

**HCL Technologies Lanka (Private) Limited**

**Financial Statements**

**For the year ended 31 March 2023**



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
Internet : www.kpmg.com/lk

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements To the Shareholders of HCL Technologies Lanka (Private) Limited

We have audited the financial statements of HCL Technologies Lanka (Private) Limited (the "Company"), which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standard (SLAuS) for the Audits of Non – Specified Business Enterprises (Non- SBEs), which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the management, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

#### Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities.

#### Respective Responsibilities of Management and Auditors

The Management is responsible for maintaining proper accounting records, preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities. Our responsibility is to express an opinion on these financial statements, based on our Audit in accordance with SLAuS for Non-SBEs.



**Report on Other Legal and Regulatory Requirements**

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

A handwritten signature in blue ink, appearing to be 'AWJ', written over a faint grid background.

**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka

13 June 2023

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<i>For the year ended 31 March,</i>		2023	2022
	Note	Rs.	Rs.
Revenue	5	11,969,129,367	5,209,040,744
Cost of revenue	6	<u>(4,026,403,309)</u>	<u>(1,700,444,725)</u>
<b>GROSS PROFIT</b>		<b>7,942,726,058</b>	<b>3,508,596,019</b>
General and administration expenses	6	<u>(1,682,770,184)</u>	<u>(780,990,488)</u>
<b>PROFIT FROM OPERATIONS</b>		<b>6,259,955,874</b>	<b>2,727,605,531</b>
Net finance costs	7	<u>(456,032,770)</u>	<u>(359,468,122)</u>
<b>PROFIT BEFORE TAX</b>		<b>5,803,923,104</b>	<b>2,368,137,409</b>
Income tax expense	8	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE YEAR</b>		<b>5,803,923,104</b>	<b>2,368,137,409</b>
Other Comprehensive income			
<b>Items that will not be subsequently reclassified to profit and loss</b>			
Re-measurement gain on defined benefit liabilities	19	<u>54,529,221</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>5,858,452,325</b>	<b>2,368,137,409</b>
<b>BASIC EARNINGS PER SHARE</b>	9	<b>123.13</b>	<b>76.51</b>

The attached notes 1 to 26 form an integral part of these financial statements.  
*Figures in bracket indicate deductions.*

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

<i>As at 31 March,</i>		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>Rs.</b>	<b>Rs.</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	2,217,897,169	1,470,167,785
Capital work-in-progress	11	798,008	616,943,366
Intangible assets	12	203,748	651,750
Rental deposits	13	95,051,744	256,032,484
Accounts, prepayments and other receivables	14	14,049,063	10,705,028
<b>Total non-current assets</b>		<b>2,327,999,732</b>	<b>2,354,500,413</b>
<b>Current assets</b>			
Due from related parties	15	3,723,248,238	1,979,186,985
Accounts, prepayments and other receivables	14	151,692,981	103,657,364
Cash at bank	16	1,295,721,696	748,215,328
<b>Total current assets</b>		<b>5,170,662,915</b>	<b>2,831,059,677</b>
<b>TOTAL ASSETS</b>		<b>7,498,662,647</b>	<b>5,185,560,090</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	475,800,000	475,800,000
Accumulated profit		3,964,538,429	1,868,236,704
<b>Total equity</b>		<b>4,440,338,429</b>	<b>2,344,036,704</b>
<b>Non-current liabilities</b>			
Borrowings from related parties	20.1	-	1,810,820,917
Employees defined benefit liabilities	19	14,874,565	-
<b>Total non-current liabilities</b>		<b>14,874,565</b>	<b>1,810,820,917</b>
<b>Current liabilities</b>			
Accounts and other payables	18	522,313,230	808,301,659
Employees defined benefit liabilities	19	105,365	49,167,636
Due to related parties			
Borrowings from related parties	20.1	2,140,953,409	-
Other dues to related parties	20	369,698,932	165,954,532
Contract liability		10,378,717	7,278,642
<b>Total current liabilities</b>		<b>3,043,449,653</b>	<b>1,030,702,469</b>
<b>Total liabilities</b>		<b>3,058,324,218</b>	<b>2,841,523,386</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,498,662,647</b>	<b>5,185,560,090</b>

The attached notes 1 to 26 form an integral part of these financial statements.

*Figures in bracket indicate deductions.*

I certify that these financial statements have been prepared in accordance with requirements of the Companies Act No. 07 of 2007.



\_\_\_\_\_  
Raj Kumar Walia  
(Finance manager)

  
\_\_\_\_\_  
Sundaram Sridharan  
(Director)

  
\_\_\_\_\_  
Shiv Kumar Walia  
(Director)

Date: 13 June 2023  
Colombo

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

*For the year ended 31 March,*

	<b>Share capital</b>	<b>Accumulated profit</b>	<b>Total</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Balance as at 1 April 2021</b>	36,020,000	6,826,295	42,846,295
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,368,137,409	2,368,137,409
Other comprehensive income for the year	-	-	-
<b>Total comprehensive loss for the year</b>	<u>-</u>	<u>2,368,137,409</u>	<u>2,368,137,409</u>
<b>Transactions with owners of the company</b>			
Issue of share capital	439,780,000	-	439,780,000
Dividend paid	-	(506,727,000)	(506,727,000)
<b>Balance as at 31 March 2022</b>	<u>475,800,000</u>	<u>1,868,236,704</u>	<u>2,344,036,704</u>
<b>Balance as at 1 April 2022</b>	<b>475,800,000</b>	<b>1,868,236,704</b>	<b>2,344,036,704</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	<b>5,803,923,104</b>	<b>5,803,923,104</b>
Other comprehensive income for the year	-	<b>54,529,221</b>	<b>54,529,221.00</b>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u><b>5,858,452,325</b></u>	<u><b>5,858,452,325</b></u>
<b>Transactions with owners of the company</b>			
Dividend paid	-	<b>(3,762,150,600)</b>	<b>(3,762,150,600)</b>
<b>Balance as at 31 March 2023</b>	<u><b>475,800,000</b></u>	<u><b>3,964,538,429</b></u>	<u><b>4,440,338,429</b></u>

The attached notes 1 to 26 form an integral part of these financial statements.

