

# **HCL Technologies Limited**

Consolidated Financial Statements - IFRS

For the year ended 31 March 2025 and 2024



KPMG Assurance and Consulting Services LLP

Building No. 10, 8th Floor, Tower-C

DLF Cyber City, Phase - II

Gurugram - 122 002 (India)

Tel: +91 124 307 4000

Fax: +91 124 254 9101

## Independent Auditors' Report

The Board of Directors  
HCL Technologies Limited:

### Report on the Audit of the *Consolidated* Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of HCL Technologies Limited and its subsidiaries (the Company), which comprise the consolidated balance sheet as of March 31, 2025 and 2024, and the related consolidated statements of profit and loss, profit and loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise significant doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are authorized for issuance.



*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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 an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise significant doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*KPMG Assurance and Consulting Services LLP*

Gurugram  
April 22, 2025

**HCL Technologies Limited**  
**Consolidated Balance Sheet**

(All amounts in millions of USD, except share data and as stated otherwise)

	Note	As at	As at
	No.	31 March 2025	31 March 2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	527	587
Capital work in progress	3.1	7	13
Right-of-use assets	3.20 (a)	353	349
Goodwill	3.2	2,545	2,415
Other intangible assets	3.3	807	856
Investments	3.4	11	11
Trade receivables - unbilled	3.5	120	75
Inter corporate deposits		69	34
Other financial assets	3.7	258	161
Deferred tax assets (net)	3.17	125	124
Other assets	3.8	261	227
<b>Total non-current assets</b>		<b>5,083</b>	<b>4,852</b>
<b>Current assets</b>			
Inventories		16	22
Investments	3.4	874	845
Trade receivables			
Billed	3.5	2,284	2,337
Unbilled	3.5	739	724
Cash and cash equivalents	3.6 (a)	964	1,134
Other bank balances	3.6 (b)	1,526	1,282
Inter corporate deposits		114	95
Other financial assets	3.7	186	148
Current tax assets (net)		17	19
Other assets	3.8	545	509
<b>Total current assets</b>		<b>7,265</b>	<b>7,115</b>
<b>TOTAL ASSETS</b>		<b>12,348</b>	<b>11,967</b>

**HCL Technologies Limited**  
**Consolidated Balance Sheet**

(All amounts in millions of USD, except share data and as stated otherwise)

	Note	As at	As at
	No.	31 March 2025	31 March 2024
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	3.9	72	72
Retained earnings		7,821	7,802
Other equity		255	311
<b>Equity attributable to owners of the Company</b>		<b>8,148</b>	<b>8,185</b>
Non-controlling interest		2	1
<b>TOTAL EQUITY</b>		<b>8,150</b>	<b>8,186</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	3.10	8	267
Lease liabilities	3.20 (a)	309	281
Other financial liabilities	3.11	54	88
Contract liabilities		124	126
Provisions	3.12 (a)	225	193
Deferred tax liabilities (net)	3.17	189	93
Other liabilities	3.12 (b)	8	7
<b>Total non-current liabilities</b>		<b>917</b>	<b>1,055</b>
<b>Current liabilities</b>			
Borrowings	3.10	260	13
Lease liabilities	3.20 (a)	158	131
Trade payables			
Billed		353	308
Unbilled and accruals		375	394
Other financial liabilities	3.11	820	682
Contract liabilities		545	498
Provisions	3.12 (a)	174	160
Current tax liabilities (net)		329	277
Other liabilities	3.12 (b)	267	263
<b>Total current liabilities</b>		<b>3,281</b>	<b>2,726</b>
<b>TOTAL LIABILITIES</b>		<b>4,198</b>	<b>3,781</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,348</b>	<b>11,967</b>

The accompanying notes are an integral part of the consolidated financial statements

**HCL Technologies Limited**  
**Consolidated Statement of Profit and Loss**  
(All amounts in millions of USD, except share data and as stated otherwise)

	Note No.	Year ended	
		31 March 2025	31 March 2024
<b>Revenues</b>	3.13	13,840	13,270
<b>Expenses</b>			
Cost of revenues	3.14	9,005	8,509
Research and development expenses	3.14	196	199
Selling, general and administrative expenses	3.14	1,625	1,641
Depreciation and amortization expenses		483	503
<b>Operating profit</b>		<b>2,531</b>	<b>2,418</b>
Other income (expenses), net	3.15	280	180
Finance cost	3.16	76	67
<b>Profit before tax</b>		<b>2,735</b>	<b>2,531</b>
Income tax expense	3.17	693	634
<b>Profit for the year</b>		<b>2,042</b>	<b>1,897</b>
<b>Profit for the year attributable to</b>			
Owners of the Company		2,041	1,896
Non-controlling interest		1	1
		<b>2,042</b>	<b>1,897</b>
<b>Earnings per equity share</b>	3.18		
Basic (in USD)		0.75	0.70
Diluted (in USD)		0.75	0.70

The accompanying notes are an integral part of the consolidated financial statements

**HCL Technologies Limited**  
**Consolidated Statement of Profit and Loss and Other Comprehensive Income**  
(All amounts in millions of USD, except share data and as stated otherwise)

	Note No.	<u>Year ended</u>	
		<u>31 March 2025</u>	<u>31 March 2024</u>
<b>Profit for the year</b>		<b>2,042</b>	<b>1,897</b>
<b>Other comprehensive income (loss)</b>	3.19		
<b>Items that will not be reclassified subsequently to statement of profit and loss</b>			
Change in unrealized gain on defined benefit plan, net of taxes		1	2
<b>Items that will be reclassified subsequently to statement of profit and loss</b>			
Change in foreign currency translation		(87)	(72)
Change in unrealized gain (loss) on cash flow hedges, net of taxes		(18)	50
Change in unrealized gain (loss) on debt instruments, net of taxes		1	-
<b>Total other comprehensive loss, net of taxes</b>		<u>(103)</u>	<u>(20)</u>
<b>Total comprehensive income for the year</b>		<u><b>1,939</b></u>	<u><b>1,877</b></u>
<b>Total comprehensive income for the year attributable to</b>			
Owners of the Company		1,938	1,876
Non-controlling interest		1	1
		<u>1,939</u>	<u>1,877</u>

The accompanying notes are an integral part of the consolidated financial statements

# HCL Technologies Limited

## Consolidated Statement of Changes in Equity

(All amounts in millions of USD, except share data and as stated otherwise)

	Equity share capital		Retained earnings	Other equity									Equity attributable to owners of the Company	Non Controlling Interests	Total Equity
	Number of shares *	Share capital		Reserves					Other comprehensive income						
				Securities premium	Capital redemption reserve	Treasury share reserve	Share based payment reserve	Special economic zone re-investment reserve	Remeasurement of defined benefit plans	Foreign currency translation reserve	Cash flow hedging reserve	Debt instruments through other comprehensive income			
<b>Balance as at 1 April 2023</b>	2,713,665,096	72	7,763	1	2	(106)	49	538	23	(390)	10	-	7,962	(1)	7,961
Profit for the year	-	-	1,896	-	-	-	-	-	-	-	-	-	1,896	1	1,897
Other comprehensive income (loss) (refer note 3.19)	-	-	-	-	-	-	-	-	2	(72)	50	-	(20)	-	(20)
<b>Total comprehensive income (loss) for the year</b>	-	-	1,896	-	-	-	-	-	2	(72)	50	-	1,876	1	1,877
<b>Transactions with owners of the Company</b>															
<b>Contributions and distributions</b>															
Interim dividend of ₹52 per share	-	-	(1,699)	-	-	-	-	-	-	-	-	-	(1,699)	-	(1,699)
Transfer to special economic zone re-investment reserve	-	-	(284)	-	-	-	-	284	-	-	-	-	-	-	-
Transfer from special economic zone re-investment reserve	-	-	120	-	-	-	-	(120)	-	-	-	-	-	-	-
Share based payment to employees	-	-	-	-	-	-	38	-	-	-	-	-	38	-	38
Issue of treasury shares to employees	-	-	(2)	-	-	10	(8)	-	-	-	-	-	-	-	-
Excess tax benefit from share based payments	-	-	8	-	-	-	-	-	-	-	-	-	8	-	8
<b>Changes in ownership interest</b>															
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
<b>Balance as at 31 March 2024</b>	2,713,665,096	72	7,802	1	2	(96)	79	702	25	(462)	60	-	8,185	1	8,186
<b>Balance as at 1 April 2024</b>	2,713,665,096	72	7,802	1	2	(96)	79	702	25	(462)	60	-	8,185	1	8,186
Profit for the year	-	-	2,041	-	-	-	-	-	-	-	-	-	2,041	1	2,042
Other comprehensive income (loss) (refer note 3.19)	-	-	-	-	-	-	-	-	1	(87)	(18)	1	(103)	-	(103)
<b>Total comprehensive income (loss) for the year</b>	-	-	2,041	-	-	-	-	-	1	(87)	(18)	1	1,938	1	1,939
<b>Transactions with owners of the Company</b>															
<b>Contributions and distributions</b>															
Interim dividend of ₹60 per share	-	-	(1,922)	-	-	-	-	-	-	-	-	-	(1,922)	-	(1,922)
Transfer to special economic zone re-investment reserve	-	-	(239)	-	-	-	-	239	-	-	-	-	-	-	-
Transfer from special economic zone re-investment reserve	-	-	136	-	-	-	-	(136)	-	-	-	-	-	-	-
Share based payments to employees	-	-	-	-	-	-	26	-	-	-	-	-	26	-	26
Acquisition of treasury shares	-	-	-	-	-	(80)	-	-	-	-	-	-	(80)	-	(80)
Issue of treasury shares to employees	-	-	(12)	-	-	82	(70)	-	-	-	-	-	-	-	-
Excess tax benefit from share based payments	-	-	1	-	-	-	-	-	-	-	-	-	1	-	1
<b>Changes in ownership interests</b>															
Divestment in subsidiaries	-	-	14	-	-	-	-	(14)	-	-	-	-	-	-	-
<b>Balance as at 31 March 2025</b>	2,713,665,096	72	7,821	1	2	(94)	35	791	26	(549)	42	1	8,148	2	8,150

\* Includes treasury shares held by the controlled trust (refer note 3.9)

The accompanying notes are an integral part of the consolidated financial statements



**HCL Technologies Limited****Consolidated Statement of Cash Flows**

(All amounts in millions of USD, except share data and as stated otherwise)

	Year ended	
	31 March 2025	31 March 2024
<b>A. Cash flows from operating activities</b>		
Profit before tax	2,735	2,531
<b>Adjustment for:</b>		
Depreciation and amortization expense	483	503
Interest income	(185)	(153)
Provision for doubtful debts / bad debts written off (net)	2	14
Income on investments carried at fair value through profit and loss	(23)	(19)
Interest expense	40	32
Profit on sale of property, plant and equipment (net)	(1)	(1)
Share based payment to employees	26	38
Divestment in subsidiaries	(69)	-
Other non-cash charges (net)	6	(5)
	<b>3,014</b>	<b>2,940</b>
<b>Net change in</b>		
Trade receivables	(13)	30
Inventories	9	8
Other financial assets and other assets	(26)	20
Trade payables	29	(82)
Other financial liabilities, contract liabilities, provisions and other liabilities	121	304
<b>Cash generated from operations</b>	<b>3,134</b>	<b>3,220</b>
Income taxes paid (net of refunds)	(502)	(509)
<b>Net cash flow from operating activities (A)</b>	<b>2,632</b>	<b>2,711</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangibles	(131)	(127)
Proceeds from sale of property, plant and equipment	3	4
Payments for business acquisitions, net of cash acquired	(235)	(247)
Investments in bank deposits	(1,827)	(1,681)
Proceeds from bank deposits	1,493	1,245
Deposits placed with body corporates	(179)	(130)
Proceeds from deposits placed with body corporates	122	194
Purchase of investments in securities	(5,187)	(5,030)
Proceeds from sale/ maturity of investments in securities	5,170	4,867
Investment in equity instruments	(1)	(1)
Proceed from sale of equity instruments	-	2
Distribution from limited liability partnership	1	-
Divestment in subsidiaries, net of cash	82	-
Interest received	156	126
Income taxes paid	(48)	(34)
<b>Net cash flow used in investing activities (B)</b>	<b>(581)</b>	<b>(812)</b>

**HCL Technologies Limited****Consolidated Statement of Cash Flows**

(All amounts in millions of USD, except share data and as stated otherwise)

	Year ended	
	31 March 2025	31 March 2024
<b>C. Cash flows from financing activities</b>		
Proceeds from long term borrowings	-	1
Repayment of long term borrowings	(10)	(23)
Proceeds from short term borrowings	44	42
Repayment of short term borrowings	(44)	(42)
Payments for deferred and contingent consideration on business acquisitions	(6)	(1)
Change in non-controlling interest	-	1
Dividend paid	(1,922)	(1,699)
Acquisition of treasury shares	(80)	-
Interest paid	(6)	(8)
Payment of lease liabilities including interest	(171)	(139)
<b>Net cash flow used in financing activities</b>	<b>(C) (2,195)</b>	<b>(1,868)</b>
Net increase (decrease) in cash and cash equivalents (A+B+C)	(144)	31
<b>Effect of exchange differences on cash and cash equivalents held in foreign currency</b>	<b>(24)</b>	<b>(2)</b>
Cash and cash equivalents at the beginning of the year	1,132	1,103
<b>Cash and cash equivalents at the end of the year as per note 3.6 (a)</b>	<b>964</b>	<b>1,132</b>

**Notes:**

## 1. Reconciliation of changes in liabilities arising from financing activities

	Borrowings	Deferred and contingent consideration
<b>Balance as at 1 April 2023</b>	<b>274</b>	<b>7</b>
Cashflows (net)	(22)	(1)
Non cash changes		
Business combination	25	-
Recognized in profit and loss	1	-
<b>Balance as at 31 March 2024</b>	<b>278</b>	<b>6</b>
<b>Balance as at 1 April 2024</b>	<b>278</b>	<b>6</b>
Cashflows (net)	(10)	(6)
Non cash changes		
Translation exchange differences	(1)	-
Recognized in profit and loss	1	-
<b>Balance as at 31 March 2025</b>	<b>268</b>	<b>-</b>

2. The total amount of income taxes paid is \$550 (previous year, \$543).

3. Cash and cash equivalents includes unclaimed dividend of \$2 (previous year, \$2) which is of restricted use.

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The accompanying notes are an integral part of the consolidated financial statements

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies Limited (hereinafter referred to as “the Company” or “the Parent Company”) and its subsidiaries (hereinafter collectively referred to as “the Group”) are 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 under the provisions of the Companies Act applicable in India in November 1991, having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi- 110019. The Group leverages its global technology workforce and intellectual properties to deliver solutions across following verticals - Financial Services, Manufacturing, Life Sciences & Healthcare, Public Services, Retail & CPG, Technology & Services and Telecom, Media, Publishing and Entertainment.

