

HCL America Inc.

FINANCIAL STATEMENTS

For the year ended 31 March 2023 and 31 March 2022

B S R & Co. LLP

Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase-II,
Gurugram – 122 002, India

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Independent Auditor's Report

To the Board of Directors of HCL America Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL America Inc. (the “Company”), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Profit and Loss (including 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 the significant accounting policies and other explanatory information (collectively referred to as “the financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Management's and Board of Directors' Responsibilities for the Financial Statements

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter-Restriction on Use

As explained in note 1(a), these financial statements are prepared for the use by the Company and the Ultimate Holding Company, HCL Technologies Limited, to comply with the requirements of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for another purpose. Our report must not be copied, disclosed, quoted, or referred to, in correspondence or discussion, in whole or in part to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

VIMAL

CHAUHAN

Vimal Chauhan

Partner

Membership No. 511230

ICAI UDIN: 23511230BGZTTN1866

Digitally signed by

VIMAL CHAUHAN

Date: 2023.07.14

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Place: Gurugram, India

Date: 14 July 2023

HCL America Inc.
Balance Sheet

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

	Note No.	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
I ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3.1	48	57	86
(b) Capital work in progress	3.3	2	-	2
(c) Right-of-use asset	3.27	41	35	39
(d) Goodwill	3.2	362	362	362
(e) Other intangible assets	3.4	75	91	101
(f) Financial assets				
(i) Investments	3.5	363	363	400
(ii) Trade receivables- Unbilled	3.6	33	46	45
(iii) Loans	3.7	49	62	99
(iv) Others	3.8	13	29	63
(g) Deferred tax assets (net)	3.25	44	34	41
(h) Other non-current assets	3.9	49	57	58
Total non-current assets		1,079	1,136	1,296
(2) Current assets				
(a) Inventories	3.10	3	4	1
(b) Financial assets				
(i) Trade receivables				
Billed	3.6	958	756	849
Unbilled	3.6	173	193	225
(ii) Cash and cash equivalents	3.11(a)	130	381	70
(iii) Other Bank balances	3.11(b)	90	-	-
(iii) Loans	3.7	50	48	61
(iv) Others	3.8	42	29	68
(c) Current tax assets (net)		-	30	12
(d) Other current assets	3.12	139	132	122
Total current Assets		1,585	1,573	1,408
TOTAL ASSETS		2,664	2,709	2,704
II EQUITY				
(a) Equity share capital	3.13	7	7	7
(b) Other equity		1,458	1,310	1,253
TOTAL EQUITY		1,465	1,317	1,260
III LIABILITIES				
(1) Non - current liabilities				
(a) Financial Liabilities				
(i) Borrowings	3.14	263	496	495
(ii) Lease Liabilities	3.27	34	28	38
(iii) Others	3.15	59	59	134
(b) Contract Liabilities		14	12	8
(c) Provisions	3.16	13	15	20
Total non-current liabilities		383	610	695
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	3.14	-	-	12
(ii) Trade payables				
Billed	3.17	196	213	180
Unbilled and accruals	3.17	264	286	264
(iii) Lease Liabilities	3.27	21	20	28
(iv) Others	3.15	179	151	176
(b) Contract Liabilities		66	62	58
(c) Provisions	3.16	17	14	18
(d) Other current liabilities	3.18	69	36	13
(e) Current Tax Liabilities (Net)		4	-	-
Total current liabilities		816	782	749
TOTAL EQUITY AND LIABILITIES		2,664	2,709	2,704
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
ICAI Firm Registration Number : 101248W/W-100022
Chartered Accountants
VIMAL CHAUHAN Digitally signed by VIMAL CHAUHAN

Vimal Chauhan
Partner

Membership Number: 511230

Gurugram, India

Date: 14 July 2023

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

 Digitally signed by
VIJAYAKUMA
R
CHINNASWA
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C. Vijayakumar
Director

Noida(UP), India

Date: 14 July 2023

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Prateek Aggarwal
Director

Noida(UP), India

Date: 14 July 2023

HCL America Inc.
Statement of Profit and Loss
(Amount in USD millions, except share and per share data)

		Year Ended	
	Note No.	31 March 2023	31 March 2022
I Revenue			
Revenue from operations	3.19	3,564	3,223
Other income	3.20	66	60
Total Income		3,630	3,283
II Expenses			
Purchase of stock-in-trade		72	86
Changes in inventories of stock-in-trade	3.21	1	(3)
Employee benefits expense	3.22	1,812	1,615
Finance costs	3.23	15	31
Depreciation and amortisation expense	3.1,3.4&3.27	63	71
Outsourcing costs		1,325	1,221
Other expenses	3.24	142	151
Total expenses		3,430	3,172
III Profit before tax		200	111
IV Tax Expense			
Current tax	3.25	62	33
Deferred tax charge/ (Credit)	3.25	(10)	7
Total tax expense		52	40
V Profit for the year		148	71
VI Other comprehensive income		-	-
VII Total other comprehensive income		-	-
VII Total comprehensive income for the year		148	71
Profit for the year attributable to			
Shareholders of the Company		148	71
Non-controlling Interest		-	-
		148	71
Total comprehensive income for the year attributable to			
Shareholders of the Company		148	71
Non-controlling Interest		-	-
		148	71
Earnings per equity share of par value USD 1 each	3.26		
Basic		19.80	9.50
Diluted		19.80	9.50
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
ICAI Firm Registration Number : 101248W/W-100022
Chartered Accountants
VIMAL CHAUHAN
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Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 14 July 2023

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

VIJAYAKUMAR CHINNASWAMY
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C. Vijayakumar
Director

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Date: 14 July 2023

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Prateek Aggarwal
Director

Noida(UP), India
Date: 14 July 2023

HCL America Inc.
Statement of Changes in Equity

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

Particulars	Equity share capital		Other equity				
	Shares	Share capital	Reserves and Surplus			Equity component of Preferred Stock	Total
			Retained Earnings	General Reserve	Securities Premium		
Balance as at 1 April 2021	7,474,410	7	947	30	262	14	1,253
Profit for the year	-	-	71	-	-	-	71
Redemption of preferred stock	-	-	-	-	-	(14)	(14)
Total comprehensive income for the year	-	-	71	-	-	(14)	57
Balance as at 31 March 2022	7,474,410	7	1,018	30	262	-	1,310
Balance as at 1 April 2022	7,474,410	7	1,018	30	262	-	1,310
Profit for the year	-	-	148	-	-	-	148
Total comprehensive income for the year	-	-	148	-	-	-	148
Balance as at 31 March 2023	7,474,410	7	1,166	30	262	-	1,458

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
ICAI Firm Registration Number : 101248W/W-100022

Chartered Accountants

VIMAL CHAUHAN
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 Date: 2023.07.14 19:23:41 +05'30'

Vimal Chauhan
Partner

Membership Number: 511230

Gurugram, India

Date: 14 July 2023

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

VIJAYAKUMAR CHINNASWAMY
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C. Vijayakumar
Director