*Figures in bracket indicate deductions.*

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**

*For the year ended 31 March,*

	Note	2023 Rs.	2022 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit from operations		5,803,923,104	2,368,137,409
<i>Adjustments:</i>			
Depreciation on property, plant and equipment	10	764,032,036	195,871,848
Assets disposed off	10	22,713,506	-
Loss on sale of capital asset	6	454,392	285,207
Amortization of intangible assets	12	448,002	448,002
Unrealised forex on loan from related parties	20.1	222,174,172	575,798,109
Interest on loan from related parties	7	106,368,482	17,310,778
<i>Changes in working capital:</i>			
Decrease/(increase) in rental deposits		160,980,740	(220,435,443)
(Increase)/decrease in accounts, prepayments and other receivables		(51,379,652)	5,839,330
(Decrease)/increase in accounts and other payables		(284,398,591)	579,481,454
Increase in employees defined benefit liabilities		20,341,515	49,167,636
Increase in contract liability		3,100,075	7,278,642
Increase in amount due from related parties		(1,744,061,252)	(1,324,813,979)
Increase in amount due to related parties		203,744,399	135,669,932
Net cash generated from operating activities		<u>5,228,440,928</u>	<u>2,390,038,925</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment/capital work in progress (net)	10	(918,783,960)	(1,673,266,288)
Net cash used in investing activities		<u>(918,783,960)</u>	<u>(1,673,266,288)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of share capital		-	439,780,000
Dividend paid		(3,762,150,600)	(506,727,000)
Net cash used in financing activities		<u>(3,762,150,600)</u>	<u>(66,947,000)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>547,506,368</b>	<b>649,825,637</b>
<b>Bank balances at the beginning of the year</b>		<b>748,215,328</b>	<b>98,389,691</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH</b>	<b>16</b>	<u><b>1,295,721,696</b></u>	<u><b>748,215,328</b></u>

The attached notes 1 to 26 form an integral part of these financial statements.

Figures in bracket indicate deductions.

# **HCL Technologies Lanka (Private) Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **1. REPORTING ENTITY**

#### **1.1 Domicile and Legal Form**

HCL Technologies Lanka (Private) Limited (the “Company”) is a company incorporated and domiciled in Sri Lanka as a private limited liability company and presently governed under the Companies Act No. 07 of 2007 with its registered office located at Level 7, The Offices at Cinnamon Life, No. 05, Justice Akbar Mawatha, Colombo 2, postcode: 00200.

The Company was incorporated on 29<sup>th</sup> November 2019 and has started its commercial operations on 29<sup>th</sup> October’2020.

The Company is a 100% owned subsidiary of HCL Technologies Limited, a listed company registered in India.

#### **1.2 Principal Activities and Nature of Operations**

The principal activity of the Company is setting up a project to develop software and provide IT-related services primarily for the export market.

#### **1.3 Number of Employees**

The number of employees of the Company as of 31<sup>st</sup> March 2023 is 1,559 (2022: 1,521).

#### **1.4 Responsibilities for financial statements and approval of financial Statements**

The Board of Directors is responsible for preparation and presentation of the financial statements of the Company as per the provision of the Companies Act No. 07 of 2007 and Sri Lanka accounting standards. The financial statements for the year ended 31<sup>st</sup> March 2023 were authorized for issue by the Board of Directors on 13 June’23.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of Compliance**

The statement of financial position, statement of profit or loss and other comprehensive, statement of changes in equity and statement of cash flows have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka and compliance with the requirements of the Companies Act No. 07 of 2007 together with the notes, (the “Financial Statements”) of the Company as at 31<sup>st</sup> March 2023 and for the year then ended.

#### **2.2 Basis of Measurement**

The financial statements have been prepared on the historical cost basis except for when otherwise disclosed in the respective notes to the financial statements.

All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle of 12 months.

#### **2.3 Functional and Presentation Currency**

The financial statements of the Company are presented in Sri Lankan Rupees (LKR) shown as Rs., which is the Company’s functional currency. All financial information presented in Sri Lankan Rupee has been rounded to the nearest Sri Lankan Rupee.

# HCL Technologies Lanka (Private) Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 2.4 Use of Estimates and Judgments

The preparation of financial statements in conformity with Sri Lanka Financial Reporting Standard for Small and Medium Sized Entities (SLFRS for SMEs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most effect on the amount recognized in the financial statements is included in the following notes.

- Impairment of Assets (Note 3.3)
- Employee Benefits (Note 3.6.2)
- Capital Commitments & Contingencies (Note 3.9)
- Current Taxation (Note 3.7.3.a)
- Deferred Taxation (Note 3.7.3.b)

### 2.5 Materiality and Aggregation

Each material class of similar items is presented separately. Items of dissimilar nature or function are presented separately unless they are immaterial.

### 2.6 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the financial statements in order to enhance the understanding of the current period's financial statements and to enhance the inter period comparability. The presentation and classification of the financial statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

### 2.7 Measurement of Fair Value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When available, the company measures the fair value of an instrument using quoted prices in an active market for that instrument. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair values are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

# HCL Technologies Lanka (Private) Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 3.1 Financial Instruments

##### (i) Recognition and Measurement

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

Receivables and debt securities issued are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction value.

##### (ii) Classification and subsequent measurement of financial assets on initial recognition

On the initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Company's financial assets classified and measured at amortized cost are limited to related party receivables and cash & cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

# HCL Technologies Lanka (Private) Limited

## NOTES TO THE FINANCIAL STATEMENTS

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All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company does not have any financial assets classified as FVOCI or FVTPL.

### **a) Financial assets - Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### **b) Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable-rate features
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

# HCL Technologies Lanka (Private) Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### (iii) Financial assets - Subsequent measurement and gains and losses

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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### (iv) Financial Liabilities

#### Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

#### (v) De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### (vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### 3.2 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### 3.3 Impairment

#### (a) Financial Assets

The company recognises loss allowances for ECLs on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, other debt securities and bank balances. Loss allowances for trade receivable is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without

# HCL Technologies Lanka (Private) Limited

## NOTES TO THE FINANCIAL STATEMENTS

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undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and equity investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default in payments
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

### Impairment of Non-Financial Assets

The carrying amount of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated.