The consolidated financial statements for the year ended 31 March 2025 were approved and authorized for issue by the Board of Directors on 22 April 2025.

#### 1. MATERIAL ACCOUNTING POLICIES

##### (a) Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements have been prepared under the historical cost convention on an accrual and going concern basis, except for the following assets and liabilities which have been measured at fair value:

- a) Derivative financial instruments,
- b) Certain financial assets and liabilities (refer accounting policy regarding financial instruments),
- c) Defined benefit plans

The accounting policies adopted in the preparation of these consolidated 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 Group’s normal operating cycle of 12 months. The statement of cash flows has been prepared under indirect method.

The Group uses the US Dollars (“\$”) as its reporting currency. All amounts are presented in millions rounded to whole number and amounts less than 0.50 million are presented as “-”.

##### (b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of HCL Technologies Limited, the Parent Company, and its subsidiaries. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The Group controls an investee if and only if the Group has:

- a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- b) Exposure, or rights, to variable returns from its involvement with the investee, and
- c) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a) The contractual arrangement with the other vote holders of the investee
- b) Rights arising from other contractual arrangements
- c) The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

## **HCL Technologies Limited**

### **Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

The financial statements of the subsidiaries in the Group are added on a line-by-line basis and inter-company balances and transactions including unrealized gain/loss from such transactions, are eliminated upon consolidation. When the Group ceases control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in consolidated statement of profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is ceased. The consolidated financial statements are prepared by applying uniform accounting policies in use by the Group.

An associate is an entity over which the Group has significant influence, but not control or joint control over financial and operating policies. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. The aggregate of the Group's share of profit and loss of an associate is shown on the face of the consolidated statement of profit and loss.

#### ***(c) Use of estimates, judgements and assumptions***

The preparation of consolidated financial statements in conformity with IFRS requires the management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the consolidated financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Group 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 consolidated financial statements in the year in which the changes are made.

Significant estimates, judgements 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 contracts involving multiple performance obligations, refer note 1(g)
- ii. Allowance for uncollectible trade receivables, refer note 1(u)(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(d)
- iv. Recognition of income and deferred taxes, refer note 1(j) and note 3.17
- v. Key actuarial assumptions for measurement of future obligations under employee benefit plans, refer note 1(s) and note 3.23
- vi. Estimated forfeitures in share-based compensation expense, refer note 1(t)
- vii. Useful lives of property, plant and equipment, refer note 1(k)
- viii. Lives of intangible assets, refer note 1(l)
- ix. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(o)
- x. Key assumptions used for impairment of goodwill, refer note 1(q) and note 3.2
- xi. Provisions and contingent liabilities, refer note 1(r) and note 3.25

#### ***(d) Business combinations 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 Group 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 in the statement of profit and loss as bargain purchase gain after reassessing the fair values of the net assets.

## **HCL Technologies Limited**

### **Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

#### ***(e) Foreign currency and translation***

The Group's consolidated financial statements are presented in US Dollars (\$) to facilitate the evaluation and comparison of Group's performance and financial position globally and the Parent Company's functional currency is Indian Rupee (INR). For each entity, the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to the statement of profit and loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by the Group's entities 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. The exchange differences arising on translation for consolidation are reported as a component of 'other comprehensive income (loss)'. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the statement of profit and loss.

#### ***(f) Fair value measurement***

The Group records certain financial assets and liabilities at fair value on a recurring basis. The Group 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 in the principal or most advantageous market for that asset or liability.

The Group 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 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 Group's assumptions about current market conditions. The fair value hierarchy also requires an entity 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 IFRS 13, assets and liabilities at fair value are measured based on the following valuation techniques:

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

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

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

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

#### *(g) Revenue recognition*

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration (Transaction price) to which the Group expects to be entitled in exchange for transferring those products or services (Performance obligation). Revenue is recognized for any contract, once it is approved in writing, is legally enforceable, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable. Revenue is measured based on the Transaction price which is the consideration of the contract and is shown net of applicable taxes and adjusted for any variable consideration like volume discounts, service level allowances, incentive or any other discount. Transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component.

Revenue from time-and-material, volume based, and transaction-based contracts is recognized as the related services are performed through efforts expended, units serviced, number of transactions processed, etc. that correspond with value transferred to customer.

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

In arrangements involving sharing of customer revenues for services delivered, revenue is recognized when the right to receive such revenue share is established.

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 basis stand-alone selling price for the service performed. The Group uses cost plus expected margin to determine stand-alone selling price.

Revenue from distinct proprietary software is recognized at a point in time at the inception of the arrangement when right to use is granted to the customer. In the case of renewals of 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 Group is providing a service of standing ready to provide support, when-and-if needed, and is providing unspecified software upgrades on a when-and-if available basis over the contract term. In case software are bundled with support and subscription either for perpetual or term based license, such support and subscription contracts are generally priced as a percentage of the net fees paid by the customer to purchase the license and are generally recognized as revenues ratably over the contractual period that the support services are provided.

When a sales arrangement contains provision of multiple products, services and software licenses, the Group identifies the distinct performance obligation including lease obligation and allocates total consideration to each performance obligation on a relative standalone selling price. Group uses cost plus expected margin to determine standalone selling price. Revenue from finance leases is recognized when all risks and ownership are transferred to the customer, with no remaining obligations that affect acceptance. Revenue is recognized at the fair value of the asset or, if lower, the present value of lease payments, discounted at a market interest rate. Interest from finance leases is recognized as other income on an accrual basis using the effective interest method.

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 Group is a principal to the transaction and net of costs when the Group is acting as an agent between the customer and the vendor, once control of a promised good is transferred to a customer.

## **HCL Technologies Limited**

### **Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation and is 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 fulfillment costs and classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs and other upfront fee paid to customer are deferred and classified as Deferred contract cost and amortized to revenue, usually on a straight-line basis, over the term of the contract.

An onerous contract provision is recognized 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 the cost of revenues.

Contract assets are recognized when revenue recognized is more than billing and right to consideration is conditional upon factors other than the passage of time. Unbilled receivables are recognized where the right to consideration is unconditional and only the passage of time is required before the payment is due (i.e., only act of invoicing is pending). Contract liability is Group's obligation to transfer goods or services to customers when there is excess billing over the revenue recognized.

#### **(h) 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.

#### **(i) Cost recognition**

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

##### **Cost of revenue**

These costs primarily include employee compensation including stock based compensation of personnel engaged in providing services, travel expenses, outsourcing costs, cost of hardware and software licenses, facility expenses, communication expenses and any other directly attributable expenses.

##### **Research and development expenses**

These costs primarily include employee compensation including stock based compensation for personnel engaged in research and development activities, travel expenses, communication expenses and facility expenses for these employees.

##### **Selling, general and administrative expenses**

These costs primarily include employee compensation including stock based compensation for management, sales, marketing and enabling personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances, facility expenses for these employees.

#### **(j) 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. Tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

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 and are reversed after the tax holiday period. For this purpose, reversal of timing differences is determined using first-in-first-out method.

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

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 and branches where it is expected that the earnings of the subsidiary or branch 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.

In some tax jurisdictions, the amount of tax deductions on share based payments to employees are different from the related cumulative remuneration expenses. If the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, such excess amount of tax deduction and the associated tax benefit is recognized directly in retained earnings.

#### *(k) 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 Group 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 year 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 equipment (including air conditioners, electrical installations)	10
Office equipment	5
Computers and networking equipment	4-5
Furniture and fixtures	7
Vehicles	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 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.



## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### (l) Intangible assets

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

Intangible assets are amortized over the useful 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 year. 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 and loss when the asset is derecognized.

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

<u>Asset description</u>	<u>Asset life (in years)</u>
Software	Over the term of license or 3 years, whichever is lower
Technology (including Licensed IPRs)	2 to 15
Customer-related intangibles (includes customer contracts and customer relationships)	1 to 10
Others (includes intellectual property rights, brand and non-compete agreements)	2 to 6

#### (m) Research and development costs

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

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

Subsequently, following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

#### (n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use 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.

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### (o) 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.

##### *Group as a lessee*

Group is lessee in case of leasehold land, office space, accommodation for its employees & IT equipment. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in IFRS 16.

Right-of-use asset represents the Group'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 Group's incremental borrowing rate, which approximates the rate at which the Group would borrow, in the country where the lease was executed. The Group 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 Group is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the Group 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 Group has elected to not recognize leases with a lease term of 12 months or less in the consolidated 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 consolidated statement of profit and loss. For all asset classes, the Group 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.

##### *Group as a lessor*

Leases in which the Group 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 Group 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 receivables at an amount equal to the present value of lease receivables. After initial recognition, the Group 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 consolidated 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 Group allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

#### (p) Inventories

Stock-in-trade, stores and spares are valued at the lower of the cost or net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. 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 identifying individual costs of each item. Cost of stock-in-trade, that are interchangeable and not specific to any project and cost of stores and spare parts are determined using the weighted average cost formula.

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### *(q) Impairment of non-financial assets*

##### *Goodwill*

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

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

##### *Intangible assets and property, plant and equipment*

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. Impairment, if any, is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset. Subsequently if there is a change in the estimates used to determine the recoverable amount, the impairment loss is reversed. Such reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined on the date of reversal, if no impairment loss had been recognized. Such impairment and any subsequent reversal is recognized in the statement of profit and loss.

#### *(r) Provisions and contingent liabilities*

A provision is recognized if, as a result of a past event, the Group 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 Group uses significant judgement 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 Group 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.

#### *(s) Retirement and other employee benefits*

- i.* Provident fund: Employees of the Company and its subsidiaries in India receive benefits under the provident fund, a defined benefit plan. The employee and employer each make monthly contributions to the plan. A portion of the contribution is made to the provident fund trust managed by the Group or Government administered provident fund; while the balance contribution is made to the Government administered pension fund, a defined contribution plan. For the contribution made by the Company and its subsidiaries in India to the provident fund trust managed by the Group, the Company has an obligation to fund any shortfall on the yield of the Trust's investments over the administered interest rates. The liability is actuarially determined (using the projected unit credit method) at the end of the year. The funds contributed to the Trust are invested in specific securities as mandated by law and generally consist of federal and state government bonds, debt instruments of government-owned corporations, equity and other eligible market securities.
- ii.* In respect of superannuation, a defined contribution plan for applicable employees, the Company contributes to the superannuation trust and the scheme is administered on its behalf by appointed fund managers and such contributions for each year of service rendered by the employees are charged to the statement of profit and loss. The Company has no further obligations to the superannuation plan beyond its contributions.

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

- iii. **Gratuity liability:** The Company and its subsidiaries in India and certain foreign geographies provide for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's base salary and the tenure of employment (subject to a maximum limit in accordance with regulatory requirement of respective geography). The liability is actuarially determined (using the projected unit credit method) at the end of each year. Actuarial gains/losses are recognized immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the year in which they occur.

In respect to certain employees in India, the Company contributes towards gratuity liabilities to the Gratuity Fund Trust. Trustees of the Company administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law.

- iv. **Compensated absences:** The employees of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. 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. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.
- v. In certain subsidiaries outside India, the Group provide retirement benefit pension plans in accordance with the local laws. The liability is actuarially determined (using the projected unit credit method) at the end of each year.
- vi. Contributions to other defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

#### **(t) Equity settled share based compensation**

Share-based compensation represents the cost related to share-based awards granted to employees. The Company measures share-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost on a straight line basis (net of estimated forfeitures) over the employee's requisite service period for an award with only service condition and for an award with both service and performance condition on a straight line basis over the requisite service period for each separately vesting portion of the award, as if award was in substance, multiple awards. On modification of an equity settled award, the Company re-estimates the fair value of stock option as on the date of modification and any incremental expense is expensed over the period from the modification date till the vesting date.

The Company estimates the fair value of stock options using option pricing model. The cost is recorded under the head employee benefit expense in the consolidated statement of profit and loss with corresponding increase in "Share based payment reserve".

#### **(u) 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 financial assets (other than financial assets at fair value through profit and 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 short-term deposits and investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents are considered net of outstanding bank overdrafts that are repayable on demand and are considered part of the Group's cash management system. In the consolidated balance sheet, bank overdrafts are presented under borrowings within current liabilities.

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### *Financial assets at amortized cost*

A financial asset 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 other 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 assets at fair value through other comprehensive income (OCI)*

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

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

Financial asset included within the OCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in 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 assets at fair value through profit and loss*

Any financial asset, 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 assets included at 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*

All equity instruments are initially measured at fair value and are subsequently re-measured with all changes recognized in the statement of profit and loss. In limited circumstances, investments, for which sufficient, more recent information to measure fair value is not available cost represents the best estimate of fair value within that range.

#### *Derecognition of financial assets*

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

#### *Impairment of financial assets*

The Group 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 statement of profit and loss.

## ii Financial liabilities

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

The subsequent measurement of financial liabilities depends on their classification, as described below:

#### *Financial liabilities at fair value through profit and loss*

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Changes in fair value of such liability are recognized in the statement of profit and loss.

