	0	7
(b) Other Equity		<u>(2)</u>	<u>(3)</u>	<u>(103)</u>
		<u>(2)</u>	<u>(3)</u>	<u>(96)</u>
<b>III. LIABILITIES</b>				
(1) Non-current liabilities				
(a) Deferred tax liabilities (net)	2.19	<u>-</u>	<u>1</u>	<u>-</u>
		<u>-</u>	<u>1</u>	<u>-</u>
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.9	63	78	4,106
(ii) Trade payables	2.10	364	266	23,741
(iii) Others	2.11	112	34	7,268
(b) Other current liabilities	2.12	10	7	652
(c) Provisions	2.13	7	0	445
		<u>556</u>	<u>385</u>	<u>36,212</u>
<b>TOTAL</b>		<u><u>554</u></u>	<u><u>383</u></u>	<u><u>36,116</u></u>
<b>Summary of significant accounting policies</b>				
	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP  
ICAI Firm Registration Number : 30100027100005  
Chartered Accountants

Per Nilangshu Katriar  
Partner  
Membership Number: 58814



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

Raghu Raman Lakshmanan  
Director

C. Vijayakumar  
Director

Gurgaon, India  
Date: 10 August, 2018

Date: 10 August, 2018



HCL America Solutions Inc.  
Statement of Profit and Loss for the year ended 31 March 2018  
(Amount in lakhs, except share and per share data)

	Note No.	Year ended 31 March 2018 (USD)	Year ended 31 March 2017 (USD)	Year ended 31 March 2018 (refer note 1 (a)) (₹)
<b>I. Income</b>				
Revenue from operations	2.14	2,043	942	133,180
Other Income	2.15	2	-	120
<b>Total Income</b>		<b>2,045</b>	<b>942</b>	<b>133,300</b>
<b>II. Expenses</b>				
Purchase of stock-in-trade		27	15	1,769
Outsourcing cost	2.16	2,010	924	130,977
Finance Cost	2.17	2	1	153
Depreciation and amortisation expense	2.1 & 2.2	0	-	27
Other expenses	2.18	2	2	119
<b>Total expenses</b>		<b>2,041</b>	<b>942</b>	<b>133,045</b>
<b>III. Profit before tax</b>		<b>4</b>	<b>0</b>	<b>255</b>
<b>IV. Tax expense</b>	2.19			
- current tax		7	0	432
- deferred tax charge (credit)		(4)	3	(267)
<b>Total tax expense</b>		<b>3</b>	<b>3</b>	<b>165</b>
<b>V. (Loss)/Profit for the year</b>		<b>1</b>	<b>(3)</b>	<b>90</b>
<b>(Loss)/ Earnings per equity share of USD 1000 each</b>				
Weighted average number of shares	2.23	10	10	10
- Basic		13,642	(34,291)	899,171
- Diluted		13,642	(34,291)	899,171

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Per Nilangshu Katriar  
Partner  
Membership Number: 58814

Gurgaon, India  
Date: 10 August, 2018



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

Raghu Raman Lakshmanan  
Director

C. Vijayakumar  
Director

Date: 10 August, 2018

HCL America Solutions Inc.

Statement of Changes in Equity for the period ended 31 March 2018

(Amounts in lakhs, except share and per share data)

(USD)

	Equity share capital		Other equity	
	Shares	Share capital	Reserves and Surplus	Total
			Retained earnings	
Balance as at April 1, 2016	10	0	0	0
Profit for the year			(3)	(3)
Other comprehensive income / (loss)		-	-	-
<b>Total comprehensive income for the period</b>		-	(3)	(3)
Balance as at March 31, 2017	10	0	(3)	(3)
Balance as at April 1, 2017	10	0	(3)	(3)
Profit for the period		-	1	1
Other comprehensive income / (loss)		-	-	-
<b>Total comprehensive income for the year</b>		-	1	1
Balance as at March 31, 2018	10	0	(2)	(2)

(₹)

	Equity share capital		Other equity	
	Shares	Share capital	Reserves and Surplus	Total
			Retained earnings	
Balance as at April 1, 2016	10	7	31	31
Profit for the year		-	(224)	(224)
Other comprehensive income / (loss)		-	-	-
<b>Total comprehensive income for the period</b>		-	(224)	(224)
Balance as at March 31, 2017	10	7	(193)	(193)
Balance as at April 1, 2017	10	7	(193)	(193)
Profit for the period		-	90	90
Other comprehensive income / (loss)		-	-	-
<b>Total comprehensive income for the year</b>		-	90	90
Balance as at March 31, 2018	10	7	(103)	(103)