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Date: 14 July 2023

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Prateek Aggarwal
Director

Noida(UP), India

Date: 14 July 2023

HCL America Inc.**Statement of Cash Flows**

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

	Year Ended	
	31 March 2023	31 March 2022
A Cash flows from operating activities		
Profit before tax	200	111
Adjustment for:		
Depreciation and amortization expense	63	71
Interest income	(18)	(10)
Interest expense	14	30
Dividend income from subsidiaries	(13)	(39)
Gain on Buy Back of Senior Notes	(21)	-
Income on Investment carried at fair value through profit and loss	-	(2)
Provision for doubtful debts/bad debts written off (net)	(6)	2
Provision for diminution in value of investment	-	39
Share based payments Expense	20	5
	239	207
Net change in		
Trade receivables	(176)	123
Inventories	1	16
Other financial assets and other assets	18	65
Trade payables	(39)	54
Provisions, other financial liabilities, contract liabilities and other liabilities	65	17
Cash generated from operations	108	482
Income taxes paid (net of refunds)	(28)	(51)
Net cash flow from operating activities (A)	80	431
B Cash flows from investing activities		
Proceeds from loans extended to group companies	42	95
Loans extended to group companies	(31)	(45)
Purchase of property, plant and equipment and other intangibles assets	(36)	(54)
Dividend received from subsidiaries	13	39
Interest received	17	11
Net cash flow from / investing activities (B)	5	46
C Cash flows from financing activities		
Payment of lease liabilities including interest	(22)	(41)
Repayment of long term borrowings	(225)	-
Proceeds from loans taken from group companies	12	6
Repayment of loans taken from group companies	-	(17)
Payment on redemption of preferred Stock	-	(104)
Interest paid	(11)	(10)
Net cash flow used in financing activities (C)	(246)	(166)
Net increase (decrease) in cash and cash equivalents (A+B+C)	(161)	311
Cash and cash equivalents at the beginning of the year	381	70
Cash and cash equivalents at the end of the period as per note 3.11	220	381

Summary of significant accounting policies**1**

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP**ICAI Firm Registration Number : 101248W/W-100022**

Chartered Accountants

VIMAL CHAUHAN Digitally signed by VIMAL CHAUHAN
Date: 2023.07.14 19:24:16 +05'30'**Vimal Chauhan****Partner**

Membership Number: 511230

Gurugram, India

Date: 14 July 2023

**For and on behalf of the Board of Directors
of HCL America Inc.**VIJAYAKUMAR Digitally signed by
CHINNASWAMI
Y Date: 2023.07.14
17:17:52 +05'30'**C. Vijayakumar**
Director

Noida(UP), India

Date: 14 July 2023

PRATEEK Digitally signed by
AGGARWAL Date: 2023.07.14
16:37:57 +05'30'**Prateek Aggarwal**
Director

Noida(UP), India

Date: 14 July 2023

ORGANIZATION AND NATURE OF OPERATIONS

HCL America Inc, USA (hereinafter referred to as “the Company”) is primarily engaged in providing a range of IT and Business Services, Engineering and R&D Services, and modernized software products and IP-led offerings. The Company was incorporated USA in November 1988 having its registered office at 330, Potrero Avenue, Sunnyvale, California 94085. The Company leverages its global technology workforce and intellectual properties to deliver solutions across selected verticals including financial services, manufacturing (automotive, aerospace, hi-tech and semi-conductors) telecom, retail and consumer packaged goods services, media, publishing and entertainment, public services, energy and utility, healthcare and travel, transport and logistics.

The financial statements for the year ended 31 March 2023 were approved and authorized for issue by the Board of Directors on 14 July 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

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

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

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

The functional currency of the Company is USD.

b) Use of estimates

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

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

- i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note 1(f)
- ii. Allowance for uncollectible accounts receivables, refer note 1(r)(i).
- iii. Fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis in case of business combination, refer note 1(c)
- iv. Recognition of income and deferred taxes, refer note 1(h) and note 3.25
- v. Key actuarial assumptions for measurement of future obligations under employee benefit plans, refer note 1(q) and note 3.34
- vi. Useful lives of property, plant and equipment, refer note 1(i)
- vii. Lives of intangible assets, refer note 1(j)
- viii. Key assumptions used for impairment of goodwill, refer note 1(o) and note 3.2

- ix. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(m)
- x. Provisions and contingent liabilities, refer note 1(p) and note 3.32

c) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Company measures the non-controlling interest in the acquiree at fair value. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as financial liability is measured at fair value with changes in fair value recognized in the statement of profit and loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is recognized as capital reserve after reassessing the fair values of the net assets.

d) Foreign currency and translation

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

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

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

The translation of foreign operations from respective functional currency into USD (the reporting currency) for assets and liabilities is performed using the exchange rates in effect at the balance sheet date, and for revenue, expenses and cash flows is performed using an appropriate daily weighted average exchange rate for the respective years.

e) Fair value measurement

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The Company holds certain fixed income securities, equity securities and derivatives, which must be measured using the guidance for fair value hierarchy and related valuation methodologies. The guidance of fair value specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires a Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

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

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

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

HCL America Inc.
Notes to financial statements for the year ended 31 March 2023
(Amount in USD million, except share and as stated otherwise)

- a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.
- c) Cost approach – Replacement cost method.

Certain assets are measured at fair value on a non-recurring basis. The assets consist primarily of nonfinancial assets such as goodwill and intangible assets. Goodwill and intangible assets recognized in business combinations are measured at fair value initially and subsequently when there is an indicator of impairment, the impairment is recognized.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

f) Revenue recognition

Contracts involving provision of services and material

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

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

Revenue with respect to time-and-material, volume based, and transaction-based contracts is recognized as the related services are performed through efforts expended, volume of transactions processed, etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

Fixed Price contracts

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, system implementations and Application development are recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfil the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified.

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

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

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

Proprietary Software Products

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

Multiple performance obligations

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five-step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which Company would sell a promised good or service separately to the customer. When not directly observable, we typically estimate standalone selling price by using the expected cost plus a margin approach. We typically establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a Company is then allocated to each software obligation and lease deliverable.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract are considered as contract fulfilment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably being Company control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

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

HCL America Inc.
Notes to financial statements for the year ended 31 March 2023
(Amount in USD million, except share and as stated otherwise)

The Company recognizes an onerous contract provision when the expected unavoidable costs of meeting the future obligations exceed the expected economic benefits to be received under a contract. Such provision, if any, is recorded in the period in which such losses become probable and is included in cost of revenues.

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

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

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

Interest income

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

g) Other income

Other income mainly comprises interest income on debt securities, bank and other deposits, other interest income recognized using the effective interest method, profit on sale of property, plant and equipments, debt securities and mutual fund and net foreign exchange gains.

h) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions.

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

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

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

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

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

i) 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.

Expenses on existing property, plant, and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

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

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

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

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

j) Intangible assets

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

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

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

<u>Asset description</u>	<u>Asset life (in years)</u>
Software	3
Licensed IPRs	5 to 15
Customer relationships	1 to 8
Customer Contracts	1 to 3
Intellectual property rights including brand	2 to 6

k) Borrowing costs

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

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

l) Research and development costs

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

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

m) Leases

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

Company as a lessee

Company is lessee in case of leasehold land, office space, accommodation for its employees & IT equipment. These leases are evaluated to determine whether it contains a lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in Ind AS 116 effective from 1 April 2019.

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

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

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

Company as a lessor

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

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

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

n) Inventory

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

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

o) Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment annually as on 31 March and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units (CGUs) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill recognized in statement of profit and loss is not reversed in the subsequent period.