#### *Financial liabilities at amortized cost*

The Group's financial liabilities at amortized cost, are initially recognized at net of transaction costs and includes trade payables, borrowings including bank overdrafts and other payables.

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

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

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

#### *Derecognition*

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

### 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 Group 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 forecasted transactions which meet the hedging criteria are designated as cash flow hedges. Changes in the fair value of derivatives (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 other income (expenses) in the statement of profit and loss.

In respect of derivatives designated as hedges, the Group 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 Group 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. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

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 consolidated 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.

### (v) Dividend

Final dividend proposed by the Board of Directors is 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. Final and interim dividend excludes dividend on treasury shares.

### (w) Earnings per share (EPS)

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

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the Parent Company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Performance based stock unit awards are included in dilutive potential shares when they become contingently issuable and have a dilutive impact and are excluded when they are not contingently issuable. Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for bonus shares.

#### (x) Nature and purpose of reserves

##### **Treasury share reserve**

The Company's equity shares held by a trust, which is consolidated as a part of the Group, are classified as Treasury shares. Treasury shares are carried at acquisition cost and presented as a deduction from total equity as "Treasury share reserve". As and when treasury shares are transferred to employees on exercise after satisfaction of the vesting conditions, the balance lying in "Treasury share reserve" is transferred to "Retained earnings".

##### **Securities premium**

Securities premium 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.

##### **Capital redemption reserve**

The Group recognizes cancellation of the Group's own equity instruments to capital redemption reserve.

##### **Share based payment reserve**

The share based payment reserve is recognized over the vesting period at the grant date fair value of units issued to employees of the Group under the Company's restricted stock unit plan.

##### **Special economic zone re-investment reserve**

The Company has created special economic zone (SEZ) re-investment reserve out of profits of the eligible SEZ Units in terms of the specific provisions of Section 10AA(1) of the Income Tax Act, 1961 ("the Act") in India. The said reserve needs to be utilized by the Company for acquiring plant and machinery for the purposes of its business in terms of Section 10AA(2) of the Act for availing tax benefit.

##### **Remeasurement of defined benefit plans**

The Group recognizes actuarial gains/losses on defined benefit plans in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur.

##### **Foreign currency translation reserve**

Exchange differences arising on translation of the foreign operations are recognized in other comprehensive income as described in the accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit and loss when the net investment is disposed-off.

##### **Cash flow hedging reserve**

For hedging foreign currency risk, the Group uses foreign currency forward and option contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognized in the cash flow hedging reserve. Amounts recognized in the cash flow hedging reserve is reclassified to the statement of profit and loss when the hedged item affects profit and loss.

##### **Debt instruments through other comprehensive income**

The Group recognizes changes in the fair value of debt instruments held with business objective of collect and sell in other comprehensive income. The Group transfers amounts from this reserve to the statement of profit and loss when the debt instrument is sold.

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### (y) Recently issued accounting pronouncements

##### Amendments to IFRS 9 and IFRS 7 - Amendments to the classification and measurement of financial instruments

In May 2024, the IASB issued amendments in IFRS 9 and IFRS 7, to clarify, the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. The Group will evaluate the impact of this new standard on its consolidated financial statements. The amendment is effective for the fiscal year beginning 1 April 2026 including interim periods within those fiscal years.

##### IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued a new standard IFRS 18, 'Presentation and Disclosure in Financial Statements' which will replace IAS 1, "Presentation of Financial Statements" with a focus on updates to the presentation of statement of profit and loss. The Group will evaluate the impact of this new standard on its consolidated financial statements. The amendment is effective for the fiscal year beginning 1 April 2027 including interim periods within those fiscal years.

## 2. ACQUISITIONS

### (a) Arrangements / acquisitions in current year

#### i. Arrangement with State Street International Holdings, USA (State Street)

The Group was providing certain business process outsourcing (BPO) services to State Street and its affiliates through a joint venture. With effect from 1 April 2024, the Group has divested its stake in the joint venture in favour of State Street and the agreement for related services has also been terminated. Accordingly, the balance sheet of Statestreet HCL Holding UK Limited (and its step down subsidiaries) is de-consolidated from that date. The Group has received consideration of \$172 (net of cash of \$15 and other net assets of \$13 transferred). This has also resulted in gain on divestment (refer note 3.15) and net loss carried in "Foreign currency translation reserve" has been reclassified to Statement of Profit and Loss (refer note 3.19).

#### ii. Acquisition of Zeenea SAS

On 16 August 2024, the Group through a wholly owned subsidiary, signed a definitive agreement to acquire 100% shareholding of Zeenea SAS, an innovator in data catalog and governance solutions based in France, for consideration payable in cash. The acquisition got consummated on 12 September 2024. The Group paid \$26 on acquisition date.

Total purchase consideration of \$26 has been preliminary allocated based on management estimates of fair values to the acquired assets and liabilities as follows :

	<b>Amount</b>
Net working capital (including cash of \$1)	(1)
Intangible assets	9
Deferred tax liabilities on intangible assets	(2)
Goodwill	20
<b>Total purchase consideration</b>	<b>26</b>

The resultant goodwill is non-tax deductible and has been allocated to the HCL Software segment. The acquisition will enable HCL Software segment to offer a unified data intelligence solution that will power enterprises to discover, govern, connect, manage and leverage the data better in their data engineering & GenAI domain.



## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

The table below shows the values and lives of intangible assets recognized on acquisition which will be amortized on straight line basis:

	<u>Amount</u>	<u>Life (Years)</u>
Technology	7	8
Customer related intangibles	1	5
Brand	1	2.5
<b>Total intangible assets</b>	<b>9</b>	

Subsequent to the date of acquisition, during the year ended 31 March 2025, the Group revised the purchase price allocation for this acquisition, which resulted in increase in net assets by \$3 with corresponding decrease in value of goodwill.

The Group is in the process of making a final determination of purchase price allocation, including fair value of assets and liabilities which may result into adjustments in the value of certain assets and liabilities.

#### iii. Acquisition of business related to certain assets (CSS) of Communications Technology Group (CTG) from Hewlett Packard Enterprise (HPE)

On 23 May 2024, the Group signed a definitive agreement to carve-out and acquire business including certain intellectual property rights (IPs), customer relationships with global Communication Service Providers (CSPs) along with Engineering and R&D talent of Communications Technology Group (CTG) from HPE for \$225, payable in cash subject to adjustment of certain closing liabilities.

Acquisition got consummated, post-regulatory approvals, on 1 December 2024, for a purchase consideration of \$210, post adjustment of certain closing liabilities.

The purchase price of \$210 has been preliminarily allocated based on management estimates to the acquired assets and liabilities as follows:

	<u>Amount</u>
Property plant and equipment	2
Net working capital	(50)
Deferred tax liabilities on intangible assets	(2)
Intangible assets	132
Goodwill	128
<b>Total purchase consideration</b>	<b>210</b>

The resultant goodwill is primarily non-tax deductible and has been allocated to Engineering and R&D Services segment. The acquisition will enable the Group to gain a portfolio of service offerings that includes industry-leading IPs, solutions and systems integration around Business Support Systems (BSS), network applications, service cloudification and data intelligence.

The table below shows the values and lives of intangible assets recognized on acquisition which will be amortized on straight line basis:

	<u>Amount</u>	<u>Life (Years)</u>
Technology	84	10
Customer related intangibles	48	1.5 - 9
<b>Total intangible assets</b>	<b>132</b>	

The Group is in the process of making a final determination of the purchase price and fair value of assets and liabilities acquired. Finalization of such determination may result in certain adjustments to the above allocations.

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### (b) Acquisitions in the previous year

##### i) Acquisition of ASAP Group

On 12 July 2023, the Group through a wholly owned subsidiary, signed a definitive agreement to acquire 100% shareholding of ASAP Group, an automotive engineering services company, based in Germany, for consideration payable in cash. The acquisition got consummated on 31 August 2023 post regulatory approvals. The Group paid \$252 on acquisition date.

Total purchase consideration of \$252 was allocated based on fair values to the acquired assets and liabilities as follows:

	<u>Amount</u>
Property plant and equipment, net (including capital work in progress and software)	45
Right-of-use assets	25
Net working capital (including cash of \$5)	21
Borrowings	(25)
Lease liabilities	(25)
Deferred tax liabilities (net)	(19)
Intangible assets	63
Goodwill	167
<b>Total purchase consideration</b>	<u><b>252</b></u>

The resultant goodwill is non-tax deductible and has been allocated to the Engineering and R&D Services segment. The acquisition will boost Group's global leadership in engineering services by strengthening its advanced technology capabilities in the fast-growing automotive engineering services segment in Europe and other key global markets.

The table below shows the values and lives of intangible assets recognized on acquisition which will be amortized on straight line basis:

	<u>Amount</u>	<u>Life (Years)</u>
Customer related intangibles	49	1 - 10
Brand	12	5
Non-compete agreement	2	2
<b>Total intangible assets</b>	<u><b>63</b></u>	

Subsequent to the date of acquisition, during the previous year ended 31 March 2024, the Group finalised the purchase price allocation for this acquisition, which resulted in decrease in net assets by \$4 with corresponding increase in value of goodwill.

In addition to the purchase consideration, \$16 is payable to certain key employees over a three-year period, contingent upon these employees continuing to be the employees of the Group on the payment date and achievement of certain performance conditions. This amount is being accounted for as post-acquisition employee compensation expense.

**HCL Technologies Limited**

**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3. Notes to consolidated financial statements**

**3.1 Property, plant and equipment**

**The changes in the carrying value for the year ended 31 March 2025**

	Freehold land	Buildings	Plant and equipment	Office Equipment	Computers and networking equipment	Furniture and fixtures	Vehicles #	Total
<b>Gross block as at 1 April 2024</b>	11	424	259	51	846	117	25	1,733
Additions	-	1	20	4	61	18	7	111
Acquired through business combinations	-	-	-	-	2	-	-	2
Disposals/other adjustments	-	-	(6)	(1)	(50)	(5)	(6)	(68)
Divestment in subsidiaries	-	-	(3)	(1)	(9)	(3)	-	(16)
Translation exchange differences	(1)	(10)	(5)	(1)	(8)	(3)	-	(28)
<b>Gross block as at 31 March 2025</b>	10	415	265	52	842	124	26	1,734
<b>Accumulated depreciation as at 1 April 2024</b>	-	189	186	39	633	88	11	1,146
Depreciation	-	21	21	3	99	9	4	157
Disposals/other adjustments	-	-	(6)	(1)	(47)	(5)	(4)	(63)
Divestment in subsidiaries	-	-	(2)	(1)	(7)	(3)	-	(13)
Translation exchange differences	-	(4)	(9)	-	(5)	(2)	-	(20)
<b>Accumulated depreciation as at 31 March 2025</b>	-	206	190	40	673	87	11	1,207
<b>Net block as at 31 March 2025</b>	10	209	75	12	169	37	15	527
<b>Capital work in progress*</b>								7

\* During the year ended 31 March 2025, \$13 has been capitalized and transferred from capital work in progress to property, plant and equipment

# Also refer footnote 1 of note 3.10

**The changes in the carrying value for the year ended 31 March 2024**

	Freehold land	Buildings	Plant and equipment	Office Equipment	Computers and networking equipment	Furniture and fixtures	Vehicles #	Total
<b>Gross block as at 1 April 2023</b>	11	422	238	48	823	114	20	1,676
Additions	-	2	6	4	57	4	8	81
Acquired through business combinations	-	7	25	2	-	7	-	41
Disposals/other adjustments	-	-	(7)	(2)	(27)	(8)	(3)	(47)
Translation exchange differences	-	(7)	(3)	(1)	(7)	-	-	(18)
<b>Gross block as at 31 March 2024</b>	11	424	259	51	846	117	25	1,733
<b>Accumulated depreciation as at 1 April 2023</b>	-	170	173	38	546	85	10	1,022
Depreciation	-	21	21	3	119	9	4	177
Disposals/other adjustments	-	-	(5)	(2)	(25)	(7)	(3)	(42)
Translation exchange differences	-	(2)	(3)	-	(7)	1	-	(11)
<b>Accumulated depreciation as at 31 March 2024</b>	-	189	186	39	633	88	11	1,146
<b>Net block as at 31 March 2024</b>	11	235	73	12	213	29	14	587
<b>Capital work in progress*</b>								13

\* During the year ended 31 March 2024, \$5 was capitalized and transferred from capital work in progress to property, plant and equipment

# Also refer footnote 1 of note 3.10

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### 3.2 Goodwill

The following table presents the changes in the carrying value of goodwill based on identified CGUs, for the year ended 31 March 2025

	IT and Business Services	Engineering and R&D services	HCL Software	Total
<b>Opening balance as at 1 April 2024</b>	898	553	964	2,415
Acquired through business combinations (refer note 2(a))	-	128	20	148
Measurement period adjustments (refer note 2(a)(ii))	-	-	(3)	(3)
Divestment in subsidiaries	(1)	-	-	(1)
Translation exchange differences	10	(8)	(16)	(14)
<b>Closing balance as at 31 March 2025</b>	<b>907</b>	<b>673</b>	<b>965</b>	<b>2,545</b>

The following table presents the changes in the carrying value of goodwill based on identified CGUs, for the year ended 31 March 2024

	IT and Business Services	Engineering and R&D services	HCL Software	Total
<b>Opening balance as at 1 April 2023</b>	897	388	975	2,260
Acquired through business combinations (refer note 2(b)(i))	-	167	-	167
Measurement period adjustments (refer note 2(b)(i))	-	4	-	4
Translation exchange differences	1	(6)	(11)	(16)
<b>Closing balance as at 31 March 2024</b>	<b>898</b>	<b>553</b>	<b>964</b>	<b>2,415</b>

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU, which benefits 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 recognized, when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The estimated value-in-use of the CGU is based on the future cash flow forecasts for 5 years and then on perpetuity on the basis of certain assumptions which include revenue growth, earnings before interest and taxes, taxes, capital outflow and working capital requirement. 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 2025		
	IT and Business Services	Engineering and R&D services	HCL Software
Revenue growth rate (average of next 5 years) (%)	6.8	5.1	1.0
Terminal revenue growth rate (%)	2.0	2.0	(4.8)
Pre-tax discount rate (%)	13.2	14.1	17.3

	As at 31 March 2024		
	IT and Business Services	Engineering and R&D services	HCL Software
Revenue growth rate (average of next 5 years) (%)	7.8	6.0	(0.6)
Terminal revenue growth rate (%)	2.0	2.0	(4.1)
Pre-tax discount rate (%)	12.6	13.8	16.2

As at 31 March 2025 and 31 March 2024 the estimated recoverable amount of each CGU exceeded the 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 the carrying amount.