# HCL Technologies Lanka (Private) Limited

## NOTES TO THE FINANCIAL STATEMENTS

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The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value, less costs to sell, an appropriate valuation model is used.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.5 Leases

#### Company as a lessee

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

#### *Company as a lessee*

Company is lessee in case of office space. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in SLFRS 16. All leases with a term of more than 12 months are recognized as right-of-use assets along with associated lease liabilities, in the balance sheet.

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

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

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

### 3.6 Liabilities and Provisions

#### 3.6.1 Liabilities

Liabilities classified as current liabilities on the Statement of Financial Position are those, which fall due for payment on demand or within one year from the reporting date.

# HCL Technologies Lanka (Private) Limited

## NOTES TO THE FINANCIAL STATEMENTS

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Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

### 3.6.2 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### 3.7 Statement of profit or loss and other comprehensive income

#### 3.7.1 Revenue Recognition

The principal activity of the Company is setting up a project to develop software and provide IT related services primarily for the export market. Revenue from sale of goods is recognized at the point in time when the control of the goods is transferred to the customer, generally on delivery of the goods. Revenue from services is recognized at the point in time when the services is provided to the customer.

Performance obligations and revenue recognition policies under SLFRS for SME establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

As per the standard, revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. Determining the timing of the transfer of control at a point in time or over time require judgment.

#### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

#### *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.

# **HCL Technologies Lanka (Private) Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

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A contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable

### **3.7.2 Expenditure**

#### **a) Operating Expenses**

All expenditure incurred in the running of the business have been charged to the statement of comprehensive income.

### **3.7.3 Income Tax expense**

Income tax expenses comprise current and deferred tax. An income tax expense is recognized directly in income statements except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in either in equity or other comprehensive income.

#### **(a) Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### **(b) Deferred tax**

Deferred taxation is provided based on the liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The balance in the deferred taxation account represents, the tax applicable to the difference between the written down values of the assets for tax purposes on which tax depreciation has been claimed and the net book values of such assets, offset by the provision for retirement benefit which is deductible for current tax purposes only upon payment.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The company is not liable to income tax as per the notice issued by the Inland Revenue Department. Accordingly, no income tax expense and deferred tax has been recognized for the reporting period.

### **3.8 Related Party Transactions**

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged.

### **3.9 Capital Commitments and Contingencies**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

# HCL Technologies Lanka (Private) Limited

## NOTES TO THE FINANCIAL STATEMENTS

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Capital Commitments and Contingent liabilities of the Company are not recorded in the statement of financial position but are disclosed wherever necessary.

### 3.10 Value-added Tax (VAT)

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 3.11 Property, plant and equipment

Equipment is initially stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

Computer and laptop	4-5 years
Furniture and fixtures	5-7 years
Office equipment	5-10 years

Expenditure incurred to replace a component of an item of equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of equipment. All other expenditure is recognised in the statement of profit or loss and other comprehensive income as the expense is incurred.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 3.12 Intangible assets

The assets' residual values, useful lives and methods of amortization are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

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 recognised in the statement of comprehensive income and when the asset is derecognised.

# **HCL Technologies Lanka (Private) Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

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The intangible assets are amortized over the estimated useful life of the assets as mentioned:

Software application over 3 years

### **3.13 Foreign currency translation**

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

## **4. STATEMENT OF CASH FLOW**

The Statement of Cash flow has been prepared using the “Indirect Method”.

Interest paid are classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of Statement of Cash flow.

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31 March,*

**5 REVENUE**

Set out below is the disaggregation of the Company's revenue from contracts with customers;

	2023 Rs.	2022 Rs.
<b>Revenue</b>		
Sale of goods	16,026,698	186,434
Service income	<u>11,953,102,669</u>	<u>5,208,854,310</u>
	<u><b>11,969,129,367</b></u>	<u><b>5,209,040,744</b></u>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	16,026,698	186,434
Service provided over time	<u>11,953,102,669</u>	<u>5,208,854,310</u>
	<u><b>11,969,129,367</b></u>	<u><b>5,209,040,744</b></u>
<b>Revenue Split</b>		
Export revenue	11,828,002,589	5,150,989,381
Domestic revenue	<u>141,126,778</u>	<u>58,051,363</u>
	<u><b>11,969,129,367</b></u>	<u><b>5,209,040,744</b></u>

**6 SUMMARY OF EXPENSES**

Expenses charged in statement of profit or loss under cost of revenue and general and administration expenses includes the following:

	2023 Rs.	2022 Rs.
Cost of goods sold	12,582,517	-
Employee cost:		
Cost of revenue	2,954,948,889	1,220,565,412
Production overheads	783,261,054	416,967,709
Selling and distribution overheads	12,510,463	-
Rent	473,291,545	245,655,663
Audit fees	15,119,932	9,325,253
Advertisement and related expenses	87,199,012	99,175,169
Repair and maintenance charges	252,014,311	140,198,708
Insurance	7,645,889	5,006,933
Consulting expenses	58,339,755	44,743,572
Communication expenses	61,282,242	38,788,527
Loss on sale of capital asset	454,392	285,207
Professional expenses	14,593,601	10,277,241
Provision for impairment of trade receivables	4,762,621	-
Staff recruitment	43,506,521	12,496,658
Rates and taxes	73,806,074	3,714,734
Depreciation:		
Property, plant and equipment	764,032,035	195,871,848
Amortisation on intangible assets	448,002	448,002
Other administrative expenses (note 6.1)	<u>89,374,638</u>	<u>37,914,579</u>
	<u><b>5,709,173,493</b></u>	<u><b>2,481,435,213</b></u>
<b>6.1 Other administrative expenses includes:</b>		
Utility expenses	54,147,366	21,991,839
Printing and stationery	9,571,568	2,527,790
Freight	2,755,753	3,972,049
Travel	<u>22,899,951</u>	<u>9,422,902</u>
	<u><b>89,374,638</b></u>	<u><b>37,914,579</b></u>