Intangible assets and property, plant and equipment

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

p) Provisions and contingent liabilities

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

The Company uses significant judgment to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation

that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

q) Retirement and other employee benefits

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

ii. Compensated absences: The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the Projected Unit Credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as a short-term employee benefit and accumulated leave expected to be carried forward beyond twelve months is treated as a long-term employee benefit for measurement purposes. The expense on non-accumulating compensated absences is recognized in the period in which the absences occur. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

r) 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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in banks and remittances in transit, which are subject to an insignificant risk of changes in value.

Financial instruments at amortized cost

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

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

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

Financial instruments at Fair Value through Other Comprehensive Income

A 'financial instrument' is classified and measured at fair value through OCI if both of the following criteria are met:

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

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

Financial instruments at Fair Value through Profit and loss

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

Equity investments

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

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

Derecognition of financial assets

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in the statement of profit and loss.

(ii) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. Changes in fair value of such liability are recognized in the statement of profit or loss.

Financial liabilities at amortized cost

The Company's financial liabilities at amortized cost include trade and other payables, loans and borrowings including bank overdrafts.

After initial recognition, interest-bearing loans and borrowings and other financial liabilities are subsequently measured at amortized cost using the Effective Interest Method (EIR) method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

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

Derecognition

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

(iii) Derivative financial instruments and hedge accounting

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

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

The foreign exchange forward contracts and options in respect of forecast transactions which meet the hedging criteria are designated as cash flow hedges. Changes in the derivative fair values (net of tax) that are designated as effective cash flow hedges are deferred and recorded in the hedging reserve account as a component of accumulated 'other comprehensive income (loss)' until the hedged transaction occurs and are then recognized in the statement of profit and loss. The ineffective portion of hedging derivatives is immediately recognized in the statement of profit and loss.

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

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

Offsetting of financial instruments

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

s) Dividend

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

t) Earnings per share (EPS)

Basic EPS amounts are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year.

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

u) Nature and purpose of reserves

Securities premium reserve

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

v) Adoption of new accounting principles

Onerous Contracts – Cost of Fulfilling a Contract (Amendment to Ind AS 37 – Provisions, Contingent liabilities and Contingent Assets)

The amendments clarify that the ‘costs of fulfilling a contract’ comprise both the incremental costs and allocation of other direct costs. The Company has adopted this amendment effective 1 April 2022 and the adoption did not have any material impact on its financial statements.

w) Recently issued accounting pronouncements

On 31 March 2023, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2023 effective from 1 April 2023. Following is key amended provision which may have an impact on the financial statements of the Company:

Disclosure of accounting policies (amendments to Ind AS 1 - Presentation of Financial Statements)

The amendments intend to assist in deciding which accounting policies to disclose in the financial statements. The amendments to Ind AS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

Definition of accounting estimate (amendments to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Deferred tax related to assets and liabilities arising from a single transaction (amendments to Ind AS 12 - Income Taxes)

The amendments specify how to account for deferred tax on transactions such as leases. The amendments clarify that lease transactions give rise to equal and offsetting temporary differences and financial statements should reflect the future tax impacts of these transactions through recognizing deferred tax. The Company is evaluating the impact, if any, in its financial statements.

2. ACQUISITIONS

a) Acquisitions in the current year

(i) HCL Technologies SEP Holdings Inc

HCL Technologies SEP Holdings Inc has transferred its operations to HCL America Inc effective from 1st September 2022 and Integration of HCL Technologies SEP Holdings Inc operations in HCL America Inc. was undertaken and successfully completed in December 2022.

As HCL Technologies SEP Holdings Inc was 100% subsidiary of HCL America, the merger accounting has been done with effect from 1st April 2021. The comparative numbers for last year are also presented for merged entity i.e., including financials of HCL Technologies SEP Holdings Inc.

b) Acquisitions in the previous year

(i) Powerteam LLC

Powerteam LLC has transferred its operations to HCL America Inc effective from 1st January 2021 and Integration of Powerteam LLC operations in HCL America Inc. was undertaken and successfully completed in January 2021. Due to procedural delay, authority in California (state of HCL America Inc) approved the merger on 17th May 2021 with effect from 11th May 2021.

As Powerteam LLC was 100% subsidiary of HCL America, the merger accounting has been done with effect from 1st April 2020. The comparative numbers for last year are also presented for merged entity i.e., including financials of Powerteam LLC.

(ii) Actian Corporation

In July 2018, the Company and Sumeru Equity Partners (SEP) had acquired Actian Corporation through a joint venture company in which the Company and SEP had 80.4% and 19.6% stake respectively. On 29 December, 2021, as per the terms of the joint venture agreement, the Company acquired the balance 19.6% stake held by SEP for a cash consideration of \$99 Million.

3. Notes to financial statements

3.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2023

	Freehold land	Building	Plant and machinery	Office equipment	Computers	Furniture and fittings	Total
Gross Block as at 1 April 2022	1	10	8	13	132	23	187
Additions	-	-	-	1	12	1	14
Disposals	-	-	-	-	1	1	2
Gross Block as at 31 March 2023	1	10	8	14	143	23	199
Accumulated Depreciation as at 1 April 2022	-	5	6	9	95	15	130
Charge for the year	-	1	-	1	19	2	23
Deduction	-	-	-	-	1	1	2
Accumulated Depreciation as at 31 March 2023	-	6	6	10	113	16	151
Net Block as at 31 March 2023	1	4	2	4	30	7	48
Net Block as at 31 March 2022	1	5	2	4	37	8	57

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

	Freehold land	Building	Plant and machinery	Office equipment	Computers	Furniture and fittings	Total
Gross Block as at 1 April 2021	1	10	8	11	165	22	217
Additions	-	-	-	2	17	1	20
Disposals	-	-	-	-	50	-	50
Gross Block as at 31 March 2022	1	10	8	13	132	23	187
Accumulated Depreciation as at 1 April 2021	-	5	6	8	99	13	131
Charge for the year	-	-	-	1	26	2	29
Deduction	-	-	-	-	30	-	30
Accumulated Depreciation as at 31 March 2022	-	5	6	9	95	15	130
Net Block as at 31 March 2022	1	5	2	4	37	8	57
Net Block as at 31 March 2021	1	5	2	3	66	9	86

3.2 Goodwill

The following table presents the change in the carrying value of Goodwill based on identified CGUs for the year 31 March 2023

Particulars	IT and Business Services	Engineering and R&D Services	HCL Software	Total
Opening balance as at 1 April 2022	362	-	-	362
Closing balance as at 31 March 2023	362	-	-	362

The following table presents the change in Goodwill for the year ended 31 March 2022

	IT and Business Services	Engineering and R&D Services	HCL Software	Total
Opening balance as at 1 April 2021	362	-	-	362
Closing balance as at 31 March 2022	362	-	-	362

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

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired. Impairment is recognised, when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The estimated value-in-use of this CGU is based on the future cash flow forecasts for 5 to 7 years & then on perpetuity on the basis of certain assumptions which include revenue growth, earnings before interest and taxes, taxes, capital outflow and working capital requirements. The assumptions are taken on the basis of past trends and management estimates and judgement. Future cash flows are discounted with "Weighted Average Cost of Capital". The key assumptions are as follows:

	As at	
	31 March 2023	31 March 2022
Growth rate (%)	4.0 to 6.0	4.0 to 6.0
Terminal growth rate (%)	2.0	2.0
Pre-tax discount rate (%)	8.12	10.13

As at 31 March 2023 and 31 March 2022 the estimated recoverable amount of the CGUs exceeded its carrying amount and accordingly, no impairment was recognized. An analysis of the sensitivity of the computation to a change in key assumptions based on reasonable probability did not identify any probable scenario in which the recoverable amount of the CGUs would decrease below its carrying amount.