The accompanying notes are an integral part of financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/ E300005

Chartered Accountants

*Nilangshu Katriar*

Per Nilangshu Katriar

Partner

Membership Number: 58814

Gurgaon, India

Date: 10 August, 2018



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

*L. R. R.*

Raghu Raman Lakshmanan  
Director

*C. Vijayakumar*

C. Vijayakumar  
Director

Date: 10 August, 2018

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HCL America Solutions Inc.  
Statement of cash flows for the year ended 31 March 2018  
(Amount in lakhs, except share and per share data)

	Year ended 31 March 2018 (USD)	Year ended 31 March 2017 (USD)	Year ended 31 March 2018 (refer note 1 (a)) (₹)
<b>A. Cash flow from operating activities</b>			
Profit/ (Loss) before tax	4	0	255
<b>Adjustment for :</b>			
Depreciation and amortization	0	0	27
Provision for doubtful debts	-	0	-
Provision for doubtful debts written back	(2)	-	(120)
Interest expenses	2	1	153
<b>Operating profit before working capital changes</b>	<b>4</b>	<b>1</b>	<b>315</b>
<b>Movement in Working Capital</b>			
Increase in trade receivables	(101)	(131)	(6,666)
Increase in other assets	(51)	(29)	(3,330)
Increase in liabilities and provisions	178	124	11,632
<b>Cash generated from / (used in) operations</b>	<b>30</b>	<b>(35)</b>	<b>1,951</b>
Direct taxes paid (net of refunds)	1	(2)	62
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>31</b>	<b>(37)</b>	<b>2,013</b>
<b>B. Cash flow from investing activities</b>			
Purchase of property, plant and equipment including intangibles (Net)	(0)	(1)	(2)
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>(0)</b>	<b>(1)</b>	<b>(2)</b>
<b>C. Cash flow from financing activities</b>			
Proceeds from short term borrowings	-	70	-
Repayment of short term borrowings	(15)	(32)	(978)
Interest received on short term loans	-	0	-
Interest paid	(2)	(0)	(106)
<b>Net cash flow generated from/(used in) financing activities (C)</b>	<b>(17)</b>	<b>38</b>	<b>(1,084)</b>
<b>Net increase(decrease) in cash and cash equivalents (A+B+C)</b>	<b>14</b>	<b>(0)</b>	<b>927</b>
Cash and cash equivalents at the beginning of the year	14	14	912
<b>Cash and cash equivalents at the end of the year as per note 2.3</b>	<b>28</b>	<b>14</b>	<b>1,839</b>
Summary of significant accounting policies and notes to financial statements	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date.

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

Per Nilangshu Katriar  
Partner  
Membership Number: 58814

Gurgaon, India

Date: 10 August, 2018



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

Raghu Raman Lakshmanan  
Director

C. Vijayakumar  
Director

Date: 10 August, 2018

**HCL America Solutions Inc.**

**Notes to financial statements for the year ended 31 March, 2018**

**(Amount in lakhs, except share and per share data)**

**ORGANIZATION AND NATURE OF OPERATIONS**

HCL America Solutions Inc., formally known as HCL Technologies Product Design Services 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 as HCL Technologies Product Design Services Inc., with the objective to provide product design services. Financial statements have been prepared for the period ended 31 March 2018. The name of the Company was changed on August 27, 2012 from HCL Technologies Product Design Services Inc. to HCL America Solutions Inc.

The financial statements for the year ended 31 March, 2018 were approved and authorized for issue by the Board of Directors on 10 August, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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),

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

Accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.

The functional currency of the Company is USD. The translation from USD to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of USD 1 = ₹ 65.18, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the amount represents, or have been or could be converted into, USD at that or any other rate.

**b) Use of estimates**

The preparation of financial statements in conformity with Ind AS requires 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. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under allowance for uncollectible accounts receivable, income taxes, future obligations under the useful lives of property, plant and equipment. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

**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 its functional currency spot rate at the date of transaction. Foreign-currency denominated monetary assets and liabilities are translated to the 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.