**HCL Technologies Limited**

**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.3 Other intangible assets**

**The changes in the carrying value for the year ended 31 March 2025**

	Software	Technology (including Licensed IPRs)	Customer- related intangibles	Others	Total
<b>Gross block as at 1 April 2024</b>	<b>134</b>	<b>1,065</b>	<b>980</b>	<b>37</b>	<b>2,216</b>
Additions	9	1	44	-	54
Acquired through business combinations	-	91	49	1	141
Disposals / other adjustments	-	-	(4)	(1)	(5)
Translation exchange differences	(3)	(24)	(19)	(1)	(47)
<b>Gross block as at 31 March 2025</b>	<b>140</b>	<b>1,133</b>	<b>1,050</b>	<b>36</b>	<b>2,359</b>
<b>Accumulated amortization and impairment as at 1 April 2024</b>	<b>122</b>	<b>648</b>	<b>576</b>	<b>14</b>	<b>1,360</b>
Amortization	11	106	105	7	229
Disposals / other adjustments	-	-	(4)	(1)	(5)
Translation exchange differences	(5)	(16)	(11)	-	(32)
<b>Accumulated amortization and impairment as at 31 March 2025</b>	<b>128</b>	<b>738</b>	<b>666</b>	<b>20</b>	<b>1,552</b>
<b>Net block as at 31 March 2025</b>	<b>12</b>	<b>395</b>	<b>384</b>	<b>16</b>	<b>807</b>
Estimated remaining useful life (in years)	3	1-10	1-9	1-3	

**The changes in the carrying value for the year ended 31 March 2024**

	Software	Technology (including Licensed IPRs)	Customer- related intangibles	Others	Total
<b>Gross block as at 1 April 2023</b>	<b>132</b>	<b>1,074</b>	<b>952</b>	<b>22</b>	<b>2,180</b>
Additions	3	6	4	-	13
Acquired through business combinations	2	-	49	14	65
Disposals / other adjustments	(1)	(2)	(13)	-	(16)
Translation exchange differences	(2)	(13)	(12)	1	(26)
<b>Gross block as at 31 March 2024</b>	<b>134</b>	<b>1,065</b>	<b>980</b>	<b>37</b>	<b>2,216</b>
<b>Accumulated amortization and impairment as at 1 April 2023</b>	<b>113</b>	<b>557</b>	<b>486</b>	<b>8</b>	<b>1,164</b>
Amortization	11	98	110	6	225
Disposals / other adjustments	-	-	(13)	-	(13)
Translation exchange differences	(2)	(7)	(7)	-	(16)
<b>Accumulated amortization and impairment as at 31 March 2024</b>	<b>122</b>	<b>648</b>	<b>576</b>	<b>14</b>	<b>1,360</b>
<b>Net block as at 31 March 2024</b>	<b>12</b>	<b>417</b>	<b>404</b>	<b>23</b>	<b>856</b>
Estimated remaining useful life (in years)	3	1-9	1-9	1-4	

**HCL Technologies Limited**

**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.4 Investments**

	As at	
	31 March 2025	31 March 2024
<b>Financial assets</b>		
<b>Non - current</b>		
<b>Unquoted investments</b>		
Carried at fair value through profit and loss		
Equity instruments	1	1
Investment in limited liability partnership	10	10
	<b>11</b>	<b>11</b>
<b>Current</b>		
<b>Quoted investments</b>		
Carried at fair value through other comprehensive income		
Investment in debt securities	504	419
<b>Unquoted investments</b>		
Carried at fair value through profit and loss		
Investment in mutual funds	370	426
	874	845
<b>Total investments - financial assets</b>	<b>885</b>	<b>856</b>
Aggregate amount of quoted investments	504	419
Aggregate amount of unquoted investments	381	437
Market value of quoted investments	504	419
Investment carried at fair value through other comprehensive income	504	419
Investment carried at fair value through profit and loss	381	437

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**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.5 Trade receivables**

	As at	
	31 March 2025	31 March 2024
<b>Non-Current</b>		
Unbilled receivables	120	75
	120	75
<b>Current</b>		
<b>Billed</b>		
Trade receivables (refer note below)	2,338	2,400
Loss allowance for bad and doubtful debts (refer note 3.21 (c))	(54)	(63)
	2,284	2,337
Unbilled receivables (refer note below)	739	724
	<b>3,023</b>	<b>3,061</b>

Note: Includes receivables from related parties amounting to \$ 1(31 March 2024, \$2)

**3.6 Cash and cash equivalents and other bank balances**

	As at	
	31 March 2025	31 March 2024
<b>(a) Cash and cash equivalents</b>		
Balance with banks	604	981
Deposits with original maturity of less than 3 months (including deposits with corporations and financial institutions with original maturity of less than 3 months)	339	112
Cheques in hand	-	2
Remittances in transit	19	37
Earmarked balances with banks - Unclaimed dividend	2	2
	<b>964</b>	<b>1,134</b>
Cash and cash equivalents consists of the following for the purpose of the cash flow statement:		
Cash and cash equivalents	964	1,134
Bank overdrafts (refer note 3.10)	-	(2)
	964	1,132
<b>(b) Other bank balances</b>		
Short term deposits	1,526	1,282

**HCL Technologies Limited**
**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.7 Other financial assets**

	As at	
	31 March 2025	31 March 2024
<b>Non - current</b>		
<b>Carried at amortized cost</b>		
Finance lease receivables (refer note 3.20(b))	85	61
Security deposits	16	17
Bank deposits with more than 12 months maturity	72	-
Others	45	30
	218	108
<b>Carried at fair value through other comprehensive income</b>		
Unrealized gain on derivative financial instruments (refer note 3.21(a))	40	53
	<b>258</b>	<b>161</b>
<b>Current</b>		
<b>Carried at amortized cost</b>		
Finance lease receivables (refer note 3.20(b))	57	59
Interest receivable	65	46
Security deposits	9	10
Others	32	9
	163	124
<b>Carried at fair value through other comprehensive income</b>		
Unrealized gain on derivative financial instruments (refer note 3.21(a))	13	24
<b>Carried at fair value through profit and loss</b>		
Unrealized gain on derivative financial instruments (refer note 3.21(a))	10	-
	<b>186</b>	<b>148</b>

**3.8 Other assets**

	As at	
	31 March 2025	31 March 2024
<b>Non - current</b>		
Prepaid expenses	45	33
Deferred contract cost (refer note 3.13)	128	162
Contract assets	81	27
Capital advances	2	1
Security deposits	5	4
	<b>261</b>	<b>227</b>
<b>Current</b>		
Prepaid expenses	283	218
Deferred contract cost (refer note 3.13)	88	109
Contract assets	90	108
Advances to suppliers	13	12
Security deposits	9	7
Advances to employees	8	5
Others	54	50
	<b>545</b>	<b>509</b>



## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### 3.9 Equity share capital

	As at	
	31 March 2025	31 March 2024
<b>Authorized</b> 3,017,000,000 (31 March 2024, 3,017,000,000) equity shares of INR 2 each	79	79
<b>Issued, subscribed and fully paid up</b> 2,713,665,096 (31 March 2024, 2,713,665,096) equity shares of INR 2 each	72	72

#### Terms / rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 2/-. 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.

#### Reconciliation of the number of shares outstanding

	As at			
	31 March 2025		31 March 2024	
	No. of shares	\$ Millions	No. of shares	\$ Millions
Number of shares at the beginning	2,713,665,096	72	2,713,665,096	72
Number of shares at the end	2,713,665,096	72	2,713,665,096	72

The Company does not have any holding / ultimate holding company.

#### Reconciliation of the number of treasury shares held by controlled trust

	As at	
	31 March 2025	31 March 2024
	No. of shares	No. of shares
Number of shares at the beginning	5,674,579	6,300,153
Add: Acquisition of shares by the Trust	4,516,000	-
Less: Issue of treasury shares to employees on exercise of RSUs	(5,436,476)	(625,574)
Number of shares at the end	4,754,103	5,674,579

#### 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 has been declaring quarterly dividend for last 22 years. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements have been generally met through operating cash flows generated. The Group has also taken borrowings to meet local funding requirements in certain foreign subsidiaries.

#### Restricted Stock Unit Plans ("RSU Plans" or "Plans")

The Company has instituted RSU plans for employees of the Company and its subsidiaries which are administered by the Nomination and Remuneration Committee (NRC) of the Company through a controlled Trust. The restricted stock units (RSU) granted under the plan entitles the holder to one equity share of the Company at an exercise price, which is approved by the Nomination and Remuneration Committee.

Subsequent to the grants, for the purpose of implementation of the plans, the trust acquires the necessary shares from the secondary market.

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

The company has two substantially similar types of RSU plans and summary of the general terms of grants under respective plans are as below:

	RSU Plan 2021	RSU Plan 2024
Effective date	November 2021	July 2024
Maximum number of RSUs under the plan	11,100,000	8,460,000
Method of settlement (cash / equity)	Equity	Equity
Vesting period (maximum)	5 years	5 years
Exercise price at par	₹ 2	₹ 2
Exercise period from the date of vesting (maximum)	6 months	6 months

The details of activity under the plan has been summarized below:-

	Year ended			
	31 March 2025		31 March 2024	
	No. of RSUs	Weighted average exercise price (₹)	No. of RSUs	Weighted average exercise price (₹)
Outstanding at the beginning of the year	6,920,967	2	7,753,568	2
Add: Granted during the year	4,724,516	2	312,335	2
Less: Forfeited during the year	(559,946)	-	(516,328)	-
Less: Exercised during the year (including pending allotment)	(5,763,771)	2	(625,574)	2
Less: Expired during the year	(62,162)	-	(3,034)	-
RSUs outstanding at the end of the year	5,259,604	2	6,920,967	2
RSUs exercisable at the end of the year	145,630	2	5,253,882	2

The weighted average share price of RSUs exercised during the year was ₹1,552 (31 March 2024, ₹1,162)

Total number of RSUs outstanding include 1,257,655 (31 March 2024, 842,404) performance based RSUs, including those linked to relative performance parameters against select industry peers given to certain senior employees. Number of shares expected to vest will be based on actual performance for each of the performance parameters. All other RSUs will vest if the employee continues to be in service on the roles of the Company or its subsidiaries on the vesting date.

Outstanding performance based RSUs includes 100,924 (31 March 2024, 57,730) RSUs granted for which performance targets will be finalized and communicated in subsequent years. Cost for these RSUs will be accounted from date of finalization of performance targets.

The details of exercise price for RSUs outstanding is as below:

	Exercise price (₹)	Number of RSUs outstanding	Weighted average remaining contractual life of RSUs (in years)
As at 31 March 2025	2	5,259,604	2.0
As at 31 March 2024	2	6,920,967	0.6

The fair value of the awards 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. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk-free rate of interest. Expected volatility during the term of the RSUs is based on historical volatility of the observed market prices of the Company's publicly traded equity shares during a period equivalent to the expected term of the RSUs. Expected volatility of the selected industry peers have been modelled based on historical movements in the market prices of their publicly traded equity shares during a period equivalent to the expected term of the RSUs. Correlation coefficient is calculated between each peer entity based on the historical weekly share prices of the companies.

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

The fair value of each equity-settled award granted during the year is estimated on the date of grant using the following assumptions:

	Year ended	
	31 March 2025	31 March 2024
Weighted average fair value (₹)	1,368	1,069
Weighted average share price (₹)	1,522	1,214
Exercise Price (₹)	2	2
Expected Volatility (%)	21.6 - 24.2	22.7 - 29.3
Life of the RSUs granted (vesting and exercise period) in years	1.3 - 3.7	1.3 - 4.5
Expected dividends (%)	2.8 - 3.5	3.9 - 4.4
Average risk-free interest rate (%)	6.5 - 7.1	6.8 - 7.1

The expected life of the RSU is estimated based on the vesting term and contractual term of the RSU, as well as expected exercise behaviour of the employee who receives the RSU.

For the years ended 31 March 2025 and 2024, share based payments expense related to the RSU plan recognized in the statement of profit and loss is as follows:

	Year ended	
	31 March 2025	31 March 2024
Cost of revenues	8	12
Selling, general and administrative expenses	18	26
	<b>26</b>	<b>38</b>

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.10 Borrowings**

	Non-current		Current	
	As at		As at	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
<b>Long term borrowings</b>				
<b>Secured</b>				
Term loans from banks (refer note 1 and 2 below)	7	14	7	8
<b>Unsecured</b>				
Senior notes (refer note 3 below)	-	251	252	-
Term loans from banks (refer note 4 and 5 below)	1	2	1	3
	<b>8</b>	<b>267</b>	<b>260</b>	<b>11</b>
Less: current maturities of long term borrowings	-	-	(260)	(11)
	<b>8</b>	<b>267</b>	<b>-</b>	<b>-</b>
<b>Short term borrowings</b>				
<b>Unsecured</b>				
Bank overdraft (refer note 6 below)	-	-	-	2
Short term loan from banks (refer note 7 below)	-	-	-	-
Current maturities of long term borrowings	-	-	260	11
	<b>-</b>	<b>-</b>	<b>260</b>	<b>13</b>

**Note:**

1. The Group has term loans of \$3 (31 March 2024, \$6) secured against gross block of vehicles of \$11 (31 March 2024, \$15) at interest rates ranging from 7.50% p.a. to 9.15% p.a. (31 March 2024, 7.50% p.a. to 9.15% p.a.). The loans are repayable over a period of 3 to 5 years on a monthly basis.