3.3 Capital work in progress (CWIP)

The following table presents the ageing schedule for Capital-work-in progress:

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2023					
Projects in progress	2	-	-	-	2
	2	-	-	-	2
As at 31 March 2022					
Projects in progress	-	-	-	-	-
	-	-	-	-	-

3.4 Other Intangible assets

The changes in the carrying value for the year ended 31 March 2023

	Software	Licensed IPRs	Customer relationships	Customer Contracts	Intellectual property rights	Total
Gross Block as at 1 April 2022	30	104	36	11	1	182
Additions	2	-	5	2	-	9
Deletions	-	6	7	5	1	19
Gross Block as at 31 March 2023	32	98	34	8	-	172
Accumulated amortization as at 1 April 2022	29	37	14	10	1	91
Charge for the year	1	14	5	3	-	23
Deletions	-	4	7	5	1	17
Accumulated amortization as at 31 March 2023	30	47	12	8	-	97
Net Block as at 31 March 2023	2	51	22	-	-	75
Net Block as at 31 March 2022	1	67	22	1	-	91
Estimated remaining useful life (in years)	3	4	6	-	-	

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

	Software	Licensed IPRs	Customer relationships	Customer Contracts	Intellectual property rights	Total
Gross Block as at 1 April 2021	31	106	22	9	1	169
Additions	1	-	14	2	-	17
Deletions	2	2	-	-	-	4
Gross Block as at 31 March 2022	30	104	36	11	1	182
Accumulated amortization as at 1 April 2021	27	22	11	7	1	68
Charge for the year	4	16	3	3	-	26
Deletions	2	1	-	-	-	3
Accumulated amortization as at 31 March 2022	29	37	14	10	1	91
Net Block as at 31 March 2022	1	67	22	1	-	91
Net Block as at 31 March 2021	4	84	11	2	-	101
Estimated remaining useful life (in years)	3	5	7	1	-	

3.5 Investments

	As at		
	31 March 2023	31 March 2022	1 April 2021
Financial assets			
Non-current			
Unquoted investments			
Equity Investment in subsidiary companies carried at cost (fully paid up)			
10 (previous year: 10) equity shares of 1,000 each, in HCL America Solution Inc.	-	-	-
8,110,000 (previous year: 8,110,000) equity shares of GBP 1 each, in HCL Insurance BPO Services Limited	-	-	-
Investment in Urban Fulfillment Services LLC	20	20	20
2000 (Previous year: 2000) equity shares of 1 each, in Telerx Marketing, Inc.	66	66	66
Investment in Butler America Aerospace LLC	44	83	83
Less: Provision for diminution in value of investment (Butler)	-	(39)	-
Investment in Equity shares of Actian Corporation Inc	223	223	223
Equity Investment in fellow subsidiary companies (fully paid up)			
756,320 (previous year 756,320) equity shares of ARS 1 each, in HCL Argentina S.A.	-	-	-
1 (previous year 1) equity shares of MXN 1 each, in HCL Technologies Mexico S.DE.R.L.DE.C.V.	-	-	-
	353	353	392
Carried at fair value through profit or loss			
Investment in Morado Venture Partners II, L.P.	10	8	6
Share of profit(loss) in limited liability partnership	-	2	2
	10	10	8
Total investments – financial assets	363	363	400
Aggregate amount of unquoted investments	363	363	400
Equity instruments carried at cost	353	353	392
Investment carried at fair value through profit and loss	10	10	8

3.6 Trade receivables

	As at		
	31 March 2023	31 March 2022	1 April 2021
Non-Current			
Unbilled receivables	33	46	45
	33	46	45
Current			
Billed:			
(a) Unsecured, considered good (refer note below)	961	757	852
(b) Trade receivables which have significant increase in credit risk	2	10	8
	963	767	860
Impairment allowance for bad and doubtful debts (refer note 3.29)	(5)	(11)	(11)
	958	756	849
Unbilled Receivables (refer note below)	173	193	225
	1,131	949	1,074

Note: Trade receivables include receivables from related parties amounting to USD 654 Million (previous year: USD 473 Million), refer note 3.30 (e).

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[illegible]

Trade receivables – current	Not Due	Outstanding as at 31 March 2022 from the due date of payment					
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	308	429	5	4	11	-	757
Undisputed – which have significant increase in credit risk	-	-	-	4	5	1	10
Impairment allowance for bad and doubtful debts	308	429	5	8	16	1	767
Unbilled receivables							(11)
							756
							193
Total							949

[illegible]

3.7 Loans

	As at		
	31 March 2023	31 March 2022	1 April 2021
Non-Current			
Carried at amortized cost			
Loans to related parties (refer note 3.30 (e))	49	62	99
	49	62	99
Current			
Carried at amortized cost			
Loans to related parties (refer note 3.30 (e))	49	46	60
Current portion of Non-current loans - related parties (refer note 3.30 (e))	1	2	1
	50	48	61

3.8 Other financial assets

	As at		
	31 March 2023	31 March 2022	1 April 2021
Non-Current			
Carried at amortized cost			
Finance lease receivables (refer note 3.27)	12	28	62
Security Deposits	1	1	1
	13	29	63
Current			
Carried at amortized cost			
Interest receivable-Others	1	-	-
Interest receivable-related parties (refer note 3.30 (e))	1	1	1
Security deposits	3	2	1
Finance lease receivables (refer note 3.27)	9	22	59
Other Financial Assets	2	-	-
Other receivables - related parties (refer note no 3.30 (e))	26	4	7
	42	29	68

3.9 Other non-current assets

	As at		
	31 March 2023	31 March 2022	1 April 2021
Unsecured considered good unless otherwise stated			
Capital Advances	1	1	-
Others:			
Prepaid expenses	12	19	23
Deferred contract cost (refer note 3.19)	36	37	35
	49	57	58

3.10 Inventories

	As at		
	31 March 2023	31 March 2022	1 April 2021
Stock in Trade	3	4	1
	3	4	1

3.11 Cash and cash equivalents and other bank balances

	As at		
	31 March 2023	31 March 2022	1 April 2021
a) Cash and cash equivalents			
Balance with banks	60	379	69
Deposits with original maturity of less than 3 months	70	2	1
	130	381	70
b) Other bank balances			
Deposits with remaining maturity up to 12 months	90	-	-

3.12 Other Current assets

	As at		
	31 March 2023	31 March 2022	1 April 2021
Unsecured , considered good			
Advances other than capital advances			
Advances to employees	1	-	-
Advances to suppliers	3	4	4
Others			
Deferred contract cost (refer note 3.19)	27	25	26
Deferred contract cost-related parties (refer note 3.19 & 3.30 (e))	35	31	18
Prepaid Expenses	64	64	68
Prepaid Expenses-related parties (refer note 3.30 (e))	1	-	1
Contract Assets (refer note 3.19)	8	7	4
Other advances	-	1	1
	139	132	122
Unsecured , considered doubtful			
Advances other than capital advances			
Other advances	2	2	1
Less: Provision for doubtful advances	(2)	(2)	(1)
	139	132	122

3.13 Share Capital

	As at		
	31 March 2023	31 March 2022	1 April 2021
Authorized			
10,000,000 (previous year: 10,000,000) equity shares of USD 1 each	10	10	10
Issued, subscribed and fully paid up			
7,474,410 (previous year: 7,474,410) equity shares of USD 1 each	7	7	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 1. Each holder of equity shares is entitled to one vote per share.