**HCL America Solutions Inc.**

**Notes to financial statements for the year ended 31 March, 2018**

**(Amount in lakhs, except share and per share data)**

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

**d) Revenue Recognition**

*Contracts involving provision of services*

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Contracts can be primarily categorized as time-and-material or fixed price contracts.

*Time-and-material contracts*

Revenue with respect to time-and-material contracts is recognized as the related services are performed.

*Fixed Price contracts*

Revenue related to contracts providing maintenance and support services, is recognized over the term of the contract.

Revenue from technology integration and complex network building contracts is recognized in accordance with the Percentage-Of-Completion (POC) method. Under the POC method, progress towards completion is measured based on either achievement of specified contract milestones, cost incurred as a proportion of estimated total cost or other measures of progress when available. If circumstances arise that change the original estimates of revenues, costs, or extent of progress towards completion, revisions are made to the estimates. These revisions may result in increase or decrease in estimated revenues or costs, and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known to the management. If at any time these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

Revenue related to other fixed price contracts is recognized in accordance with the Percentage of Completion method (POC). The cost incurred on the projects is used to measure progress towards completion. Costs are recorded as incurred over the contract period. Any revision in cost to complete would result in increase or decrease in revenue and income 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 cost estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenues that will be generated by the contract and are included in Cost of services and classified in other accrued liabilities.

In arrangements involving sharing of customer revenues, revenue is recognized when the amounts are known and the right to receive is established. Incremental revenue from existing contracts arising on future sales to the customers is recognized when it is earned and collectability is reasonably assured.

Revenues from unit-priced contracts are recognized as transactions are processed, based on objective measures of output.

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 is also deferred. Revenue from maintenance services is recognized ratably over the period of the contract.

*Multiple-element arrangements*

When a sales arrangement contains multiple elements, such as services, hardware and software products and licenses, revenue for each element is determined based on its fair value.

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 activities in transition services not having standalone value in outsourcing arrangements is deferred and recognized over the period of the arrangement. Direct and incremental costs in relation to such an arrangement are also deferred to the extent of revenue. Certain upfront nonrecurring contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and amortized usually on a straight line basis, over the term of the contract



**HCL America Solutions Inc.**

**Notes to financial statements for the year ended 31 March, 2018**

**(Amount in lakhs, except share and per share data)**

unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted 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 whether the company is the primary obligor to the customer, has established its own pricing, and has inventory and credit risks.

Revenue is recognized net of discounts and allowances, value-added tax and service tax, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Revenue from financing 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. Revenue from operating leases is accounted on a straight-line basis as service revenue over the rental period. Interest attributable to financing leases included therein is recognized on an accrual basis using the effective interest method.

*Interest Income*

Interest income for all financial instruments measured either at amortized cost or at fair value through other comprehensive income, 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 effective interest rate, the Group 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 finance income in the statement of profit and loss.

*e) 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, as well as the related interest.

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

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

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

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

*f) 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.



**HCL America Solutions Inc.**

**Notes to financial statements for the year ended 31 March, 2018**

**(Amount in lakhs, except share and per share data)**

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:

<u>Asset description</u>	<u>Asset life (in years)</u>
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.

**g) Intangibles assets**

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

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation 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:

<u>Asset description</u>	<u>Asset life (in years)</u>
Software	3

**h) Inventories**

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

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

**i) 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





**HCL America Solutions Inc.**

**Notes to financial statements for the year ended 31 March, 2018**

**(Amount in lakhs, except share and per share data)**

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.

**j) Provisions**

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

**k) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

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

**l) 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.

**Financial instruments at amortized cost**

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

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

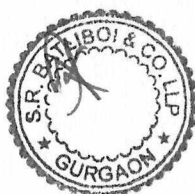
After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization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

**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.



**HCL America Solutions Inc.**

**Notes to financial statements for the year ended 31 March, 2018**

**(Amount in lakhs, except share and per share data)**

***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, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

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

***Derecognition***

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

***m) 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.

***n) Recently issued accounting pronouncements***

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending the following standards:

**Appendix B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration'**

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

**Ind AS 115, Revenue from Contract with Customers**

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts. The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or