2. The Group has term loans of \$11 (31 March 2024, \$16) secured against assets of certain subsidiaries at interest rates ranging from 0.7% p.a. to 2.6% p.a. The loans are repayable till June 2031 on monthly / quarterly basis.

3. On 10 March 2021, the Group issued unsecured senior notes of USD 500 (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. 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.

On 21 February 2023, the Group bought back USD 248 million senior notes (carried at USD 246 million, net of issue expenses and discount) for USD 225 million.

4. Unsecured long term loans as at 31 March 2024 of \$1 borrowed from banks at interest rates ranging from 9.10% p.a. to 9.15% p.a. was repaid during the year.

5. The Group has unsecured term loans of \$2 (31 March 2024, \$4) at interest rates ranging from 0.70% p.a. to 2.90% p.a. The loans are repayable till December 2027 on monthly/quarterly basis.

6. Represents bank overdrafts required for management of working capital at interest rate of 5.0% p.a. to 6.19% was repaid during the year.

7. Represents unsecured term loan of \$0.3 required for management of working capital at interest rate of 7.10% p.a. which is repaid in April 2025.

**HCL Technologies Limited**

**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.11 Other financial liabilities**

	As at	
	31 March 2025	31 March 2024
<b>Non - current</b>		
<b>Carried at amortized cost</b>		
Employee bonuses accrued	11	5
Capital accounts payables	11	24
Others	24	52
	46	81
<b>Carried at fair value through profit and loss</b>		
Others	8	7
	8	7
	<b>54</b>	<b>88</b>
<b>Current</b>		
<b>Carried at amortized cost</b>		
Accrued salaries and benefits		
Employee bonuses accrued	454	391
Other employee costs	234	204
Liabilities towards customer contracts	58	26
Capital accounts payables	53	41
Others	20	13
	819	675
<b>Carried at fair value through profit and loss</b>		
Unrealized loss on derivative financial instruments (refer note 3.21(a))	1	1
Contingent consideration	-	6
	1	7
	<b>820</b>	<b>682</b>

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.12 Provisions and other liabilities**

	As at	
	31 March 2025	31 March 2024
<b>(a) Provisions</b>		
<b>Non-current</b>		
Provision for employee benefits		
Provision for gratuity (refer note 3.23)	111	93
Provision for pension (refer note 3.23)	17	14
Provision for leave benefits	97	86
	<b>225</b>	<b>193</b>
<b>Current</b>		
Provision for employee benefits		
Provision for gratuity (refer note 3.23)	27	23
Provision for pension (refer note 3.23)	1	1
Provision for leave benefits	122	111
Other provisions	24	25
	<b>174</b>	<b>160</b>
<b>(b) Other liabilities</b>		
<b>Non - current</b>		
Other deposits	8	7
	<b>8</b>	<b>7</b>
<b>Current</b>		
Advances received from customers	24	19
Withholding and other statutory dues	241	242
Others	2	2
	<b>267</b>	<b>263</b>

**3.13 Revenues**

The disaggregated revenue from contracts with the customers by nature of services is as follows:

	Year ended	
	31 March 2025	31 March 2024
Sale of services	13,559	13,023
Sale of hardware and software	281	247
	<b>13,840</b>	<b>13,270</b>

Revenue disaggregation as per geography has been included in segment information (refer note 3.22).

**Remaining performance obligations**

Remaining performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). As at 31 March 2025, the aggregate amount of transaction price allocated to remaining performance obligation as per the requirements of IFRS 15 was \$ 15,664 (31 March 2024, \$16,110) out of which, approximately 41% (31 March 2024, 40%) is expected to be recognized as revenues within one year and the balance beyond one year. These amounts are not adjusted for variable consideration allocated to remaining performance obligation, which are not probable. These amounts also exclude contracts for which we recognize revenues based on the right to invoice for services performed and contracts where consideration is in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

**Contract balances**

Contract assets: Out of \$171 contract assets as on 31 March 2025, \$ 27 pertains to the period prior to 31 March 2024 and the balance pertains to current year.

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

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

	Year ended	
	31 March 2025	31 March 2024
Balance as at beginning of the year	624	572
Additional amounts billed but not recognized as revenue	404	442
Deduction on account of revenues recognized during the year	(396)	(388)
Acquired through business combinations	36	4
Translation exchange differences	1	(6)
<b>Balance as at end of the year</b>	<b>669</b>	<b>624</b>

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

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

	Year ended	
	31 March 2025	31 March 2024
Balance as at beginning of the year	271	304
Additional cost capitalised during the year	76	81
Deduction on account of cost amortised during the year	(127)	(113)
Divestment in subsidiaries	(4)	-
Translation exchange differences	-	(1)
<b>Balance as at end of the year</b>	<b>216</b>	<b>271</b>

**3.14 Expenses**

Expenses are recognised when incurred and have been classified according to their primary functions. The below table discloses the expenses by nature:

	Year ended	
	31 March 2025	31 March 2024
Employee benefits expense	7,894	7,544
Outsourcing costs	1,793	1,760
Cost of hardware and softwares sold	240	217
Travel and conveyance	182	159
Software subscription fee	150	121
Communication costs	69	69
Repair and maintenance	90	94
Legal and professional charges	85	75
Recruitment, training and development	41	36
Expenditure toward corporate social responsibility activities	33	32
Power and fuel	42	43
Insurance	14	14
Rent	12	8
Rates and taxes	21	20
Provision for doubtful debts / bad debts written off (net)	2	14
Other expenses	158	143
<b>Total cost of revenues, research and development expenses, selling, general and administrative expenses</b>	<b>10,826</b>	<b>10,349</b>

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.15 Other income (expenses), net**

	Year ended	
	31 March 2025	31 March 2024
Interest income		
- On debt securities	35	27
- On bank and other deposits	139	118
- On others	11	8
Income on investments carried at fair value through profit and loss		
- Unrealized gains (loss) on fair value changes on mutual funds	1	1
- Profit on sale of mutual funds	23	20
- Unrealized (loss) on fair value changes on equity instruments	(1)	(2)
Profit on sale of property, plant and equipments (net)	1	1
Exchange differences (net)	(4)	-
Gain on divestment in subsidiaries	69	-
Miscellaneous income	6	7
	<b>280</b>	<b>180</b>

**3.16 Finance costs**

	Year ended	
	31 March 2025	31 March 2024
Interest on lease liabilities	25	18
Interest on direct taxes	8	6
Other interest costs and bank charges	43	43
	<b>76</b>	<b>67</b>



## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### 3.17 Income taxes

	Year ended	
	31 March 2025	31 March 2024
<b>Income tax charged to statement of profit and loss</b>		
Current income tax charge	610	558
Deferred tax charge	83	76
	<b>693</b>	<b>634</b>
<b>Income tax charged to other comprehensive income</b>		
Expense (benefit) on re-measurements of defined benefit plans	(2)	1
Expense (benefit) on revaluation of cash flow hedges	(2)	13
Expense (benefit) on unrealized gain (loss) on debt instruments	1	-
	<b>(3)</b>	<b>14</b>

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

	As at	
	31 March 2025	31 March 2024
Profit before tax	2,735	2,531
Statutory tax rate in India	34.94 %	34.94 %
<b>Expected income tax expense</b>	956	884
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense</b>		
Non-taxable export income	(186)	(212)
Provision (reversal) due to change in tax position and impact of prior period	(14)	(5)
Differences between Indian and foreign tax rates	(79)	(64)
Others (net)	16	31
<b>Total income tax expense</b>	<b>693</b>	<b>634</b>
Effective income tax rate	25.34 %	25.07 %

In India, the company has benefited from certain tax incentives that the Government of India has provided for the units situated in Special Economic Zones (SEZs) under the Special Economic Zone Act, 2005, which began providing services on or after 1 April 2005. The eligible units are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the year of commencement of operations and 50% of such profits and gains for the next five years. Certain tax benefits are also available for a further period of five years subject to meeting reinvestment conditions. The aforesaid tax benefits will not be available to units having commenced the operations after 31 March 2021.

The Company and its subsidiaries in India are subject to Minimum Alternate Tax (MAT) on its book profits if normal tax liability is lower than MAT, which gives rise to future economic benefits in the form of adjustment of future income tax liability. MAT paid for a year can be set-off against the normal tax liability within fifteen subsequent years, expiring between the years 2025 to 2039.

In India, Corporate taxpayers can opt for a specified lower tax rate in lieu of current applicable tax rate subject to taxpayers not claiming any specified tax incentives including tax incentives available to special economic zone units and carryover of unutilized MAT credit ('new tax regime'). The Company will opt for new tax regime in the year new tax regime is beneficial to the Company.

The tax returns are subject to examination by the tax authorities in the jurisdictions where the Group conducts business. The Group's two major tax jurisdictions are India and USA. Tax examination is open in USA for tax years beginning 1 April 2017 onwards and for India, regular tax examination is open for tax years beginning 1 April, 2022 and certain matters relating to prior years for which the tax assessment has already got concluded are subject to ongoing litigations, appeals and reassessment proceedings. The Company has significant inter-company transactions with its subsidiaries including in USA and UK. The Company has also filed for bilateral advance pricing agreements in certain jurisdictions starting from 1 April 2017 for some of which the resolutions have been reached during the year and accounted for in the consolidated financial statements. For certain jurisdictions, the resolution is yet to be reached. Resolution of these matters involves some degree of uncertainty; accordingly, the Group recognizes income tax liability that it believes will ultimately result from the proceedings.

**HCL Technologies Limited**
**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

## Components of deferred tax assets and liabilities as on 31 March 2025

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Acquisitions / Divestment	Recognized directly in equity against tax liability	Exchange difference	Closing balance
<b>Deferred tax assets</b>							
Business losses	6	(1)	-	3	-	(1)	7
MAT credit entitlement	134	(124)	-	(8)	-	(2)	-
Provision for doubtful debts	15	(3)	-	-	-	-	12
Accrued employee costs	132	18	2	(1)	-	(1)	150
Property, plant and equipment	4	(1)	-	-	-	-	3
Lease liabilities	71	(2)	-	(1)	-	(2)	66
Employee stock compensation	23	(8)	-	-	(6)	-	9
Others	62	16	-	-	-	-	78
<b>Gross deferred tax assets (A)</b>	<b>447</b>	<b>(105)</b>	<b>2</b>	<b>(7)</b>	<b>(6)</b>	<b>(6)</b>	<b>325</b>
<b>Deferred tax liabilities</b>							
Property, plant and equipment	12	(6)	-	-	-	-	6
Unrealized gain on derivative financial instruments	15	-	(1)	-	-	-	14
Intangibles and goodwill	293	(14)	-	3	-	(4)	278
Right-of-use assets	69	(6)	-	(1)	-	(1)	61
Others	27	3	1	-	-	(1)	30
<b>Gross deferred tax liabilities (B)</b>	<b>416</b>	<b>(23)</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>(6)</b>	<b>389</b>
<b>Net deferred tax liabilities (A-B)</b>	<b>31</b>	<b>(82)</b>	<b>2</b>	<b>(9)</b>	<b>(6)</b>	<b>-</b>	<b>(64)</b>

## Components of deferred tax assets and liabilities as on 31 March 2024

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Acquisitions	Recognized directly in equity against tax liability	Exchange difference	Closing balance
<b>Deferred tax assets</b>							
Business losses	7	(1)	-	-	-	-	6
MAT credit entitlement	255	(118)	-	-	-	(3)	134
Provision for doubtful debts	16	-	-	-	-	(1)	15
Accrued employee costs	126	9	(1)	-	-	(2)	132
Property, plant and equipment	4	-	-	-	-	-	4
Lease liabilities	60	12	-	-	-	(1)	71
Employee stock compensation	10	5	-	-	8	-	23
Others	54	6	-	-	-	2	62
<b>Gross deferred tax assets (A)</b>	<b>532</b>	<b>(87)</b>	<b>(1)</b>	<b>-</b>	<b>8</b>	<b>(5)</b>	<b>447</b>
<b>Deferred tax liabilities</b>							
Property, plant and equipment	22	(10)	-	-	-	-	12
Unrealized gain on derivative financial instruments	2	-	13	-	-	-	15
Intangibles and goodwill	298	(20)	-	18	-	(3)	293
Right-of-use assets	52	17	-	-	-	-	69
Others	26	2	-	-	-	(1)	27
<b>Gross deferred tax liabilities (B)</b>	<b>400</b>	<b>(11)</b>	<b>13</b>	<b>18</b>	<b>-</b>	<b>(4)</b>	<b>416</b>
<b>Net deferred tax assets (A-B)</b>	<b>132</b>	<b>(76)</b>	<b>(14)</b>	<b>(18)</b>	<b>8</b>	<b>(1)</b>	<b>31</b>

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

The Company's subsidiaries have recognized deferred tax assets on carry forward business losses which can be utilized against profits within the limit and carryover period permitted under laws of respective jurisdictions.

Deferred tax assets primarily related to carried forward losses and other temporary differences for certain subsidiaries amounting to \$9 (31 March 2024, \$12) was not recognized as per applicable accounting standards. These tax losses can be carried forward for an indefinite period except for tax losses amounting to \$4 (31 March 2024, \$5) which will expire by 31 March 2033 (previous year, 31 March 2032).

Above tables represent the Gross deferred tax assets and liabilities. Amounts of deferred tax assets and liabilities presented in consolidated balance sheet have been offset, wherever the Group has legally enforceable right and it is related to same taxable authority.

Undistributed earnings of the subsidiaries aggregate approximately \$3,662 (31 March 2024, \$3,414). The Group has the intent to reinvest the undistributed foreign earnings indefinitely in its significant overseas operations or repatriate only to the extent these can be distributed in a tax free manner. Consequently, the Company did not record a deferred tax liability on the undistributed earnings except for certain subsidiaries where the undistributed earnings are estimated to be in excess of the expected reinvestment needs.