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

<i>For the year ended 31 March,</i>	<b>2023</b>	2022
	<b>Rs.</b>	Rs.
<b>7 NET FINANCE COSTS</b>		
<b>Finance income</b>		
Interest Income	<u>224,401</u>	<u>785,017</u>
	<b>224,401</b>	<b>785,017</b>
<b>Finance cost</b>		
Interest on loan from related parties	<b>106,368,482</b>	17,310,778
Foreign exchange differences, net	<b>346,798,602</b>	342,012,388
Bank charges	<u>3,090,087</u>	<u>929,973</u>
	<b>456,257,171</b>	<b>360,253,138</b>
<b>Net finance costs</b>	<u><b>456,032,770</b></u>	<u>359,468,121</u>

**8 TAXATION**

On 3rd August 2022, Ministry of Finance issued an order (Gazette No. 2291/25) under Strategic Development Project Act, No. 14 of 2008 ('SDP Act') recognizing HCL Technologies Lanka (Private) Limited as a Strategic Development Project to provide Information Technology and Information Technology enabled Services ('ITeS') for export. Accordingly, any export income generated by HCL Lanka from provision of IT and ITeS services shall be exempted from Corporate Income Tax (CIT) for a period of 12 years from date of this order.

In addition to 12 years Income Tax Holiday, there are certain other incentives which also accrue to HCL Lanka subject to satisfaction of certain conditions and BOI approval. These additional incentives include – exemption from expatriate employment income tax, VAT exemption, Custom levy, CID and Excise CESS exemption.”

**9 EARNINGS PER SHARE**

The earnings per share has been calculated by dividing the net profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

<i>For the year ended 31 March,</i>	<b>2023</b>	2022
Profit attributable to ordinary shareholders (Rs.)	<b>5,858,452,325</b>	2,368,137,409
Weighted average number of ordinary shares	<b>47,580,000</b>	30,952,701
Basic earnings per ordinary share (Rs.)	<u><b>123.13</b></u>	<u>76.51</u>

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

*As at 31 March,*

**10 PROPERTY, PLANT AND EQUIPMENT**

	Plant, machinery and equipment	Furniture and fixture	Computers	Total	Total
				2023	2022
				Rs.	Rs.
<b>Cost:</b>					
As at 1 April 2022	423,185,067	380,839,787	936,334,649	1,740,359,503	654,901,567
Additions	281,913,584	435,587,903	817,427,831	1,534,929,318	1,085,916,532
Disposal	(140,150,006)	(149,751,835)	(25,344,467)	(315,246,308)	(458,596)
As at 31 March 2023	<u>564,948,645</u>	<u>666,675,855</u>	<u>1,728,418,013</u>	<u>2,960,042,513</u>	<u>1,740,359,503</u>
<b>Accumulated depreciation:</b>					
As at 1 April 2022	43,323,410	34,295,849	192,572,459	270,191,718	74,493,259
Charge for the Year	200,634,652	205,399,063	357,998,321	764,032,036	195,871,848
Disposal	(140,150,006)	(149,751,835)	(2,176,569)	(292,078,410)	(173,389)
As at 31 March 2023	<u>103,808,056</u>	<u>89,943,077</u>	<u>548,394,211</u>	<u>742,145,344</u>	<u>270,191,718</u>
<b>Net book value :</b>					
<b>As at 31 March 2023</b>	<u>461,140,589</u>	<u>576,732,778</u>	<u>1,180,023,802</u>	<u>2,217,897,169</u>	
<b>As at 31 March 2022</b>	<u>379,861,657</u>	<u>346,543,938</u>	<u>743,762,190</u>		<u>1,470,167,785</u>

**11 CAPITAL WORK - IN - PROGRESS**

	2023	2022
	Rs.	Rs.
As at 1 April 2022	616,943,366	29,593,610
Additions during the year	918,783,960	1,673,266,288
Capitalization during the year	(1,534,929,318)	(1,085,916,532)
<b>As at 31 March 2023</b>	<u>798,008</u>	
<b>As at 31 March 2022</b>		<u>616,943,366</u>

**11.1** Capital - Work - In - Progress as at 31st March 2023 consists of leasehold equipments and furniture and fixtures for building Cinnamon Life which are pending installation and fixing and accordingly not available for use as at the reporting date.

**12 INTANGIBLE ASSETS**

	Software application	Total	Total
	Rs.	Rs.	Rs.
<b>Cost:</b>			
As at 1 April 2022	1,344,005	1,344,005	1,344,005
Additions	-	-	-
As at 31 March 2023	<u>1,344,005</u>	<u>1,344,005</u>	<u>1,344,005</u>
<b>Amortization:</b>			
As at 1 April 2022	692,255	692,255	244,253
Additions	448,002	448,002	448,002
Disposal	-	-	-
As at 31 March 2023	<u>1,140,257</u>	<u>1,140,257</u>	<u>692,255</u>
<b>Net book Value</b>			
<b>As At 31 March 2023</b>	<u>203,748</u>	<u>203,748</u>	
<b>As At 31 March 2022</b>	<u>651,750</u>		<u>651,750</u>