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

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

	As at			
	31 March 2023		31 March 2022	
	No. of shares	Amount in Million	No. of shares	Amount in Million
Number of shares at the beginning	7,474,410	-	7,474,410	-
Number of shares at the end	7,474,410	-	7,474,410	-

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

Name of the shareholder	As at			
	31 March 2023		31 March 2022	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of 1 each, fully paid				
HCL Bermuda Limited, Bermuda, the Holding Company	6,089,870	81.48%	6,089,870	81.48%
Axon Group Limited, UK	1,384,540	18.52%	1,384,540	18.52%

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

c) There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back during the period of five years immediately preceding the reporting date.

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the Company while maximizing the shareholder value. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated.

3.14 Borrowings

	Non-Current			Current		
	As at			As at		
	31 March 2023	31 March 2022	1 April 2021	31 March 2023	31 March 2022	1 April 2021
Long term borrowings						
Secured						
Senior notes (refer note 1 below)	251	496	495	-	-	-
Unsecured						
From related parties (Refer note 3.30 (e))	12	-	-	-	-	-
	263	496	495	-	-	-
Short term borrowings						
Unsecured						
From related parties (Refer note 3.30 (e))	-	-	-	-	-	12
	-	-	-	-	-	12
Total	263	496	495	-	-	12

Notes:

1. On 10 March 2021, the Company issued USD 500 million unsecured notes due 2026 (the "notes"). The notes bear interest at a rate of 1.375% per annum and will mature on 10 March 2026. Interest on the notes will be paid semi-annually on 10 March and 10 September of each year, commencing from 10 September 2021. The notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST). The notes were issued at the discount price of 99.510% against par value and have an effective interest rate of 1.58% p.a. after considering the issue expenses and discount of USD 5 million. HCL Technologies Ltd (the holding company), has given guarantee of USD 500 million in relation to these notes.

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On 21 February 2023, the Company bought back USD 248 million senior notes (carried at USD 246 , net of issue expenses and discount) for USD 225 . The resulting gain of USD 21 million on derecognition of senior notes has been recognized in “other income”.

3.15 Other financial liabilities

	As at		
	31 March 2023	31 March 2022	1 April 2021
Non-Current			
Carried at amortized cost			
Employee bonuses accrued	1	4	2
Capital Accounts Payable	36	50	65
Carried at fair value through other comprehensive income			
Other Payables-related parties(refer note 3.30 (e))(refer below note)	20	5	-
Other Financial Liability Non Current	2	-	-
Liability component of preferred Stock	-	-	67
	59	59	134
Current			
Carried at amortized cost			
Accrued salaries and benefits			
Employee bonuses accrued	92	86	94
Other employee costs	55	43	50
Others			
Capital accounts payables	24	22	27
Carried at fair value through profit and loss			
Liability component of preferred Stock	-	-	4
Other Payables-related parties(refer note 3.30(e))(refer below note)	5	-	-
Others	3	-	1
	179	151	176

Note: Amount payable to HCL Technologies Limited, the ultimate Parent Company against RSUs awarded to the employees of the Company.

3.16 Provisions

	As at		
	31 March 2023	31 March 2022	1 April 2021
Non-Current			
Provision for employee benefits			
Provision for leave benefits	13	15	20
	13	15	20
Current			
Provision for employee benefits			
Provision for leave benefits	17	14	18
	17	14	18

3.17 Trade Payables

	As at		
	31 March 2023	31 March 2022	1 April 2021
Trade payables	134	143	106
Trade payables-related parties (refer note 3.30 (e))	62	70	74
	196	213	180
Unbilled and accruals	186	200	221
Unbilled and accruals- related parties (refer note 3.30 (e))	78	86	43
	264	286	264
	460	499	444

Particulars	Not Due	Outstanding as at 31 March 2023 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Others-undisputed	135	54	6	1	-	196
Unbilled and accruals						196
						264
						460

Particulars	Not Due	Outstanding as at 31 March 2022 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Others-undisputed	106	86	6	1	14	213
Unbilled and accruals						213
						286
						499

Particulars	Not Due	Outstanding as at 01 April 2021 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Others-undisputed	-	169	2	6	3	180
Unbilled and accruals						180
						264
						444

3.18 Other current liabilities

	As at		
	31 March 2023	31 March 2022	1 April 2021
Advances received from customers	64	33	11
Withholding and other taxes payable	5	3	2
	69	36	13

3.19 Revenue from operations

	Year ended	
	31 March 2023	31 March 2022
Sale of services	3,481	3,120
Sale of hardware and software	83	103
	3,564	3,223

Remaining performance obligations

As at 31 March 2023, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was \$ 3,647 million (31 March 2022 \$ 2,136 million) out of which, approximately 39% (31 March 2022 41%) is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions as below:

- Contracts for which we recognize revenues based on the right to invoice for services performed,
- Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or
- Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Contract balances

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

USD 8 million contract assets pertains to the Current year (i.e., from 1 April 2022 to 31 March 2023)

Contract liabilities: A contract liability arises when there is excess billing over the revenue recognized. The below table discloses the movement in balances of contract liabilities:

	As at the year ended	
	31 March 2023	31 March 2022
Balance as at beginning of the year	74	66
Additional amounts billed	49	49
Deduction on account of revenues recognized during the year	(43)	(41)
Balance as at end of the year	80	74

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

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

	As at the year ended	
	31 March 2023	31 March 2022
Balance as at beginning of the year	43	79
Additional cost capitalized during the year	47	43
Deduction on account of cost amortized during the year	8	(79)
Balance as at end of the year	98	43

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

	For year ended	
	31 March 2023	31 March 2022
Contracted price	3,592	3,244
Reduction towards variable consideration components	(28)	(21)
Revenue recognized	3,564	3,223

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

3.20 Other Income

	For year ended	
	31 March 2023	31 March 2022
Interest income		
- Related parties (refer note 3.30 (d))	8	6
- Bank and other Deposits	10	4
Dividends from subsidiary companies (refer note 3.30 (d))	13	39
Rental income – related parties (refer note 3.30 (d))	7	8
Bad debts written back	6	-
Gain on Buy Back of Senior Notes (refer note 3.14)	21	-
Fair value changes on liabilities carried at fair value through profit and loss		
- Share of profit in limited liability partnership	-	2
Miscellaneous income	1	1
	66	60

3.21 Changes in inventories of stock-in-trade

	For year ended	
	31 March 2023	31 March 2022
Opening Stock	4	1
Less: Closing Stock	(3)	(4)
	1	(3)

3.22 Employee benefit expenses

	For year ended	
	31 March 2023	31 March 2022
Salaries, wages and bonus	1,636	1,465
Contribution to provident fund and other employee funds	155	145
Share based payments to employees (refer note below)	20	5
Staff welfare Expenses	1	-
	1,812	1,615

During the previous year, HCL Technologies Limited ('HCLT'), the ultimate Parent Company instituted the Restricted Stock Unit Plan 2022 ("RSU Plan") to provide equity-based incentives to all eligible employees of HCLT and its subsidiaries. Each RSU granted under the plan entitles the holder to one equity share of HCLT at an exercise price, which is approved by the Nomination and Remuneration Committee of HCLT.