**HCL America Solutions Inc.**

**Notes to financial statements for the year ended 31 March, 2018**

**(Amount in lakhs, except share and per share data)**

services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

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



HCL America Solutions Inc.  
Notes to financial statements for the year ended 31 March, 2018  
(Amount in lakhs, except share and per share data)

2. Notes to financial statements  
2.1 Property, Plant and Equipment

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

(USD)

Particulars	Computers	Total
Gross Block as at 1 April 2017	0	0
Additions	-	-
Gross Block as at 31 March 2018	0	0
Accumulated Depreciation as at 1 April 2017	0	0
Charge for the year	0	0
Accumulated Depreciation as at 31 March 2018	0	0
Net Block as at 31 March 2018	0	0
Net Block as at 31 March 2017	0	0

Particulars	Computers	Total
Gross Block as at 1 April 2017	8	8
Additions	-	-
Gross Block as at 31 March 2018	8	8
Accumulated Depreciation as at 1 April 2017	1	1
Charge for the year	2	2
Accumulated Depreciation as at 31 March 2018	3	3
Net Block as at 31 March 2018	5	5

The changes in the carrying value for the year ended 31 March 2017

(USD)

Particulars	Computers	Total
Gross Block as at 1 April 2016	0	0
Additions	0	0
Gross Block as at 31 March 2017	0	0
Accumulated Depreciation as at 1 April 2016	0	0
Charge for the year	0	0
Accumulated Depreciation as at 31 March 2017	0	0
Net Block as at 31 March 2017	0	0

2.2 Other Intangible assets

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

(USD)

Particulars	Software	Total
Gross Block as at 1 April 2017	1	1
Additions	0	0
Gross Block as at 31 March 2018	1	1
Accumulated Depreciation as at 1 April 2017	0	0
Charge for the year	0	0
Accumulated Depreciation as at 31 March 2018	0	0
Net Block as at 31 March 2018	1	1
Net Block as at 31 March 2017	1	1



HCL America Solutions Inc.  
Notes to financial statements for the year ended 31 March, 2018  
(Amount in lakhs, except share and per share data)

(₹)

Intangible Assets	Software	Total
Gross Block as at 1 April 2017	74	74
Additions	2	2
Gross Block as at 31 March 2018	76	76
Accumulated Depreciation as at 1 April 2017	4	4
Charge for the year	26	26
Accumulated Depreciation as at 31 March 2018	30	30
Net Block as at 31 March 2018	46	46

The changes in the carrying value for the year ended 31 March 2017

(USD)

Particulars	Software	Total
Gross Block as at 1 April 2016	0	0
Additions	1	1
Gross Block as at 31 March 2017	1	1
Accumulated Depreciation as at 1 April 2016	0	0
Charge for the year	0	0
Accumulated Depreciation as at 31 March 2017	0	0
Net Block as at 31 March 2017	1	1

### 2.3 Trade receivables

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
<b>Non-current</b>			
Unsecured, considered good	5	4	326
	5	4	326
<b>Current</b>			
Unsecured, considered good	416	314	27,134
Unsecured, considered doubtful	2	5	141
	418	319	27,275
Provision for doubtful receivables	(2)	(5)	(141)
	416	314	27,134

### 2.4 Cash and cash equivalents

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
<b>Balance with banks</b>			
- in current accounts	28	14	1,839
	28	14	1,839

### 2.5 Unbilled revenue

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Unbilled revenue-related parties (refer note 2.22(d))	-	0	-
Unbilled revenue-others	100	40	6,511
	100	40	6,511



**HCL America Solutions Inc.**  
**Notes to financial statements for the year ended 31 March, 2018**  
**(Amount in lakhs, except share and per share data)**

**2.6 Other Financial assets**

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Receivable Expenses-related parties (refer note 2.22(d))	0	-	9
	0	-	9

**2.7 Other Current assets**

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Deferred cost-Others	-	8	-
Deferred cost-related parties (refer note 2.22(d))	0	2	25
Prepaid Expenses - related party (refer note 2.22(d))	0	-	17
Others	1	0	23
	1	10	65

**2.8 Share Capital**

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
<b>Authorized</b>			
10 (31 March 2018 :10, 31 March 2017:10) equity shares of USD 1000 each	0	0	7
<b>Issued, subscribed and fully paid up</b>			
10 (31 March 2018 :10, 31 March 2017:10) equity shares of USD 1000 each	0	0	7

**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 2018		31 March 2017	
	No. of shares	USD	No. of shares	USD
Number of shares at the beginning	10	0	10	0
Add: Shares issued during the year	-	-	-	-
<b>Number of shares at the end</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>0</b>





**HCL America Solutions Inc.**

Notes to financial statements for the year ended 31 March, 2018

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

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

	As at			
	31 March 2018		31 March 2017	
	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.