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

<i>As at 31 March,</i>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>13 RENTAL DEPOSITS</b>		
<b>Non current assets</b>		
Rental deposits	<u>95,051,744</u>	<u>256,032,484</u>
	<u><b>95,051,744</b></u>	<u><b>256,032,484</b></u>
The deposit amounts represent deposits regarding the rented premises in Cinnamon life.		
<b>14 ACCOUNTS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
<b>Current assets</b>		
Trade receivables (Note 14.1)	79,372,959	20,411,395
Finance lease receivables (Note 14.2)	11,219,158	6,788,567
Employee advances	6,440,437	29,732,031
Advances to suppliers	478,689	6,309,142
Deferred cost	255,720	90,849
Prepaid expense	22,987,791	35,172,003
VAT receivable	4,975,842	5,153,377
Other receivables	25,962,385	-
	<u><b>151,692,981</b></u>	<u><b>103,657,364</b></u>
<b>Non current assets</b>		
Finance lease receivables (Note 14.2)	10,514,003	-
Deferred cost	574,901	118,976
Prepaid expense	2,960,159	10,586,052
	<u><b>14,049,063</b></u>	<u><b>10,705,028</b></u>
<b>14.1 TRADE RECEIVABLES</b>		
Trade receivables (gross)	84,135,580	20,411,395
Provision for impairment on trade receivables	(4,762,621)	-
Trade receivables (net)	<u><b>79,372,959</b></u>	<u><b>20,411,395</b></u>
<b>14.2 FINANCE LEASE RECEIVABLES</b>		
As at 01 April	6,788,567	13,122,437
Granted during the year	20,923,648	469,876
Repayments during the year	<u>(5,754,652)</u>	<u>(6,785,629)</u>
As at 31 March	21,957,563	6,806,684
Finance charges unamortized	<u>(224,402)</u>	<u>(18,117)</u>
Net finance lease receivables	<u><b>21,733,161</b></u>	<u><b>6,788,567</b></u>
Installments falling due within 1 year	11,219,158	6,788,567
Installments falling due after 1 year	10,514,003	-
	<u><b>21,733,161</b></u>	<u><b>6,788,567</b></u>

**14.3** The Company leases various IT equipments to its customers under finance lease agreements.

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

<i>As at 31 March,</i>	<b>2023</b>	2022
	<b>Rs.</b>	Rs.
<b>15 DUE FROM RELATED PARTIES</b>		
<b>Parent company</b>		
HCL Technologies Limited	<b>1,046,092,018</b>	132,214,907
<b>Fellow subsidiaries</b>		
Filial Espanola De HCL Technoloiges, S.L.	<b>11,216,406</b>	13,250,225
HCL (Brazil) Tecnologia Da Informacao EIRELI	-	23,021,082
HCL (Ireland) Information Systems Limited	<b>102,958,882</b>	215,038,779
HCL (New Zealand) Limited	<b>106,240,427</b>	10,636,364
HCL America Inc.	<b>270,718,469</b>	57,226,100
HCL Argentina s.a.	<b>28,935,859</b>	8,463,378
HCL Asia Pacific Pte Ltd Korea Branch	<b>1,853,219</b>	-
HCL Australia Services Pty. Limited	<b>84,276,226</b>	49,368,153
HCL Axon Solutions (Shanghai) Co. Limited.	<b>235,683,318</b>	75,386,023
HCL Canada Inc.	<b>33,064,940</b>	61,442,013
HCL Hong Kong SAR Limited	-	4,887,238
HCL Hungary Kft	<b>24,990,125</b>	-
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	<b>23,809,618</b>	7,623,375
HCL Japan Limited	<b>36,248,989</b>	57,004,390
HCL Latin America Holding LLC - Costa Rica Branch	<b>843,866</b>	17,371,872
HCL Latin America Holding LLC - Panama Branch	<b>84,665</b>	-
HCL Poland sp. z o.o	<b>2,488,020</b>	-
HCL Saudi Arabia LLC	<b>79,689</b>	44,771
HCL Singapore Pte. Limited	<b>17,223,418</b>	3,104,261
HCL Technologies (PTY) Limited	<b>3,353,726</b>	56,885,633
HCL Technologies (Thailand) Limited	<b>441,447</b>	1,235,094
HCL Technologies Angola (Su), Lda.	<b>57,789,018</b>	14,105,826
HCL Technologies Austria GmbH	-	2,099,560
HCL Technologies Beijing Co., Limited	-	331,807
HCL Technologies B.V.	<b>163,369,517</b>	39,045,287
HCL Technologies Belgium BVBA	<b>15,781,021</b>	10,103,084
HCL Technologies Bulgaria Eood	<b>30,966,521</b>	-
HCL Technologies Chile SpA	<b>44,295,987</b>	23,678,240
HCL Technologies Colombia SAS	<b>59,789,683</b>	345,306
HCL Technologies Corporate Services Limited	<b>851,519,251</b>	570,649,239
HCL Technologies Czech Republic s.r.o.	-	6,822,267
HCL Technologies Denmark Aps	<b>348,051</b>	6,730,600
HCL Technologies Egypt Limited	<b>1,628,027</b>	11,376,669
HCL Technologies Finland Oy	<b>40,936,803</b>	2,282,131
HCL Technologies Germany GmbH	<b>125,313,008</b>	116,252,764
HCL Technologies Italy S.P.A.	<b>4,503,559</b>	-
HCL Technologies Greece Single Member P.C.	-	20,886,210
HCL Technologies Malaysia SDN BHD	<b>632,627</b>	4,226,206
HCL Technologies Mexico	<b>3,319,766</b>	20,426,288
HCL Technologies Norway AS	<b>4,961,284</b>	418,656
HCL Technologies Philippines, Inc	<b>2,977,158</b>	-
HCL Technologies Romania s.r.l.	<b>350,430</b>	31,525,990
HCL Technologies Sweden	<b>1,621,873</b>	87,970,226
HCL Technologies Vietnam Company Limited	<b>57,230</b>	4,628,278
PT HCL Technologies Indonesia Limited	<b>6,097,076</b>	-
HCL Technologies Limited- Russia Branch	<b>30,993,521</b>	-
HCL Technologies Limited- Swiss Branch	<b>1,703,493</b>	26,721,591
HCL Technologies Limited - Portugal Branch	-	196,401
HCL Technologies Sweden AB	<b>101,060,027</b>	-
HCL Technologies UK Limited	<b>142,629,986</b>	184,160,701
	<b><u>3,723,248,238</u></b>	<b><u>1,979,186,985</u></b>