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

3.23 Finance cost

	For year ended	
	31 March 2023	31 March 2022
Interest		
-on loan from bank	-	-
-others	12	9
-on lease liabilities (refer note 3.28)	2	2
Fair value changes on liabilities carried at fair value through profit and loss	-	19
Bank charges	1	1
	15	31

3.24 Other expenses

	For year ended	
	31 March 2023	31 March 2022
Rent	1	1
Power and fuel	4	5
Insurance	3	6
Repairs and maintenance		
- Plant and machinery	1	1
- Buildings	2	1
- Others	6	5
Communication costs	12	13
Travel and conveyance	41	23
Business Promotion	33	16
Legal and professional charges	16	19
Recruitment, training and development	9	7
Provision for diminution in value of investment	-	39
Provision for doubtful debts/ bad debts	-	2
Exchange Differences (net)	-	1
Miscellaneous expenses	14	12
	142	151

3.25 Income taxes

	For year ended	
	31 March 2023	31 March 2022
Income tax charged to statement of profit and loss		
Current income tax charge	62	33
Deferred tax charge/(credit)	(10)	7
	52	40

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:

	For year ended	
	31 March 2023	31 March 2022
Profit before income tax	200	111
Statutory tax rate in USA	27.22%	27.03%
Expected tax expense	54	30
Permanent Difference	1	-
Impact of investment impairment	-	10
Dividend received from group companies	(4)	(9)
Tax reversal /correction of prior year tax	-	(1)
Others	1	10
Total taxes	52	40
Effective income tax rate	25.9%	36.06%

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Components of deferred tax assets and liabilities for the year ended 31 March 2023

	Opening balance	Recognized in profit and loss	Recognized in / reclassified from OCI	Closing balance
Deferred tax assets				
Business losses	2	(1)	-	1
Provision for doubtful debts	3	(1)	-	2
Accrued employee costs	32	2	-	34
Employee stock compensation	1	6	-	7
Others	20	1	-	21
Gross deferred tax assets (A)	58	7	-	65
Deferred tax liabilities				
Depreciation and amortization	19	(1)		18
Others	5	(2)		3
Gross deferred tax liabilities (B)	24	(3)	-	21
Net deferred tax assets (A-B)	34	10	-	44

Components of deferred tax assets and liabilities for the year ended 31 March 2022

	Opening balance	Recognized in profit and loss	Recognized in / reclassified from OCI	Closing balance
Deferred tax assets				
Business losses	2	-	-	2
Provision for doubtful debts	3	-	-	3
Accrued employee costs	44	(12)	-	32
Employee Stock Compensation	-	1	-	1
Others	14	6	-	20
Gross deferred tax assets (A)	63	(5)	-	58
Deferred tax liabilities				
Depreciation and amortization	18	1	-	19
Others	4	1	-	5
Gross deferred tax liabilities (B)	22	2	-	24
Net deferred tax assets (A-B)	41	(7)	-	34

3.26 Earning per share

	Year Ended	
	31 March 2023	31 March 2022
Profit for the year attributable to shareholders of the Company	148	71
Weighted average number of equity shares outstanding in calculating Basic EPS	7,474,410	7,474,410
Weighted average number of equity shares outstanding in calculating dilutive EPS	7,474,410	7,474,410
Nominal value of equity shares (in USD)	1	1
Earnings per equity share (in USD)		
- Basic	19.80	9.50
- Diluted	19.80	9.50

3.27 Leases

a) Company as a lessee

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

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

	Buildings	Computers and networking equipment's	Total
Balance as at 1 April 2021	34	5	39
Additions	5	7	12
Depreciation charge for the year	(13)	(3)	(16)
Balance as at 31 March 2022	26	9	35
Balance as at 1 April 2022	26	9	35
Additions	18	6	24
Depreciation charge for the year	(13)	(4)	(17)
Derecognition	(1)	-	(1)
Balance as at 31 March 2023	30	11	41

The reconciliation of lease liabilities is as follows:

	As at Year ended	
	31 March 2023	31 March 2022
Balance as at beginning of the year	48	66
Additions	28	21
Amounts recognized in statement of profit and loss as interest expense	2	2
Payment of lease liabilities	(22)	(41)
De-recognition	(1)	-
Balance as at end of the year	55	48

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March 2023:

	As at Year Ended	
	31 March 2023	31 March 2022
Within one year	22	21
One to two years	15	16
Two to three years	10	8
Three to five years	9	5
Thereafter	4	-
Total lease payments	60	50
Imputed interest	(5)	(2)
Total lease liabilities	55	48

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

b) Company as a lessor

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

	Total minimum lease payments outstanding	Interest included in minimum lease payments	Present value of minimum lease payments
31 March 2023			
Not later than one year	10	1	9
Later than one year but not later than five years	13	1	12
	23	2	21
31 March 2022			
Not later than one year	23	1	22
Later than one year but not later than five years	29	1	28
	52	2	50

3.28 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance. The Company's holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and HCL Software (previously known as products and platforms). The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment which is overall a part of the reorganized entity level business segments. Hence, there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments". Revenue disaggregation as per geography has been included in note 3.28.

Segment accounting policies

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

a) Segment revenue & expenses

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

b) Segment assets and liabilities

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

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

	Year ended	
	31 March 2023	31 March 2022
America	1,938	1,884
Europe	1,314	978
India	254	326
Rest of the world	58	35
	3,564	3,223

3.29 Financial Instruments

(a) Derivatives

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

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

Foreign exchange forward denominated in	Notional currency	Notional Principal amounts		Balance sheet exposure asset (liability)	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
Buy covers					
USD/EUR	EUR	2	-	-	-
USD/CZK	CZK	-	-	-	-
USD/BGN	BGN	12	1	-	-
USD/MXN	MXN	25	-	-	-
USD/COP	COP	2600	2600	-	-

(b) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2023 is as follows:

	Fair value through profit and loss	Fair value through Other comprehensive income	Amortized cost	Total Carrying Value
Financial Assets				
Investments (other than in subsidiaries)	10	-	-	10
Trade receivables (including unbilled)	-	-	1,164	1,164
Cash and cash equivalents	-	-	130	130
Other bank balances	-	-	90	90
Loans	-	-	99	99
Others	-	-	55	55
	10	-	1,538	1,548
Financial Liabilities				
Borrowings	-	-	263	263
Lease liabilities	-	-	55	55
Trade payables (including unbilled and accruals)	-	-	460	460
Others	-	-	238	238
Total	-	-	1,016	1016