**2.9 Borrowings**

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Short term borrowings			
Unsecured			
Loan from related parties (refer note 2.22(d))	63	78	4,106
	63	78	4,106

**Note:**

- The company has availed short term loan of USD 63 lakhs (₹ 4,106 lakhs) (31 March 2017: USD 78 lakhs) at an interest rate of 2 % + LIBOR.

**2.10 Trade Payables**

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Trade payables others	-	0	-
Trade payables - related parties (refer note 2.22(d))	364	266	23,744
	364	266	23,744

**2.11 Other financial liabilities**

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Current			
Liabilities for expenses	14	1	885
Liabilities for expenses - related parties (refer note 2.22(d))	97	32	6,316
Interest payable - related parties (refer note 2.22(d))	1	1	67
	112	34	7,268

**2.12 Other current liabilities**

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Other Advances			
Advance received from customers	1	-	23
Income received in advance	9	7	614
Others			
Withholding and other taxes payable	0	-	15
	10	7	652





HCL America Solutions Inc.  
Notes to financial statements for the year ended 31 March, 2018  
(Amount in lakhs, except share and per share data)

**2.13 Provisions**

	As at		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
<b>Current</b>			
Provision for income tax	7	0	445
	7	0	445

**2.14 Revenue from operations**

	Year ended		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Sale of products	28	18	1,839
Sale of services	2,015	924	131,341
	2,043	942	133,180

**2.15 Other Income**

	Year ended		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Provision for Bad debts	2	-	120
Other Income	0	-	-
	2	-	120

**2.16 Outsourcing cost**

	Year ended		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Outsourcing Cost	147	-	9,583
Outsourcing Cost-related parties (refer note 2.22(c))	1,863	924	121,394
	2,010	924	130,977

**2.17 Finance cost**

	Year ended		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Interest on loan taken-related parties(refer note 2.22(c))	2	1	153
Bank charges	0	0	0
	2	1	153

**2.18 Other expenses**

	Year ended		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Legal and professional charges	0	0	12
Rates and taxes	-	0	-
Provision for doubtful debts	-	0	-
Software license fees	0	0	0
Repairs and maintenance	0	0	13
Insurance	0	0	16
Exchange differences (net)	2	2	78
	2	2	119



**HCL America Solutions Inc.**

**Notes to financial statements for the year ended 31 March, 2018**

**(Amount in lakhs, except share and per share data)**

**2.19 Income Taxes**

	Year ended		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
<b>Income tax charged to statement of profit and loss</b>			
Current Income Tax Charge	7	0	432
Deferred tax charge (credit)	(4)	3	(267)
	3	3	165

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 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Profit before income tax	4	0	254
Statutory tax rate in USA	36.38%	38.97%	36.38%
<b>Expected tax expense</b>	2	0	98
Group relief/ benefit passed on	-	3	-
Adjustment in respect of prior years	0	0	13
Impact of rate change	1	-	54
<b>Total taxes</b>	3	3	165

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

(USD)

	Opening balance	Recognized in profit and loss	Closing balance
<b>Deferred tax assets</b>			
Provision for doubtful debts	2	(1)	1
Others	0	2	2
<b>Gross deferred tax assets (A)</b>	2	1	3
<b>Deferred tax liabilities</b>			
Others	3	(3)	0
<b>Gross deferred tax liabilities (B)</b>	3	(3)	0
<b>Net deferred tax assets (A-B)</b>	(1)	4	3

(₹)

	Opening balance	Recognized in profit and loss	Closing balance
<b>Deferred tax assets</b>			
Provision for doubtful debts	138	(98)	40
Others	4	140	144
<b>Gross deferred tax assets (A)</b>	142	42	184
<b>Deferred tax liabilities</b>			
Others	228	(225)	3
<b>Gross deferred tax liabilities (B)</b>	228	(225)	3
<b>Net deferred tax assets (A-B)</b>	(86)	267	181