The Organisation for Economic Co-operation and Development (OECD) has published the model rules for global minimum tax (Pillar Two model rules). Pillar Two legislation has been enacted, or substantively enacted, in certain jurisdictions where the Group operates. The Group is within the scope of the OECD Pillar Two model rules and has evaluated the potential exposure to global minimum tax. The Group does not expect any material financial impact for the current period. The evaluation of the potential exposure is based on the most recent country-by-country reporting, and financial statements for the constituent entities in the Group.

### 3.18 Earnings Per Equity Share

The computation of earnings per equity share is as follows:

	Year ended	
	31 March 2025	31 March 2024
Profit for the year attributable to owners of the Company	2,041	1,896
Weighted average number of equity shares outstanding in calculating basic EPS	2,710,595,926	2,707,840,239
Dilutive effect of Restricted Stock Units outstanding	2,608,333	6,025,296
Weighted average number of equity shares outstanding in calculating diluted EPS	2,713,204,259	2,713,865,535
Nominal value of equity shares (in ₹)	2	2
Earnings per equity share (in USD)		
- Basic	0.75	0.70
- Diluted	0.75	0.70

**HCL Technologies Limited**
**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.19 Components of other comprehensive income attributable to owners of the Company**

	Year ended	
	31 March 2025	31 March 2024
<b><u>A. Items that will not be reclassified subsequently to statement of profit and loss</u></b>		
<b>Remeasurement of defined benefit plans</b>		
Opening balance (net of tax)	25	23
Actuarial gains (losses)	-	4
Income tax expense	2	(1)
Translation exchange differences	(1)	(1)
Closing balance (net of tax)	26	25
<b><u>B. Items that will be reclassified subsequently to statement of profit and loss</u></b>		
<b>Foreign currency translation reserve</b>		
Opening balance	(462)	(390)
Foreign currency translation gains (losses)	(97)	(72)
Net loss reclassified into statement of profit and loss on divestment in subsidiaries	10	-
Closing balance	(549)	(462)
<b>Cash flow hedging reserve</b>		
Opening balance (net of tax)	60	10
Unrealized gains (losses)	(2)	76
Net gain reclassified into statement of profit and loss on occurrence of hedged transactions	(16)	(13)
Income tax benefit	2	(13)
Translation exchange differences	(2)	-
Closing balance (net of tax)	42	60
<b>Unrealized gain on debt instruments</b>		
Opening balance (net of tax)	-	-
Unrealized losses	2	-
Income tax benefit	(1)	-
Closing balance (net of tax)	1	-
<b>TOTAL (B)</b>	<b>(506)</b>	<b>(402)</b>

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### 3.20 Leases

##### (a) Group as a lessee

The Group's significant leasing arrangements are in respect of leases for office spaces, leasehold land and IT equipments.

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

	Leasehold land	Buildings	Computers and networking equipment	Total
<b>Balance as at 1 April 2023</b>	39	194	51	284
Depreciation	-	(78)	(23)	(101)
Additions	-	115	41	156
Acquired through business combinations	-	23	-	23
Derecognition	-	(5)	(6)	(11)
Translation exchange differences	(1)	-	(1)	(2)
<b>Balance as at 31 March 2024</b>	38	249	62	349
<b>Balance as at 1 April 2024</b>	38	249	62	349
Depreciation	(1)	(75)	(21)	(97)
Additions	-	97	139	236
Divestment in subsidiaries	-	(6)	-	(6)
Derecognition	-	(22)	(105)	(127)
Translation exchange differences	-	(3)	1	(2)
<b>Balance as at 31 March 2025</b>	37	240	76	353

The reconciliation of lease liabilities is as follows:

	Year ended	
	31 March 2025	31 March 2024
<b>Balance as at beginning of the year</b>	412	308
Additions	235	209
Amounts recognized in statement of profit and loss as interest expense	25	18
Payment of lease liabilities	(171)	(139)
Acquired through business combinations	-	23
Divestment in subsidiaries	(8)	-
Derecognition	(24)	(6)
Translation exchange differences	(2)	(1)
<b>Balance as at end of the year</b>	<b>467</b>	<b>412</b>

The lease rental expense relating to short-term leases recognized in the statement of profit and loss for the year amounted to \$12 (previous year, \$8).

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### 3.20 Leases (continued)

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities:

	As at	
	31 March 2025	31 March 2024
Within one year	180	150
One to two years	133	111
Two to three years	96	83
Three to five years	80	87
Thereafter	37	35
<b>Total lease payments</b>	<b>526</b>	<b>466</b>
Imputed interest	(59)	(54)
<b>Total lease liabilities</b>	<b>467</b>	<b>412</b>

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.

Lease liability excludes extension options, as Group can replace these assets without significant cost or business disruption. As at 31 March 2025, undiscounted potential future cash outflows of \$208 (31 March 2024, \$174) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

#### (b) Group as a lessor

The Group has given IT equipments to its customers on a finance lease basis. The future lease receivables in respect of assets given on finance lease are as follows:

	As at	
	31 March 2025	31 March 2024
<b>Total minimum lease payments receivable</b>		
Not later than one year	64	62
Later than one year and not later than 5 years	91	65
	155	127
Interest included in minimum lease payments receivable	(13)	(7)
<b>Present value of minimum lease payments receivable</b>	<b>142</b>	<b>120</b>

#### 3.21 Financial instruments

##### (a) Derivatives

The Group is exposed to foreign currency fluctuations on assets / liabilities and forecasted cash flows denominated in foreign currency. The use of derivatives to hedge the risk is governed by the Group's strategy, which provides principles on the use of such forward contracts and currency options consistent with the Group's risk management policy. The Group determines hedge ratio based on prevailing market conditions, availability and liquidity of hedging instruments, and hedge ineffectiveness. The counterparties in these derivative instruments are banks and the Group considers the risks of non-performance by the counterparties as insignificant. The Group has entered into a series of foreign exchange forward contracts and options that are designated as cash flow hedges and the related forecasted transactions extend through March 2030. The Group does not use these derivative instruments for speculative purposes.

**HCL Technologies Limited**

**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.21 Financial instruments (continued)**

The following table presents the aggregate notional principal amounts of the outstanding derivative instruments which have been designated as cash flow hedges:

Foreign exchange forward denominated in	Notional Currency	Notional principal amounts (amount in millions)	Balance sheet exposure Asset (Liability)
<b>31 March 2025</b>			
<b>Forward contracts (Sell covers)</b>			
USD / INR	USD	1,830	24
GBP / INR	GBP	120	(1)
EUR / INR	EUR	233	10
CHF / INR	CHF	39	1
SEK / INR	SEK	863	1
AUD / INR	AUD	71	5
NOK / INR	NOK	110	-
CAD / INR	CAD	21	1
JPY / INR	JPY	6,337	10
SGD / INR	SGD	68	2
<b>Range Forward (Sell covers)</b>			
USD / INR	USD	12	-
GBP / INR	GBP	2	-
EUR / INR	EUR	3	-
			<b>53</b>

Foreign exchange forward denominated in	Notional Currency	Notional principal amounts (amount in millions)	Balance sheet exposure Asset (Liability)
<b>31 March 2024</b>			
<b>Forward contracts (Sell covers)</b>			
USD / INR	USD	2,406	36
GBP / INR	GBP	121	1
EUR / INR	EUR	228	10
CHF / INR	CHF	53	2
SEK / INR	SEK	1,105	7
AUD / INR	AUD	59	5
NOK / INR	NOK	165	1
CAD / INR	CAD	33	1
JPY / INR	JPY	5,962	9
SGD / INR	SGD	59	2
<b>Range Forward (Sell covers)</b>			
USD / INR	USD	243	1
GBP / INR	GBP	30	-
EUR / INR	EUR	60	2
			<b>77</b>

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

The Group has entered into derivative instruments not designated as hedging relationship by way of foreign exchange forwards contracts and currency options. As at 31 March, 2025 and 2024, the notional principal amount of outstanding contracts aggregated to \$1,019 and \$878, respectively and the respective balance sheet exposure of these contracts have a net gain of \$9 and a net loss of \$1.

The notional amount is a key element of derivative financial instrument agreements. However, notional amounts do not represent the amount exchanged by counterparties and do not measure the Group's exposure to credit risk as these contracts are settled at their fair values at the maturity date.

The balance sheet exposure denotes the fair values of these contracts at the reporting date and is presented in \$ millions. The Group presents its foreign exchange derivative instruments on a net basis in the consolidated financial statements due to the right of offset by its individual counterparties under master netting agreements.

The fair value of the derivative instruments presented on a gross basis as at each date indicated below is as follows:

	As at 31 March 2025				
	Financial assets		Financial liabilities		Total fair value
	Current	Non current	Current	Non current	
<b>Derivatives designated as hedging instruments</b>					
Foreign exchange contracts in an asset position	17	42	4	2	65
Foreign exchange contracts in a liability position	(4)	(2)	(4)	(2)	(12)
Net asset (liability)	13	40	-	-	53
<b>Derivatives not designated as hedging instruments</b>					
Foreign exchange contracts in an asset position	11	-	1	-	12
Foreign exchange contracts in a liability position	(1)	-	(2)	-	(3)
Net asset (liability)	10	-	(1)	-	9
<b>Total Derivatives at fair value</b>	<b>23</b>	<b>40</b>	<b>(1)</b>	<b>-</b>	<b>62</b>

The fair value of the derivative instruments presented on a gross basis as at each date indicated below is as follows:

	As at 31 March 2024				
	Financial assets		Financial liabilities		Total fair value
	Current	Non current	Current	Non current	
<b>Derivatives designated as hedging instruments</b>					
Foreign exchange contracts in an asset position	25	54	1	1	81
Foreign exchange contracts in a liability position	(1)	(1)	(1)	(1)	(4)
Net asset (liability)	24	53	-	-	77
<b>Derivatives not designated as hedging instruments</b>					
Foreign exchange contracts in an asset position	2	-	2	-	4
Foreign exchange contracts in a liability position	(2)	-	(3)	-	(5)
Net asset (liability)	-	-	(1)	-	(1)
<b>Total Derivatives at fair value</b>	<b>24</b>	<b>53</b>	<b>(1)</b>	<b>-</b>	<b>76</b>



## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

The following tables set forth the fair value of derivative instruments included in the consolidated balance sheets as at each date indicated:

	As at	
	31 March 2025	31 March 2024
<b>Derivatives designated as hedging instruments</b>		
Unrealized gain on financial instruments classified under current financial assets	13	24
Unrealized gain on financial instruments classified under non-current financial assets	40	53
Unrealized loss on financial instruments classified under current financial liabilities	-	-
Unrealized loss on financial instruments classified under non-current financial liabilities	-	-
	53	77
<b>Derivatives not designated as hedging instruments</b>		
Unrealized gain on financial instruments classified under current financial assets	10	-
Unrealized loss on financial instruments classified under current financial liabilities	(1)	(1)
	9	(1)

The following table summarizes the activities in the statement of profit and loss and other comprehensive income:

	Year ended	
	31 March 2025	31 March 2024
<b>Derivatives in hedging relationships</b>		
Effective portion of gain or (loss) recognized in OCI on derivatives	(2)	76
Effective portion of gain reclassified from OCI into statement of profit and loss as "exchange differences"	(16)	(13)
<b>Derivatives not in hedging relationships</b>		
Gain or (loss) recognized into statement of profit and loss as "exchange differences"	(20)	1

The following table summarizes the activity in 'Other comprehensive income' related to all derivatives classified as cash flow hedges:

	Year ended	
	31 March 2025	31 March 2024
Gain as at the beginning of the year	76	13
Unrealized gain (loss) on cash flow hedging derivatives during the year	(2)	76
Net gain reclassified into statement of profit and loss on occurrence of hedged transactions	(16)	(13)
Translation exchange differences	(2)	-
Gain as at the end of the year	56	76
Deferred tax liability	(14)	(16)
Cash flow hedging reserve (net of tax)	42	60

The estimated net amount of existing gain that is expected to be reclassified into the statement of profit and loss within the next twelve months is \$15 (previous year, \$23).

**HCL Technologies Limited**
**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**(b) Financial assets and liabilities**

The carrying value of financial instruments by categories is as follows:

	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Total carrying value
<b>As at 31 March 2025</b>				
<b>Financial assets</b>				
Investments	381	504	-	885
Trade receivables (including unbilled)	-	-	3,143	3,143
Cash and cash equivalents	-	-	964	964
Other bank balances	-	-	1,526	1,526
Inter corporate deposits	-	-	183	183
Other financial assets	10	53	381	444
<b>Total</b>	<b>391</b>	<b>557</b>	<b>6,197</b>	<b>7,145</b>
<b>Financial liabilities</b>				
Borrowings	-	-	268	268
Lease liabilities	-	-	467	467
Trade payables (including unbilled and accruals)	-	-	728	728
Other financial liabilities	9	-	865	874
<b>Total</b>	<b>9</b>	<b>-</b>	<b>2,328</b>	<b>2,337</b>

	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Total carrying value
<b>As at 31 March 2024</b>				
<b>Financial assets</b>				
Investments	437	419	-	856
Trade receivables (including unbilled)	-	-	3,136	3,136
Cash and cash equivalents	-	-	1,134	1,134
Other bank balances	-	-	1,282	1,282
Inter corporate deposits	-	-	129	129
Other financial assets	-	77	232	309
<b>Total</b>	<b>437</b>	<b>496</b>	<b>5,913</b>	<b>6,846</b>
<b>Financial liabilities</b>				
Borrowings	-	-	280	280
Lease liabilities	-	-	412	412
Trade payables (including unbilled and accruals)	-	-	702	702
Other financial liabilities	14	-	756	770
<b>Total</b>	<b>14</b>	<b>-</b>	<b>2,150</b>	<b>2,164</b>

**Transfer of financial assets**

The Group in the normal course of business sells certain trade receivables and finance lease receivables to banks. Under the terms of arrangements, the Group surrenders control over these assets and transfer is on a non-recourse basis.