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

<i>As at 31 March,</i>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>16 CASH AT BANK</b>		
Cash at bank	1,295,721,696	748,215,328
	<u>1,295,721,696</u>	<u>748,215,328</u>
<b>17 SHARE CAPITAL</b>		
	<i>Holding</i>	
	%	
HCL Technologies Limited	<b>100%</b>	475,800,000
	<b>100%</b>	475,800,000
	<u>475,800,000</u>	<u>475,800,000</u>
<b>18 ACCOUNTS AND OTHER PAYABLES</b>		
Trade payables	33,854,809	479,250,016
Accrued expenses	229,918,468	198,424,711
Advances from customers	13,376,903	776,903
Employee payables	147,726,627	64,407,812
Taxes payable	90,024,311	41,094,370
Other payables	7,412,112	24,347,847
	<u>522,313,230</u>	<u>808,301,659</u>
<b>19 EMPLOYEES DEFINED BENEFITS LIABILITIES</b>		
The management has carried out an exercise to assess the present value of its defined benefit obligations at 31 Mar'23 and 31 Mar'22 in respect of employees end-of-service benefits payable under relevant local regulations and contractual arrangements. The following tables summarise the components of net benefit expense recognised in the statement of comprehensive income and balances reported in the statement of financial position:		
<b>Present value of employees defined benefits liabilities</b>		
Current liability	105,365	-
Non current liability	14,874,565	49,167,636
	<u>14,979,930</u>	<u>49,167,636</u>
<b>Amount recognised in the statement of comprehensive income in respect of post employment benefits are as follows:</b>		
Current service cost	10,753,826	-
Interest cost on defined benefit obligation	9,587,689	-
	<u>20,341,515</u>	<u>-</u>
<b>Movement in the net liability recognised in the statement of financial position are as follows:</b>		
Employees defined benefits liabilities at beginning of the year	49,167,636	-
Current service cost	10,753,826	-
Interest cost on defined benefit obligation	9,587,689	-
Remeasurements due to:		
Actuarial gain arising on account of experience changes	(54,529,221)	-
<b>Employees defined benefits liabilities at end of the year</b>	<u>14,979,930</u>	<u>49,167,636</u>
<b>The significant assumptions used in determining employees defined benefits liability are shown below:</b>		
Discount rate (p.a.)	19.50%	0.00%
Salary escalation rate (p.a.)	8.00%	0.00%
Retirement age (years)	60	60

**Method of valuation**

The valuation has been carried out using the Projected Unit Credit Method. The Defined Benefit Obligation of the Company using this method is calculated taking into account all types of decrement, the rate of gratuity appropriate at the time and mode of separation and qualifying salary projected up to the assumed date of retirement, or of leaving service or of death.

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

<i>As at 31 March,</i>	<b>2023</b>	<b>2022</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>20 DUE TO RELATED PARTIES</b>		
<b>Other amounts due to related parties</b>		
<b>Parent company</b>		
HCL Technologies Limited	132,047,607	114,986,360
<b>Fellow subsidiaries</b>		
Filial Espanola De HCL Technoloiges S.L.	2,010,585	-
HCL (Brazil) Tecnologia da informacao EIRELI	37,357,359	-
HCL (Ireland) Information Systems Limited	21,978,723	-
HCL America Inc.	57,804,917	2,298,684
HCL Argentina s.a.	5,179,205	2,249,100
HCL Asia Pacific Pte Ltd Korea Branch	15,481,936	-
HCL Australia Services Pty. Limited	9,841,593	1,975,275
HCL Hong Kong SAR Limited	1,275,193	887,627
HCL Saudi Arabia LLC	642,267	-
HCL Singapore Pte. Limited	5,073,215	2,099,329
HCL Axon Solutions (Shanghai) Co. Limited - Tianjin Branch	236,759	-
HCL Canada Inc.	7,644,880	-
HCL Guatemala Sociedad Anónima	658,343	-
HCL Technologies Shanghai Limited	13,750,635	1,703,445
HCL Japan Limited	2,583,350	-
HCL Poland sp. z o.o	225,463	-
HCL Technologies (Taiwan) Limited	1,258,952	-
HCL Technologies B.V.	437,281	-
HCL Vietnam Company Limited	1,649,384	1,523,839
HCL Technologies Corporate Services Limited	-	4,516,428
HCL Technologies Czech Republic s.r.o.	1,708,680	1,514,239
HCL Technologies Germany Gmbh	386,150	300,208
HCL Technologies Limited - Israel Branch	1,334,793	-
HCL Technologies Limited - Portugal Branch	365,975	-
HCL Technologies Malaysia Sdn. Bhd.	1,399,423	-
HCL Technologies Norway AS	1,102,202	-
HCL Technologies Middle East FZ- LLC	7,834,916	7,067,857
HCL Technologies Romania s.r.l.	8,619,509	7,943,070
HCL Technologies Sweden	894,894	-
HCL Technologies Sweden AB	54,174	-
HCL Technologies UK Limited	10,454,946	1,613,791
PT HCL Technologies Indonesia Limited	1,401,979	-
HCL Technologies Limited- Swiss Branch	8,830,659	7,902,450
HCL Technologies Limited- UAE Branch	8,172,986	7,372,830
	<b>369,698,932</b>	<b>165,954,532</b>
Related party borrowings (Note 20.1)	<b>2,140,953,409</b>	<b>1,810,820,917</b>
	<b>2,510,652,341</b>	<b>1,976,775,449</b>

**20.1 RELATED PARTY BORROWINGS**

As at 01 April	1,810,820,917	1,217,702,493
Interest during the year, net of WHT*	107,958,320	17,320,315
Exchange differences	222,174,172	575,798,109
As at 31 March	<b>2,140,953,409</b>	<b>1,810,820,917</b>

\* Amount of WHT (reversed)/deducted on Interest expenses amounts to Rs. (1,589,839) (2022: 9,537).

**20.2 Terms and repayments of short term borrowings**

The Company has entered into unsecured long-term loan facility agreement with HCL Singapore Pte. Limited. The outstanding amount as at reporting date is SGD 7,500,000 and USD 500,000. This loan was intended for the Company working capital and will be repayable no later than 3 years from the date of the agreement alongwith interest of LIBOR + 100 bps per annum.

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS**

**21 RELATED PARTY TRANSACTIONS**

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS No 24 "Related Party Disclosures". The details of which are reported below.