**HCL America Solutions Inc.**

Notes to financial statements for the year ended 31 March, 2018

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

Components of deferred tax assets and liabilities as on 31 March 2017

(USD)

	Opening balance	Recognized in profit and loss	Closing balance
<b>Deferred tax assets</b>			
Provision for doubtful debts	2	0	2
Others	0	(0)	0
<b>Gross deferred tax assets (A)</b>	<b>2</b>	<b>0</b>	<b>2</b>
<b>Deferred tax liabilities</b>			
Others	0	3	3
<b>Gross deferred tax liabilities (B)</b>	<b>0</b>	<b>3</b>	<b>3</b>
<b>Net deferred tax assets (A-B)</b>	<b>2</b>	<b>(3)</b>	<b>(1)</b>

**2.20 Financial Instruments**

**(a) Financial assets and liabilities**

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

(USD)

	Amortized cost	Total Carrying Value
<b>Financial Assets</b>		
Trade receivables	416	416
Cash and cash equivalents	28	28
Unbilled revenue	100	100
Others	0	0
<b>Total</b>	<b>544</b>	<b>544</b>
<b>Financial Liabilities</b>		
Borrowings	63	63
Trade payables	364	364
Others	112	112
<b>Total</b>	<b>539</b>	<b>539</b>

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

(₹)

	Amortized cost	Total Carrying Value
<b>Financial Assets</b>		
Trade receivables	27,134	27,134
Cash and cash equivalents	1,839	1,839
Unbilled revenue	6,511	6,511
Others	9	9
<b>Total</b>	<b>35,493</b>	<b>35,493</b>
<b>Financial Liabilities</b>		
Borrowings	4,106	4,106
Trade payables	23,741	23,741
Others	7,268	7,268
<b>Total</b>	<b>35,115</b>	<b>35,115</b>



**HCL America Solutions Inc.**

Notes to financial statements for the year ended 31 March, 2018

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

The carrying value of financial instruments by categories as at 31 March, 2017 is as follows:

(USD)

	Amortized cost	Total Carrying Value
<b>Financial Assets</b>		
Trade receivables	314	314
Cash and cash equivalents	14	14
Others	40	40
<b>Total</b>	<b>368</b>	<b>368</b>
<b>Financial Liabilities</b>		
Borrowings	78	78
Trade payables	266	266
Others	34	34
<b>Total</b>	<b>378</b>	<b>378</b>

**(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 is in SGD while a large portion of costs are in Pound Sterling (GBP), CAD, EUR and AUD. The fluctuation in exchange rates in respect to the Indian rupee may have potential impact on the statement of profit and loss and other comprehensive income and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately USD (0.16) , (₹ (11)) for the year ended 31 March, 2018.

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

Non-derivative foreign currency exposure as of 31 March 2018, 31 March 2017 in major currencies is as below:

	Net Financial Assets		Net Financial Liabilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
SGD/USD	3	14	3	0
GBP/USD	-	-	14	6
CAD/USD	1	2	1	0
EUR/USD	0	0	2	1

**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. 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



**HCL America Solutions Inc.****Notes to financial statements for the year ended 31 March, 2018****(Amount in lakhs, except share and per share data)**

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 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
Balance at the beginning of the year	5	5	355
Additional provision during the year	2	4	141
Deductions on account of write offs and collections	5	4	355
Balance at the end of the year	2	5	141

**2.21 Segment Reporting**

In the opinion of the management there is no business segment of the Company and the Company operates a single geographical segment, hence there is no separable segment as envisaged in the Indian Accounting Standard-108 "Operating Segments". Accordingly, no disclosure for operating segments has been included in these financial statements.

**2.22 Related parties transactions****a) Related parties where control exists**

List of companies as at 31 March 2018, 31 March, 2017 is as below:

S. No.	Name	Country of Incorporation	Percentage holding as at	
			31 March 2018	31 March 2017
1	HCL America Inc.	USA	100%	100%

**2.22 Related party transactions****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 Axon Technologies Inc., Canada

HCL Technologies UK Limited

HCL Technologies Sweden AB

HCL Australia Services Pty. Limited, Australia

HCL Singapore Pte. Limited

HCL Great Britain Limited

HCL Technologies Germany, GmbH

HCL Japan Limited, Japan

HCL Mexico

HCL (Brazil) Tecnologia da informacao Ltda.