During the year ended 31 March 2025 and 2024, the Group has sold certain receivables on non-recourse basis. Gains or losses on the sales are recorded at the time of transfers of these receivables and are immaterial.

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.21 Financial instruments (continued)****Fair value hierarchy**

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

	Fair Value	Level 1 inputs	Level 2 inputs	Level 3 inputs
<b>As at 31 March 2025</b>				
<b>Assets</b>				
Investments carried at fair value through profit and loss	381	370	-	11
Investments carried at fair value through other comprehensive income	504	-	504	-
Unrealized gain on derivative financial instruments	63	-	63	-
<b>Liabilities</b>				
Unrealized loss on derivative financial instruments	1	-	1	-
Other financial liabilities	8	-	-	8

	Fair Value	Level 1 inputs	Level 2 inputs	Level 3 inputs
<b>As at 31 March 2024</b>				
<b>Assets</b>				
Investments carried at fair value through profit and loss	437	426	-	11
Investments carried at fair value through other comprehensive income	419	-	419	-
Unrealized gain on derivative financial instruments	77	-	77	-
<b>Liabilities</b>				
Unrealized loss on derivative financial instruments	1	-	1	-
Contingent consideration	6	-	-	6
Other financial liabilities	7	-	-	7

There have been no transfers between Level 1 and Level 2 during the current and previous year.

**Valuation Methodologies**

**Investments:** The Group's investments consist of investment in debt linked mutual funds which are determined using quoted prices or identical quoted prices of assets or liabilities in active markets and are classified as Level 1. Fair value of corporate debt securities is determined using observable markets' inputs and is classified as Level 2.

Investments in unquoted equity shares and limited liability partnerships are classified as fair value through profit and loss and are classified as Level 3. The re-measurement is calculated using unobservable inputs based on the Group's own assessment of third party valuations and respective company's financial performance.

**Derivative financial instruments:** The Group's derivative financial instruments consist of foreign currency forward exchange contracts and options. Fair values for derivative financial instruments are based on counter party quotations and are classified as Level 2.

**Fair value of contingent consideration:** The fair value measurement of contingent consideration is determined using Level 3 inputs. The Group contingent consideration represents a component of the total purchase consideration for its various acquisitions. The measurement is calculated using unobservable inputs based on the Group's own assessment of achievement of certain performance goals.

Fair value of consideration payable for "other financial liabilities" is determined using Monte Carlo and Geometric Brownian model. The fair value measurement is determined using Level 3 Inputs.

The Group assessed that fair value of cash and cash equivalents, short-term deposits, trade receivables, unbilled receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### 3.21 Financial instruments (continued)

The following table discloses reconciliation of financial assets and liabilities categorised within Level 3 of the fair value hierarchy:

	Investment in unquoted equity shares and limited liability partnerships	Contingent consideration	Other financial liabilities
<b>Balance as at 1 April 2023</b>	<b>14</b>	<b>6</b>	<b>12</b>
Recognized in statement of profit and loss	(2)	-	(3)
Additional investments	1	-	-
Proceeds from sale of equity instruments	(2)	-	-
Translation exchange differences	-	-	(2)
<b>Balance as at 31 March 2024</b>	<b>11</b>	<b>6</b>	<b>7</b>
<b>Balance as at 1 April 2024</b>	<b>11</b>	<b>6</b>	<b>7</b>
Recognized in statement of profit and loss	(1)	-	-
Payment of liability	-	(6)	-
Additional investments	1	-	-
Distribution from limited liability partnership	(1)	-	-
Translation exchange differences	1	-	1
<b>Balance as at 31 March 2025</b>	<b>11</b>	<b>-</b>	<b>8</b>

#### (c) Financial risk management

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

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

##### Market risk

Market risk is the risk that the fair value or 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 Group 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 Group's exposure to the risk of changes in exchange rates relates primarily to the Group's operations in foreign subsidiaries.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign currency forecasted revenue and cash flows. A significant portion of the Group revenue is in US Dollar, Pound Sterling (GBP) and Euro while a large portion of costs are in Indian rupees. The fluctuation in exchange rates in respect to India rupee may have potential impact on the statement of profit and loss and other comprehensive income and equity.

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

Appreciation / depreciation of 5% in respective foreign currencies with respect to functional currency of the Company and its subsidiaries would result in increase / decrease in the Group's profit before tax by approximately \$76 (31 March 2024, \$69) for the year ended 31 March 2025.

The rate sensitivity is calculated by aggregation of the net foreign exchange exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 5% against the respective functional currencies of the Company and its subsidiaries. The sensitivity analysis presented above may not be representative of the actual change.

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.21 Financial instruments (continued)**

Non-derivative foreign currency exposure in major currencies is as below:

	Financial assets		Financial liabilities	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
USD/ INR	1,334	869	261	107
GBP/ INR	108	80	29	7
EUR/ INR	60	152	8	18

**(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 Group'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 Group to concentration of credit risk consist principally of cash and bank balances, inter corporate deposits, trade receivables, finance lease receivables, investment securities and derivative instruments. The cash resources of the Group are invested with mutual funds, 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 non-performance by counterparties.

The customers of the Group 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 Group 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 Group also outsourced selected client related credit risks to financial markets through "Non-recourse assignment" of receivables.

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

	Year ended	
	31 March 2025	31 March 2024
Balance at the beginning of the year	63	57
Additional provision during the year	29	36
Deductions on account of write offs and collections	(36)	(31)
Translation exchange differences	(2)	1
Balance at the end of the year	54	63

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Group is capital preservation and liquidity in preference to returns. The Group 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.

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.21 Financial instruments (continued)**

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

	<b>Year 1 (Current)</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4-5 and thereafter</b>	<b>Total</b>
<b>As at 31 March 2025</b>					
Borrowings	264	4	2	2	272
Lease liabilities	180	133	96	117	526
Trade payables (including unbilled and accruals)	728	-	-	-	728
Derivative financial liabilities	1	-	-	-	1
Other financial liabilities	819	32	7	20	878
<b>Total</b>	<b>1,992</b>	<b>169</b>	<b>105</b>	<b>139</b>	<b>2,405</b>
<b>As at 31 March 2024</b>					
Borrowings	15	263	5	4	287
Lease liabilities	150	111	83	122	466
Trade payables (including unbilled and accruals)	702	-	-	-	702
Derivative financial liabilities	1	-	-	-	1
Other financial liabilities	681	42	31	21	775
<b>Total</b>	<b>1,549</b>	<b>416</b>	<b>119</b>	<b>147</b>	<b>2,231</b>

**Offsetting of financial instruments**

Under cash pooling arrangements with banks outside India, the contractual terms of arrangements preclude individual bank accounts within the arrangement from being considered separate units of account. Accordingly, the balances of all such bank accounts subject to the arrangements are presented on net basis. The impact of such netting on bank balances and bank overdraft is \$13 (31 March 2024, \$8).

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### 3.22 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 group has organized itself into the following segments:

**IT and Business Services** provide a comprehensive portfolio of IT & Business Services (Application, Infrastructure and Digital Process Operations) and Digital transformation services enabled by Digital and Analytics, IoTWORKS, Cloud native and Cybersecurity solutions including products developed within these businesses.

**Engineering and R&D Services** provides comprehensive engineering services and solutions across software, embedded, mechanical, VLSI and platform engineering that support the end to end lifecycle of products – both hardware and software across diverse industries including products developed within this business.

**HCL Software** provides modernized software products and IP-led offerings to our global clients for their technology and industry specific requirements.

#### Segment accounting policies

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

##### a) Segment revenue and expenses

Segment revenue is directly attributable to the segment and segment expenses have been allocated to various segments on the basis of specific identification and wherever allocable, are apportioned to the segment on an appropriate basis. Segment revenue does not include other income (expenses), net. Segment expenses do not include finance cost and tax expense. Inter segment revenue primarily relates to software and related services sourced internally from HCL Software segment by other segments for providing services to end customers.

##### 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.

**HCL Technologies Limited**
**Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.22 Segment Reporting (continued)**

Financial information about the business segments is as follows:

	Year ended	
	31 March 2025	31 March 2024
<b>Revenue from operations from external customers</b>		
IT and Business Services	10,221	9,802
Engineering and R&D services	2,241	2,132
HCL Software	1,378	1,336
<b>Total</b>	<b>13,840</b>	<b>13,270</b>
<b>Inter-segment revenue</b>		
IT and Business Services	-	-
Engineering and R&D services	-	-
HCL Software	46	46
<b>Total</b>	<b>46</b>	<b>46</b>
<b>Segment revenues</b>		
IT and Business Services	10,221	9,802
Engineering and R&D services	2,241	2,132
HCL Software	1,424	1,382
Inter-segment elimination	(46)	(46)
<b>Total</b>	<b>13,840</b>	<b>13,270</b>
<b>Segment results</b>		
IT and Business Services	1,749	1,665
Engineering and R&D services	404	413
HCL Software	378	340
<b>Total</b>	<b>2,531</b>	<b>2,418</b>
Finance cost	(76)	(67)
Other income	280	180
<b>Profit before tax</b>	<b>2,735</b>	<b>2,531</b>
Tax expense	(693)	(634)
<b>Profit for the year</b>	<b>2,042</b>	<b>1,897</b>
<b>Significant non-cash items</b>		
Depreciation and amortization expense	483	503

Effective 1 April 2024, services related to certain software products, previously under HCL Software, are now managed by IT and Business Services and Engineering and R&D Services segments. Revenues and results have been reported under respective segments, with prior period figures restated. The impact of this change is immaterial for the segments.



**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.22 Segment Reporting (continued)**

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

	Year ended	
	31 March 2025	31 March 2024
United States of America (USA)	8,040	7,659
Europe	3,693	3,533
India*	434	461
Rest of the world	1,673	1,617
	<b>13,840</b>	<b>13,270</b>

\* includes revenue billed to India based captive of global customers

No single customer represents 10% or more of the Group's total revenue for the years ended 31 March 2025 and 2024, respectively.

Group operates out of various geographies and USA & Europe constitute major portion of revenue. In case of IT and Business Services and Engineering and R&D services, approximately 59% and 58% of revenues are generated in USA, Europe generates around 27% and 26% revenue and balance is generated by other geographies during year ended 31 March 2025 and 2024 respectively. HCL Software segment generates approximately 52% and 52% revenue from USA, 28% and 28% from Europe and balance geographies generates rest of revenue during the year ended 31 March 2025 and 2024 respectively.

Geographical non-current assets (property, plant and equipment, capital work in progress, right-of-use assets, goodwill, other intangible assets and other non-current assets) are allocated based on the location of the assets.

Geographical non-current assets based on the location of the assets is as follows:

	As at	
	31 March 2025	31 March 2024
India	1,935	2,006
United States of America (USA)	1,165	1,167
Europe	1,103	1,006
Rest of the world	297	268
	<b>4,500</b>	<b>4,447</b>

**3.23 Employee benefits**

The Group has calculated the various benefits provided to employees as shown below:

**(a) Defined contribution plans and state plans**

## Superannuation Fund

Employer's contribution to Employee Pension Scheme

During the year, the Company and its subsidiaries in India have recognized the following amounts in the statement of profit and loss:

	Year ended	
	31 March 2025	31 March 2024
Superannuation Fund	2	2
Employer's contribution to Employee's Pension Scheme	20	21
<b>Total</b>	<b>22</b>	<b>23</b>

The Group has contributed \$140 (previous year, \$129) towards other defined contribution plans of subsidiaries outside India.

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.23 Employee benefits (continued)****(b) Defined benefit plans**

- a) Gratuity
- b) Pension
- c) Employer's contribution to provident fund

**Gratuity**

The following table sets out the status of the gratuity plan:

**Statement of profit and loss**

	Year ended	
	31 March 2025	31 March 2024
Current service cost	27	23
Interest cost (net)	7	6
<b>Net benefit expense</b>	<b>34</b>	<b>29</b>

**Balance Sheet**

	As at	
	31 March 2025	31 March 2024
Defined benefit obligations	140	118
Fair value of plan assets	2	2
<b>Net plan liability</b>	<b>138</b>	<b>116</b>
Current defined benefit obligations	27	23
Non-current defined benefit obligations	111	93

Changes in present value of the defined benefit obligations are as follows:

	Year ended	
	31 March 2025	31 March 2024
Opening defined benefit obligations	118	103
Current service cost	27	23
Interest cost	7	6
Re-measurement (gains) losses in OCI		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	(3)
Experience adjustments	(1)	(1)
Business combinations	1	-
Benefits paid	(9)	(8)
Translation exchange differences	(3)	(2)
<b>Closing defined benefit obligations</b>	<b>140</b>	<b>118</b>

Changes in fair value of the plan assets are as follows:

	Year ended	
	31 March 2025	31 March 2024
Opening fair value of plan assets	2	2
Interest income	-	-
Contributions	8	8
Re-measurement gains (losses) in OCI	-	-
Benefits paid	(8)	(8)
Translation exchange differences	-	-
<b>Closing fair value of plan assets</b>	<b>2</b>	<b>2</b>

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### 3.23 Employee benefits (continued)

The principal assumptions used in determining gratuity for the Group's plans are shown below:

	As at	
	31 March 2025	31 March 2024
Discount rate	6.70 %	7.20 %
Estimated rate of salary increases	5.50 %	6.00 %
Expected rate of return on assets	6.70 %	7.20 %

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Inherent risk exists for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

Discount rate and future salary escalation rate are the key actuarial assumptions to which the defined benefit obligation are particularly sensitive. The following table summarizes the impact on defined benefit obligation as at 31 March 2025 arising due to increase / decrease in key actuarial assumptions by 50 basis points:

	Discount rate		Salary escalation rate	
	As at		As at	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Impact of increase	(4)	(3)	4	3
Impact of decrease	4	3	(3)	(3)

The sensitivity analysis presented may not be representative of the actual change in the defined benefit obligations as sensitivities have been calculated to show the movement in defined benefit obligations in isolation and assuming there are no other changes in market conditions. There have been no changes from the previous years in the methods and assumptions used in preparing the sensitivity analyses.