HCL America Inc.
Notes to financial statements for the year ended 31 March 2023
(Amount in USD million, except share and as stated otherwise)

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

	Fair value through profit and loss	Fair value through Other comprehensive income	Amortized cost	Total Carrying Value
Financial Assets				
Investments	10	-	-	10
Trade receivables (including unbilled)	-	-	995	995
Cash and cash equivalents	-	-	381	381
Loans	-	-	110	110
Others	-	-	58	58
Total	10	-	1,544	1,554
Financial Liabilities				
Borrowings	-	-	496	496
Lease liabilities	-	-	48	48
Trade payables (including unbilled and accruals)	-	-	499	499
Others	-	-	210	210
Total	-	-	1,253	1,253

Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis as at 31 March 2023 and the basis for that measurement is as below:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	10	-	-	10

The following table discloses the assets and liabilities measured at fair value on a recurring basis as at 31 March 2022 and the basis for that measurement:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	10	-	-	10

Valuation Methodologies

The investment in limited liability partnership (LLP) is classified as fair value through profit and loss. The share of profit/loss in limited liability partnership (LLP) is accounted for in the books of the Company as and when it is credited/ debited to the Partner's Capital Account and is classified as Level 3.

Fair value of earn-out consideration: The fair value measurement of earn-out consideration is determined using level 3 inputs. The measurement is calculated using unobservable inputs based on the Company's own assessment of achievement of certain performance goals.

Trade receivables, unbilled receivables, finance lease receivables and contract assets have been valued after making reserve for allowances based on the expected credit loss method, considering factors like ageing, likelihood of increased credit risk and expected realizability, nature of customer verticals.

(c) Financial risk management

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

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

Market risk

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

(i) Foreign currency risk

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

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

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

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately USD 54 for the year ended 31 March, 2023.

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. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March 2023 and 31 March 2022 in major currencies is as below:

	Financial Assets		Financial Liabilities	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
EUR/USD	1	2	-	-
CAD/USD	-	-	-	2
MXN/USD	-	1	-	-

(ii) Interest rate risk

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

Credit risk

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

The customers of the Company are primarily corporations based in the United States of America and Europe and accordingly, trade receivables, unbilled receivables and finance lease receivables are concentrated in the respective countries. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of trade receivables, unbilled receivables, contract assets and finance lease receivables. No single customer accounted for more than 10% of trade receivables, unbilled receivables and finance lease receivables. The Company also outsourced selected client related credit risks to financial markets through "Non-recourse assignment" of receivables.

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

	As at	
	31 March 2023	31 March 2022
Balance at the beginning of the year	11	11
Additional provision during the year	2	6
Deductions on account of write offs and collections	(8)	(6)
Balance at the end of the year	5	11

Liquidity risk

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

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

	Year 1 (Current)	Year 2	Year 3	Year 4-5 & thereafter	Total
As at 31 March 2023					
Borrowings	3	3	256	12	274
Lease liabilities	22	15	10	13	60
Trade payables (including unbilled and accruals)	460	-	-	-	460
Other financial liabilities	179	32	17	12	240
Total	664	50	283	37	1,034
As at 31 March 2022					
Borrowings	7	7	7	507	528
Lease liabilities	21	16	8	5	50
Trade payables (including unbilled and accruals)	499	-	-	-	499
Other financial liabilities	151	17	12	25	205
Total	678	40	27	537	1,282

3.30 Related party transactions

a) Related party where control exists

Holding companies

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

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

Holding company

- HCL Technologies Limited
- HCL Bermuda Limited

Direct Subsidiaries

- HCL America Solutions Inc.
- Butler America Aerospace LLC
- HCL Insurance BPO Services Ltd
- HCL Technologies SEP Holdings Inc
- Telerx Marketing, Inc.
- Urban Fulfillment Services LLC

Fellow subsidiaries

- Actian Corporation

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Notes to financial statements for the year ended 31 March 2023

(Amount in USD million, except share and as stated otherwise)

- Axon Solutions (Shanghai) - Kunshan Branch
- Axon Solutions (Shanghai) Co. Limited
- C3i Services & Technologies (Dalian) Co., Ltd
- FILIAL ESPANOLA DE HCL TECHNOLOGIES, S.L. (HCL Spain)
- GAI-Canada Branch
- Geometric Americas Inc.
- HCL (Brazil) Tecnologia Da Informacao EIRELI
- HCL (Ireland) Information Systems Limited
- HCL (New Zealand) Limited, New Zealand
- HCL Argentina
- HCL ASIA PACIFIC PTE LTD-Japan Branch (Fy GAPP Ltd-Japan Br)
- HCL Australia Services Pty. Limited, Australia
- HCL Axon Solutions (Shanghai) Co., Ltd Tianjin Branch
- HCL Axon Solutions (Shanghai) Co., Ltd, Guangzhou Branch
- HCL Axon Solutions (Shanghai) Co., Ltd. Wuxi Branch
- HCL Belgium NV
- HCL Canada Inc. (Fy HCL Axon Technologies Inc.)
- HCL Canada Inc.-SD (Fy HCL Axon Technologies Inc.)
- HCL GmbH
- HCL Great Britain Limited
- HCL Guatemala, Sociedad Anonima
- HCL Hong Kong SAR Limited, Hong Kong
- HCL Hungry
- HCL Investments (UK) Ltd.
- HCL istanbul Bilisim Teknolojileri Limited sirketi
- HCL Japan Limited, Japan
- HCL Latin America Holding LLC
- HCL Latin America Holding, LLC, Costa Rica Branch
- HCL Latin America Holding, LLC, Panama Branch
- HCL Mexico
- HCL Netherlands B.V.
- HCL Poland Sp.z.o.o.
- HCL Saudi Arabia LLC
- HCL Singapore Pte. Limited, Singapore
- HCL Software Products Limited (formerly GPSL)
- HCL Software Products Limited-US Branch(formerly GPSL-US Br)
- HCL Sweden AB
- HCL Technologies (PTY) Ltd. (Fy HCL Axon PTY Ltd.)
- HCL Technologies (Shanghai) Limited
- HCL Technologies (Taiwan) Ltd.
- HCL Technologies (Thailand) Ltd.
- HCL TECHNOLOGIES ANGOLA (SU), LDA.
- HCL Technologies Australia branch
- HCL Technologies Austria GmbH
- HCL Technologies Beijing Co., Ltd
- HCL Technologies Belgium BVBA
- HCL Technologies Bulgaria EOOD
- HCL Technologies BV
- HCL Technologies Chile SpA
- HCL Technologies Colombia SAS
- HCL Technologies Corporate Services Limited.
- HCL TECHNOLOGIES COSTA RICA S.R.L.
- HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.
- HCL Technologies Denmark ApS
- HCL Technologies Egypt Ltd
- HCL Technologies Estonia OU
- HCL Technologies Finland Oy

HCL America Inc.**Notes to financial statements for the year ended 31 March 2023****(Amount in USD million, except share and as stated otherwise)**