**21.1 Parent Company**

In the opinion of the directors, the ultimate parent company of HCL Technologies Lanka (Private) Limited is HCL Technologies Limited.

**21.2 Transactions with key management personnel**

According to LKAS 24 "Related Party Disclosures", Key Management Personnel are those who have the authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company have been classified as KMP of the Company. There were no transaction with the KMP during the year.

**21.3 Transactions with related parties for the year ended**

Related Party	Relationship	Nature of Transactions	Transaction value 2023 Rs.	Transaction value 2022 Rs.
HCL Technologies Limited	Parent Company	Rendering of services	3,464,377,979	611,771,901
Filial Espanola De HCL Technologies, S.L.	Fellow subsidiaries	Rendering of services	60,366,148	17,566,910
HCL (Brazil) Tecnologia Da Informacao EIRELI	Fellow subsidiaries	Rendering of services	71,360,858	23,021,082
HCL (Ireland) Information Systems Limited	Fellow subsidiaries	Rendering of services	511,638,868	561,834,129
HCL (New Zealand) Limited	Fellow subsidiaries	Rendering of services	113,221,741	80,026,886
HCL America Inc.	Fellow subsidiaries	Rendering of services	686,995,164	571,885,296
HCL Argentina s.a.	Fellow subsidiaries	Rendering of services	27,345,431	8,463,378
HCL Asia Pacific Pte Ltd Korea Branch	Fellow subsidiaries	Rendering of services	10,162,658	-
HCL Australia Services Pty. Limited	Fellow subsidiaries	Rendering of services	248,366,239	79,526,670
HCL Axon Solutions (Shanghai) Co. Limited.	Fellow subsidiaries	Rendering of services	182,393,855	75,202,150
HCL Canada Inc.	Fellow subsidiaries	Rendering of services	171,636,665	98,797,698
HCL Hong Kong SAR Limited	Fellow subsidiaries	Rendering of services	10,590,364	22,726,210
HCL Hungary Kft	Fellow subsidiaries	Rendering of services	24,990,125	1,145,985
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	Fellow subsidiaries	Rendering of services	26,463,045	7,623,375
HCL Poland sp. z o.o	Fellow subsidiaries	Rendering of services	2,488,020	-
HCL Japan Limited	Fellow subsidiaries	Rendering of services	102,343,706	56,835,546
HCL Latin America Holding, LLC - Costa Rica Branch	Fellow subsidiaries	Rendering of services	8,243,352	17,371,872
HCL Mexico	Fellow subsidiaries	Rendering of services	26,862,916	20,314,607
HCL Saudi Arabia LLC	Fellow subsidiaries	Rendering of services	6,583,533	-
HCL Singapore Pte. Limited	Fellow subsidiaries	Rendering of services	102,219,311	7,575,547
HCL Technologies (PTY) Limited	Fellow subsidiaries	Rendering of services	90,225,897	43,256,399
HCL Technologies (Thailand) Limited	Fellow subsidiaries	Rendering of services	2,070,764	1,235,094
HCL Technologies Angola (Su). Lda.	Fellow subsidiaries	Rendering of services	47,207,984	14,105,826
HCL Technologies Austria GmbH	Fellow subsidiaries	Rendering of services	3,141,336	2,099,560
HCL Technologies Beijing Co., Ltd	Fellow subsidiaries	Rendering of services	(331,807)	331,807
HCL Technologies B.V.	Fellow subsidiaries	Rendering of services	491,803,031	71,889,074
HCL Technologies Bulgaria EOOD	Fellow subsidiaries	Rendering of services	107,660,658	-
HCL Technologies Belgium BVBA	Fellow subsidiaries	Rendering of services	103,682,623	58,581,566

HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,

21.3 Transactions with related parties for the year ended (continued)

Related Party	Relationship	Nature of Transactions	Transaction value 2023 Rs.	Transaction value 2022 Rs.
HCL Technologies Chile Spa	Fellow subsidiaries	Rendering of services	54,945,945	23,678,240
HCL Technologies Colombia SAS	Fellow subsidiaries	Rendering of services	60,779,681	345,306
HCL Technologies Corporate Services Limited	Fellow subsidiaries	Rendering of services	3,449,421,642	1,355,261,795
HCL Technologies Czech Republic S.R.O.	Fellow subsidiaries	Rendering of services	1,045,019	8,985,494
HCL Technologies Denmark Aps	Fellow subsidiaries	Rendering of services	57,770,003	20,495,091
HCL Technologies Egypt Limited	Fellow subsidiaries	Rendering of services	12,154,217	13,468,464
HCL Technologies Finland Oy	Fellow subsidiaries	Rendering of services	99,629,172	2,282,131
HCL Technologies France SAS	Fellow subsidiaries	Rendering of services	9,194,956	16,126,019
HCL Technologies Germany Gmbh	Fellow subsidiaries	Rendering of services	282,512,159	309,185,076
HCL Technologies Greece Single Member P.C.	Fellow subsidiaries	Rendering of services	3,310,394	62,404,442
HCL Technologies Italy S.P.A.	Fellow subsidiaries	Rendering of services	30,622,972	10,873,922
HCL Technologies Limited - Portugal Branch	Fellow subsidiaries	Rendering of services	423,023	337,974
HCL Technologies Limited- Ireland Branch	Fellow subsidiaries	Rendering of services	33,939,053	-
HCL Technologies Limited - Russia Branch	Fellow subsidiaries	Rendering of services	35,636,641	9,843,398
HCL Technologies Limited- Swiss Branch	Fellow subsidiaries	Rendering of services	37,929,095	28,852,710
HCL Technologies Limited- UAE Branch	Fellow subsidiaries	Rendering of services	591,029	-
HCL Technologies Limited - Czech Branch	Fellow subsidiaries	Rendering of services	1,411,136	-
HCL Latin America Holding, LLC - Panama Branch	Fellow subsidiaries	Rendering of services	6,027,519	-
HCL Technologies Malaysia SDN BHD	Fellow subsidiaries	Rendering of services	1,800,967	6,770,777
HCL Technologies Middle East FZ- LLC	Fellow subsidiaries	Rendering of services	-	4,871,121
HCL Technologies Norway AS	Fellow subsidiaries	Rendering of services	17,259,095	418,656
HCL Technologies Philippines Inc	Fellow subsidiaries	Rendering of services	6,746,396	12,461,354
HCL Technologies Romania s.r.l.	Fellow subsidiaries	Rendering of services	28,709,024	31,525,990
HCL Technologies Solutions Gmbh	Fellow subsidiaries	Rendering of services	81,969,195	-
HCL Technologies Sweden	Fellow subsidiaries	Rendering of services	5,682,694	-
HCL Technologies Sweden AB	Fellow subsidiaries	Rendering of services	223,012,014	273,260,730
HCL Technologies UK Limited	Fellow subsidiaries	Rendering of services	577,730,258	501,723,846
HCL Technologies Vietnam Company Limited	Fellow subsidiaries	Rendering of services	(4,564,250)	4,628,278
PT HCL Technologies Indonesia Limited	Fellow subsidiaries	Rendering of services	6,792,736	-