**HCL America Solutions Inc.****Notes to financial statements for the year ended 31 March, 2018****(Amount in lakhs, except share and per share data)**

Axon Solutions (Shanghai) Co. Limited  
HCL Axon Solutions (Shanghai) Co., Ltd., Beijing Branch  
HCL Technologies Germany GmbH  
HCL Technologies (Shanghai) Limited  
HCL Technologies Denmark ApS  
HCL Italy SLR  
HCL (Ireland) Information Systems Limited  
Axon Solutions (Canada) Inc.

**Non-Executive & Independent Directors**

Mr. C. Vijayakumar  
Ms. Robin Abrams  
Mr. Raghu Raman Lakshmanan  
Mr. Anil Chanana

**c) Transactions with related parties during the year****(USD)**

Transactions with related parties during the normal course of business	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Revenue from operations	-	0	2	1	0	1
Outsourcing cost	1000	510	782	385	81	29
Loan Taken	-	-	-	-	-	70
Loan Repaid	-	-	-	32	15	-
Interest Expense	-	-	0	0	2	0
Cost of Goods Sold	4	0	-	-	-	-
Insurance	0	-	-	-	-	-

**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		Year ended		Year ended	
	31 March 2018		31 March 2018		31 March 2018	
Revenue from operations	-	-	123	-	19	-
Outsourcing cost	65,204	-	50,912	-	5,278	-
Loan Repaid	-	-	-	-	978	-
Interest Expense	-	-	19	-	134	-
Cost of Goods Sold	235	-	-	-	-	-
Insurance	8	-	-	-	-	-



HCL America Solutions Inc.  
Notes to financial statements for the year ended 31 March 2018  
(Amount in millions, except share and per share data)

d) Outstanding balances with related parties:

(USD)

Outstanding balances	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Trade Receivable	-	(0)	-	53	-	1
Prepaid Expenses	0	-	-	-	-	-
Deferred cost	0	2	-	-	-	-
Unbilled receivables	-	-	-	0	-	-
Trade payables	245	132	100	131	19	2
Liability for expenses	54	17	43	11	-	4
Interest Payable	-	-	0	0	1	0
Short term borrowings	-	-	8	8	55	70
Expense Receivable	-	-	0	-	-	-

Outstanding balances with related parties:

(₹)

Outstanding balances	Ultimate Holding Company		Holding Company		Fellow Subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2018		31 March 2018		31 March 2018	
Trade Receivable	-	-	-	-	-	-
Prepaid Expenses	17	-	-	-	-	-
Deferred cost	25	-	-	-	-	-
Trade payables	15,987	-	6,486	-	1,268	-
Liability for expenses	3,489	-	2,827	-	-	-
Interest Payable	-	-	9	-	58	-
Short term borrowings	-	-	521	-	3,585	-
Expense Receivable	-	-	9	-	-	-





**HCL America Solutions Inc.**

Notes to financial statements for the year ended 31 March 2018  
(Amount in millions, except share and per share data)

**2.23 Earning per share**

Particulars	Year Ended		
	31 March 2018 (USD)	31 March 2017 (USD)	31 March 2018 (₹)
(Loss)/ Earnings as per statement of profit and loss for computation of EPS	1	(3)	90
Weighted average number of equity shares outstanding in calculating Basic and dilutive EPS	10	10	10
Nominal value of equity shares	1,000	1000	1,000
(Loss)/ Earnings per equity share -Basic and diluted	13,642	(34,291)	899,171

**3. Previous year comparatives**

The company has changed its presentation from "USD in absolute amount" to "USD in lakhs" and accordingly, amounts less than USD 0.50 lakhs are rounded off to Zero. The figures of previous year have been re-arranged to conform to the current year presentation.

As per our report of even date

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

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

*Nilangshu Katriar*  
Per Nilangshu Katriar

Partner

Membership Number: 58814



Gurgaon, India

Date: 10 August, 2018

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

*R. Raman*

Raghu Raman Lakshmanan  
Director

*C. Vijayakumar*

C. Vijayakumar  
Director

Date: 10 August, 2018

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