- HCL Technologies France
- HCL Technologies Germany GmbH
- HCL Technologies Greece Single Member P.C.
- HCL Technologies Italy S.p.A.
- HCL Technologies Japan branch
- HCL Technologies Limited - Philippine Branch
- HCL Technologies Limited - Portugal Branch
- HCL Technologies Limited Abu Dhabi
- HCL Technologies Lithuania UAB
- HCL Technologies Luxembourg S.a.r.l
- HCL Technologies Malaysia SDN BHD (Fy HCLAxonMalaysiaSDNBHD)
- HCL Technologies Middle East FZ LLC Dubai Branch
- HCL Technologies Morocco Limited.
- HCL Technologies Norway AS
- HCL Technologies Philippines Inc
- HCL Technologies Romania s.r.l.
- HCL Technologies S.A.
- HCL TECHNOLOGIES S.A.C.
- HCL Technologies South Africa (Proprietary) Limited
- HCL Technologies Sweden (IOMC)
- HCL Technologies Sweden AB
- HCL TECHNOLOGIES TRINIDAD AND TOBAGO LIMITED
- HCL Technologies UK branch
- HCL Technologies UK Limited
- HCL Technologies Vietnam Company Limited
- HCL Vietnam Company Limited
- HCL Technologies Lanka (Private) Limited
- HCL Technologies Solutions GmbH
- HCL Axon Solutions(Shanghai) W
- HCL Axon Tech.(Shanghai) Co.Ltd
- Honisgberg & Duvel Datentchnik GMBH
- PT. HCL Technologies Indonesia
- Starschema Inc
- Starschema Kft
- Statestreet HCL Services (India) Private Limited
- Sankalp Semiconductor Private
- Octavian Acquisition Corp.

c) Key management personnel

- C. Vijayakumar-President and Chief Executive Officer
- Mr. Prateek Aggarwal- Chief Financial Officer

d) Transactions with related parties during the year:

Transactions with related parties during the normal course of business	Ultimate Holding Company		Subsidiaries		Fellow Subsidiaries	
	Year ended					
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Revenue from operations	264	329	21	22	1,321	985
Dividend Income	-	-	13	35	-	-
Interest Income	-	-	-	-	8	6
Rental	-	-	(1)	(2)	(6)	(6)
Consulting Charges	174	192	90	114	74	63
Corporate Guarantee Fees	(1)	(2)	-	-	-	-
Marketing Expense	1	1	-	-	-	-
Insurance	1	2	-	-	-	-
Other Expense	-	-	-	3	3	1

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Material related party transactions	Year ended	
	31 March 2023	31 March 2022
Revenue from operations		
HCL Technologies Corporate Services Limited	1,174	855
Consulting charges		
HCL Technologies Corporate Services Limited	-	-
Trade Receivables		
HCL Technologies Corporate Services Limited	483	353
Trade Payables		
HCL Technologies Corporate Services Limited	17	20
Unbilled Receivable		
HCL Technologies Corporate Services Limited	3	-
Transactions with Key Managerial personnel during the year (on accrual basis)	Year ended	
	31 March 2023	31 March 2022
Compensation	9	10

e) Outstanding Balances with related parties:

Outstanding balances	Ultimate Holding Company		Subsidiaries		Fellow Subsidiaries	
			As at			
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Trade Receivables	43	19	19	13	549	396
Deferred Contract cost	35	31	-	-	-	-
Prepaid Expenses	1	-	-	-	-	-
Unbilled receivables	38	44	-	-	5	1
Other receivables	1	-	3	2	22	2
Loans- Current	-	-	-	-	50	48
Loans- Non current	-	-	-	-	49	62
Interest Receivable	-	-	-	-	1	1
Unbilled and accruals	71	83	6	3	1	-
Other Payables	25	5	-	-	-	-
Trade Payables	8	7	20	30	34	33
Long term borrowings	-	-	-	-	12	-

3.31 Research and development expenditure

	As at	
	31 March 2023	31 March 2022
Amount charged to statement of profit and loss	30	20
	30	20

3.32 Commitments and Contingent liabilities

	As at	
	31 March 2023	31 March 2022
Capital and other commitments		
Estimated amount of unexecuted capital contracts	5	5
	5	5

The Company is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. Some of these matters include speculative and frivolous claims for substantial or indeterminate amounts of damages. The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgement is required to determine both probability and the estimated amount. The Company reviews these provisions at least quarterly and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Company believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Company, or cash flows with respect to loss contingencies for legal and other contingencies as at 31 March 2023.

3.33 Ratios

Ratio	Numerator	Denominator	Units	Year ended		% Variance
				31 March 2023	31 March 2022	
Current ratio	Current assets	Current liabilities	Times	1.9	2.0	(3) %
Debt equity ratio	Total debts (refer note 1 below)	Total equity	Times	0.2	0.4	(46) %
Debt service coverage ratio	Earnings available for debt service (refer note 2 below)	Debt service (refer note 3 below)	Times	0.9	3.2	(71) %
Return on equity ratio	Profit for the year	Average total equity	%	10.6	5.5	94 %
Inventory turnover ratio	Cost of goods sold (refer note 4 below)	Average inventories	Times	20.9	33.2	(37) %
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	3.3	3.0	8 %
Trade payables turnover ratio	Net credit purchases (refer note below 5)	Average trade payables	Times	3.2	3.1	4 %
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 6)	Times	4.6	4.1	14 %
Net profit ratio	Profit for the year	Revenue from operations	%	4.1	2.2	90 %
Return on capital employed	Earnings before interest and taxes	Capital employed (refer note 7 below)	%	11.3	7.2	57 %

Notes :

(1) Total debts consist of borrowings and lease liabilities

(2) Earning available for debt services = Profit for the year + depreciation, amortization and impairment + interest + Provision for doubtful debts + share based payment to employees + non-cash charges

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

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

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

(6) Working capital = current assets - current liabilities

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

(8) Average is calculated based on simple average of opening and closing balances.

Explanation where change in the ratio is more than 25%

Debt Equity Ratio has decreased mainly due to buy back of senior notes

Debt service coverage ratio has decreased mainly due to debt payment in current year.

Return on equity ratio Increasing due to increase in profit for the year.

Inventory turnover ratio has reduced due to decrease in purchase of stock in trade

Net Profit ratio has increased due to increase in profit for the year.

Return on Capital employed has increased due to increase in Earnings before interest and taxes.

3.34 Employee benefit plans

Total contributions made to the 401(k) plan by the Company, for the year ended 31 March 2023 is USD 33 million, (previous year: USD 28 million).

3.35 Change in classification

During the year ended 31 March 2023, the company has modified the classification of below liabilities for better presentation for FY '22.

	As Earlier reported	Revised reclassification	Difference
Other non-current liabilities			
Other Payables-related parties	5	-	(5)
Other Financials Liabilities			
Other Payables-related parties (Non-current)	-	5	5

3.36 Round off

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

3.37 Subsequent events

The Company has evaluated all the subsequent events through 14 July 2023, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022
VIMAL CHAUHAN Digitally signed by VIMAL CHAUHAN
Date: 2023.07.14 19:25:03 +05'30'
Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 14 July 2023

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

Digitally signed by
VIJAYAKUMAR
CHINNASWAMY
Y
Date: 2023.07.14
17:17:58 +05'30'

C. Vijayakumar
Director

Noida (UP), India
Date: 14 July 2023

Digitally signed by
PRATEEK AGGARWAL
Date: 2023.07.14
16:58:21 +05'30'

Prateek Aggarwal
Director

Noida (UP), India
Date: 14 July 2023