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31 March,*

**21.3 Transactions with related parties for the year ended (continued)**

Related Party	Relationship	Nature of Transactions	Transaction value 2023 Rs.	Transaction value 2022 Rs.
HCL Technologies Limited	Parent Company	Consulting charges	8,403,480	3,620,801
HCL America Inc.	Fellow subsidiaries	Consulting charges	22,945,140	1,736,761
HCL Technologies B. V.	Fellow subsidiaries	Consulting charges	1,247,773	-
HCL Argentina s.a.	Fellow subsidiaries	Consulting charges	3,922,979	2,249,100
HCL Technologies Belgium BVBA	Fellow subsidiaries	Consulting charges	638,752	-
HCL Technologies Malaysia Sdn. Bhd.	Fellow subsidiaries	Consulting charges	1,529,974	-
HCL Japan Limited	Fellow subsidiaries	Consulting charges	2,911,371	-
HCL Australia Services Pty. Limited	Fellow subsidiaries	Consulting charges	-	1,975,275
HCL Hong Kong SAR Limited	Fellow subsidiaries	Consulting charges	333,368	606,959
HCL Singapore Pte. Limited	Fellow subsidiaries	Consulting charges	-	658,606
HCL Technologies Shanghai Limited	Fellow subsidiaries	Consulting charges	1,357,503	1,703,445
HCL Axon Solutions (Shanghai) Co., Ltd Tianjin Branch	Fellow subsidiaries	Consulting charges	265,114	-
HCL Poland sp. z o.o	Fellow subsidiaries	Consulting charges	225,463	-
HCL Technologies Czech Republic S.R.O.	Fellow subsidiaries	Consulting charges	-	1,514,239
HCL Technologies Germany GmbH	Fellow subsidiaries	Consulting charges	-	213,343
Filial Espanola De HCL Technoloiges S.L.	Fellow subsidiaries	Consulting charges	2,223,471	-
HCL Asia Pacific Pte Ltd Korea Branch	Fellow subsidiaries	Consulting charges	3,169,100	-
HCL Canada Inc.	Fellow subsidiaries	Consulting charges	726,235	-
HCL Saudi Arabia LLC	Fellow subsidiaries	Consulting charges	723,819	-
HCL Technologies Limited - Portugal Branch	Fellow subsidiaries	Consulting charges	386,536	-
HCL Technologies Limited- Swiss Branch	Fellow subsidiaries	Consulting charges	-	7,902,450
HCL Technologies Limited - Israel Branch	Fellow subsidiaries	Consulting charges	1,334,793	-
HCL Technologies Limited- UAE Branch	Fellow subsidiaries	Consulting charges	-	7,372,830
HCL Technologies Middle East FZ- LLC	Fellow subsidiaries	Consulting charges	-	4,860,032
HCL Technologies Romania s.r.l.	Fellow subsidiaries	Consulting charges	-	7,943,068
HCL Technologies Taiwan Limited	Fellow subsidiaries	Consulting charges	1,636,840	-
PT HCL Technologies Indonesia Limited	Fellow subsidiaries	Consulting charges	1,399,275	-
HCL Technologies Norway AS	Fellow subsidiaries	Consulting charges	1,102,202	-
HCL Technologies Sweden	Fellow subsidiaries	Consulting charges	1,000,615	-
HCL Guatemala Sociedad Anónima	Fellow subsidiaries	Consulting charges	855,952	-
HCL Technologies UK Limited	Fellow subsidiaries	Consulting charges	-	862,823
HCL Vietnam Company Limited	Fellow subsidiaries	Consulting charges	-	1,523,839
HCL Singapore Pte. Limited	Fellow subsidiaries	Short term borrowings	222,174,172	575,798,109
		Interest on short term borrowings	106,368,482	17,310,778

**HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**22 CAPITAL COMMITMENTS AND CONTINGENCIES**

a. The company has capital commitment for Rs. 46,752,366 (2022: Rs.625,293,171) which is incidental to the ordinary course of business and this has been approved by the Board of Directors. The details are given below:

<b>As at 31 March</b>	<b>2023</b>	<b>2022</b>
Approved and contracted for computers, laptops and IT equipments	<b>46,752,366</b>	625,293,171

b. There are no contingent assets and liabilities as at 31 March 2023.

**23 ECONOMIC CRISIS AND UNCERTAINTY**

The ongoing economic crisis in the country has increased the estimation uncertainty in the preparation of Financial Statements. The estimation uncertainty is associated with the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP and employment).

This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

**24 GOING CONCERN**

The Company's management have made an assessment of its ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease trading and satisfied that it has the resources, strength and business plans to continue in business for the foreseeable future in the current economic conditions. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

**25 EVENTS OCCURRING AFTER REPORTING DATE**

There have been no significant subsequent events since the year ended 31 March 2023 that would have material impact on the statement of financial position of the Company as shown in these financial statements.

**26 DIRECTOR'S RESPONSIBILITY STATEMENT**

The Board of Directors of the company is responsible for the preparation and presentation of the financial statements.