The defined benefit obligations are expected to mature after 31 March 2025 as follows:

Year ending 31 March,	Cash flows
- 2026	22
- 2027	28
- 2028	31
- 2029	33
-2030	34
- Thereafter	410

The weighted average duration for the payment of these cash flows is 5.57 years.

#### Retirement benefit pension plans

The following table sets out the status of the plan:

#### Statement of profit and loss

	Year ended	
	31 March 2025	31 March 2024
Current service cost (including interest)	1	1
<b>Net benefit expense</b>	<b>1</b>	<b>1</b>

#### Balance Sheet

	As at	
	31 March 2025	31 March 2024
Defined benefit obligations	18	15
Fair value of plan assets	-	-
<b>Net plan liability</b>	<b>18</b>	<b>15</b>
Current defined benefit obligations	1	1
Non-current defined benefit obligations	17	14

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.23 Employee benefits (continued)**

Changes in present value of the retirement benefit pension plans are as follows:

	Year ended	
	31 March 2025	31 March 2024
Opening defined benefit obligations	15	14
Current service cost (including interest)	1	1
Re-measurement (gains) losses in OCI		
Actuarial changes arising from changes in financial assumptions	-	-
Experience adjustments	-	-
Business combinations	2	-
Benefits paid	(1)	-
Translation exchange differences	1	-
<b>Closing defined benefit obligations</b>	<b>18</b>	<b>15</b>

The principal assumptions used in determining retirement benefit pension plans obligation are shown below:

	As at	
	31 March 2025	31 March 2024
Discount rate	3.39%	3.33%
Estimated rate of salary increases	2.50%	2.50%

The defined benefit obligations are expected to mature after 31 March 2025 as follows:

Year ending 31 March,	Cash flows
-2026	1
-2027	1
-2028	1
-2029	1
-2030	1
- Upto 10 years	8

**Employers Contribution to Provident Fund**

The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India based on the assumption mentioned below.

The details of the fund and plan asset position are given below:-

	31 March 2025	31 March 2024
Fair value of plan assets at the year end	1,042	903
Present value of benefit obligation at year end	1,042	903
<b>Net liability recognized in balance sheet</b>	<b>-</b>	<b>-</b>

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

	31 March 2025	31 March 2024
Government of India (GOI) bond yield	6.70%	7.20%
Remaining term of maturity	7.51 years	7.21 years
Expected guaranteed interest rate	8.25%	8.25%

During the year ended 31 March 2025, the Group has contributed \$65 (previous year, \$60) towards employer's contribution to provident fund.

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.24 Related party transactions****(a) Related parties where control exists**

List of subsidiaries as at 31 March 2025 and 31 March 2024 is as below:

S. No.	Name of the Subsidiaries	Country of Incorporation	Percentage holding as at	
			31 March 2025	31 March 2024
Direct subsidiaries				
1	HCL Comnet Systems & Services Limited	India	100%	100%
2	HCL Bermuda Limited	Bermuda	100%	100%
3	HCL Technologies (Shanghai) Limited	China	100%	100%
4	HCL Singapore Pte. Limited	Singapore	100%	100%
5	HCL Training & Staffing Services Private Limited	India	100%	100%
6	Geometric Americas, Inc.	USA	100%	100%
7	HCL Asia Pacific Pte. Ltd.	Singapore	100%	100%
8	Geometric Europe GmbH	Germany	100%	100%
9	Sankalp Semiconductor Private Limited	India	100%	100%
10	H C L Technologies Lanka (Private) Limited	Sri Lanka	100%	100%
11	HCL Technologies Jigani Limited !	India	-	100%
12	HCL Technologies Holding UK Limited	UK	100%	100%
Step down subsidiaries of direct subsidiaries				
13	HCL Great Britain Limited	UK	100%	100%
14	HCL Australia Services Pty. Limited	Australia	100%	100%
15	HCL (New Zealand) Limited	New Zealand	100%	100%
16	HCL Hong Kong SAR Limited	Hong Kong	100%	100%
17	HCL Japan Limited	Japan	100%	100%
18	HCL America Inc.	USA	100%	100%
19	HCL Technologies Austria GmbH	Austria	100%	100%
20	HCL Software Products Limited	India	100%	100%
21	HCL Poland Sp.z.o.o	Poland	100%	100%
22	HCL EAS Limited	UK	100%	100%
23	HCL Insurance BPO Services Limited	UK	100%	100%
24	Axon Group Limited	UK	100%	100%
25	HCL Canada Inc.	Canada	100%	100%
26	HCL Technologies Solutions GmbH	Switzerland	100%	100%
27	Axon Solutions Limited	UK	100%	100%
28	HCL Technologies Malaysia Sdn. Bhd.	Malaysia	100%	100%
29	HCL Axon Solutions (Shanghai) Co. Limited	China	100%	100%
30	HCL Technologies (Proprietary) Ltd %	South Africa	48.16%	48.16%
31	HCL Argentina s.a.	Argentina	100%	100%
32	HCL Technologies Mexico S.De.R.L.De.C.V	Mexico	100%	100%
33	HCL Technologies Romania s.r.l.	Romania	100%	100%
34	HCL Technologies Startschema Kft.	Hungary	100%	100%
35	HCL Latin America Holding LLC	USA	100%	100%
36	HCL (Brazil) Tecnologia da Informacao LTDA	Brazil	100%	100%
37	HCL Technologies Denmark Aps	Denmark	100%	100%
38	HCL Technologies Norway AS	Norway	100%	100%
39	PT. HCL Technologies Indonesia Limited	Indonesia	100%	100%
40	HCL Technologies Philippines Inc.	Philippines	100%	100%
41	HCL Technologies South Africa (Proprietary) Limited %	South Africa	36.40%	36.40%
42	HCL Arabia LLC	Saudi Arabia	100%	100%

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.24 Related party transactions****(a) Related parties where control exists**

List of subsidiaries as at 31 March 2025 and 31 March 2024 is as below:

S. No.	Name of the Subsidiaries	Country of Incorporation	Percentage holding as at	
			31 March 2025	31 March 2024
43	HCL Technologies France SAS	France	100%	100%
44	Filial Espanola De HCL Technologies S.L	Spain	100%	100%
45	Anzospan Investments Pty Limited %	South Africa	70%	70%
46	HCL Investments (UK) Limited	UK	100%	100%
47	Statestreet HCL Holding UK Limited **	UK	-	100%
48	Statestreet HCL Services (Philippines) Inc. **	Philippines	-	100%
49	Statestreet HCL Services (India) Private Limited **	India	-	100%
50	HCL America Solutions Inc.	USA	100%	100%
51	HCL Technologies Chile Spa	Chile	100%	100%
52	HCL Technologies UK Limited	UK	100%	100%
53	HCL Technologies B.V.	Netherlands	100%	100%
54	HCL (Ireland) Information Systems Limited	Ireland	100%	100%
55	HCL Technologies Germany GmbH	Germany	100%	100%
56	HCL Technologies Belgium BV	Belgium	100%	100%
57	HCL Technologies Sweden AB	Sweden	100%	100%
58	HCL Technologies Finland Oy	Finland	100%	100%
59	HCL Technologies Italy S.P.A	Italy	100%	100%
60	HCL Technologies Columbia S.A.S	Columbia	100%	100%
61	HCL Technologies Middle East FZ-LLC	UAE	100%	100%
62	HCL Istanbul Bilisim Teknolojileri Limited Sirketi	Turkey	100%	100%
63	HCL Technologies Greece Single Member P.C	Greece	100%	100%
64	HCL Technologies S.A.	Venezuela	100%	100%
65	HCL Technologies (Beijing) Co., Ltd	China	100%	100%
66	HCL Technologies Luxembourg S.a r.l	Luxembourg	100%	100%
67	HCL Technologies Egypt Limited	Egypt	100%	100%
68	HCL Technologies Estonia OÜ	Estonia	100%	100%
69	HCL Technologies (Thailand) Ltd.	Thailand	100%	100%
70	HCL Technologies Czech Republic s.r.o.	Czech Republic	100%	100%
71	HCL Muscat Technology LLC	Oman	100%	100%
72	HCL Technologies Lithuania UAB	Lithuania	100%	100%
73	HCL Technologies (Taiwan) Ltd.	China	100%	100%
74	Geometric China, Inc.	China	100%	100%
75	Butler America Aerospace LLC	USA	100%	100%
76	HCL Lending Solutions, LLC	USA	100%	100%
77	Datawave (An HCL Technologies Company) Limited !	Scotland	-	100%
78	HCL Technologies Corporate Services Limited	UK	100%	100%
79	C3i Support Services Private Limited	India	100%	100%
80	C3i Europe Eood	Bulgaria	100%	100%
81	C3i Japan GK	Japan	100%	100%
82	C3i Services & Technologies (Dalian) Co., Ltd	China	100%	100%
83	Action Corporation	USA	100%	100%
84	Action Australia Pty. Ltd.	Australia	100%	100%
85	Action Europe Limited	UK	100%	100%
86	Action France SAS	France	100%	100%
87	Action Germany GmbH	Germany	100%	100%
88	Action International, Inc.	USA	100%	100%

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.24 Related party transactions****(a) Related parties where control exists**

List of subsidiaries as at 31 March 2025 and 31 March 2024 is as below:

S. No.	Name of the Subsidiaries	Country of Incorporation	Percentage holding as at	
			31 March 2025	31 March 2024
89	Actian Technology Private Limited	India	100%	100%
90	Versant GmbH	Germany	100%	100%
91	Versant India Private Limited \$	India	-	100%
92	HCL Technologies Vietnam Company Limited	Vietnam	100%	100%
93	HCL Guatemala, Sociedad Anonima	Guatemala	100%	100%
94	Sankgij Semiconductor Private Limited \$	India	-	100%
95	Sankalp Semiconductor Inc.	Canada	100%	100%
96	Sankalp Semiconductor GmbH. !	Germany	-	100%
97	HCL Technologies Trinidad And Tobago Limited	Trinidad and Tobago	100%	100%
98	HCL Technologies Azerbaijan Limited Liability Company	Azerbaijan	100%	100%
99	HCL Technologies Bulgaria EOOD	Bulgaria	100%	100%
100	HCL Vietnam Company Limited	Vietnam	100%	100%
101	HCL Technologies Angola (SU), LDA	Angola	100%	100%
102	DWS Pty Limited	Australia	100%	100%
103	DWS (New Zealand) Ltd	New Zealand	100%	100%
104	Phoenix IT & T Consulting Pty Ltd	Australia	100%	100%
105	Wallis Nominees (Computing) Pty Ltd	Australia	100%	100%
106	DWS (NSW) Pty Ltd	Australia	100%	100%
107	Symplicit Pty Ltd	Australia	100%	100%
108	Projects Assured Pty Ltd	Australia	100%	100%
109	DWS Product Solutions Pty Ltd !	Australia	-	100%
110	Graeme V Jones & Associates Pty Ltd !	Australia	-	100%
111	Strategic Data Management Pty Ltd !	Australia	-	100%
112	SDM Sales Pty Ltd !	Australia	-	100%
113	HCL Technologies S.A.C.	Peru	100%	100%
114	HCL Technologies Costa Rica Sociedad De Responsabilidad Limitada	Costa Rica	100%	100%
115	HCL Technologies gbs GmbH	Germany	51%	51%
116	HCL Technologies Slovakia s. r. o.	Slovakia	100%	100%
117	HCL Technologies Bahrain W.L.L	Bahrain	100%	100%
118	HCL Technologies Morocco Limited	Morocco	100%	100%
119	Starschema Inc	USA	100%	100%
120	HCL Technologies Swizterland AG (Formerly " Confinale AG")	Switzerland	100%	100%
121	Confinale (Deutschland) GmbH	Germany	100%	100%
122	Confinale (UK) Limited	UK	100%	100%
123	Quest Informatics Private Limited	India	100%	100%
124	ASAP Holding GmbH	Germany	100%	100%
125	ASAP Engineering GmbH	Germany	100%	100%
126	ASAP Engineering GmbH, Gaimersheim	Germany	100%	100%
127	ASAP Engineering GmbH, Russelsheim	Germany	100%	100%
128	ASAP Electronics GmbH	Germany	100%	100%
129	ASAP Engineering GmbH, Weyhausen	Germany	100%	100%
130	ASAP Engineering GmbH, Friedrichshafen	Germany	100%	100%
131	ASAP Quality Consulting GmbH	Germany	100%	100%
132	FIDUS Personal GmbH	Germany	100%	100%

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.24 Related party transactions****(a) Related parties where control exists**

List of subsidiaries as at 31 March 2025 and 31 March 2024 is as below:

S. No.	Name of the Subsidiaries	Country of Incorporation	Percentage holding as at	
			31 March 2025	31 March 2024
133	Sigl Bordnetz Design GmbH *	Germany	-	100%
134	Dicturus Grundstücksverwaltungsgesellschaft GmbH & Co. Vermie	Germany	94%	94%
135	Zeenea Inc # !	USA	-	-
136	Zeenea SAS #	France	100%	-
137	Zeenea Benelux #	Belgium	100%	-
138	HCL Technologies Sdn Bhd ^	Brunei	100%	-
139	HCLTech Public Sector Solutions Inc. ^	USA	100%	-

^ Incorporated during the year

# Acquired during the year

! Closed during the year

\* Merged during the year

\$ Amalgamated during the year

% The Group has majority composition of board of directors and management control.

\*\* Sold during the year

**Employee benefit trusts incorporated in India**

Hindustan Instruments Limited Employees Provident Fund Trust

HCL Consulting Limited Employees Superannuation Scheme

HCL Comnet System and Services Limited Employees Provident Fund Trust

HCL Technologies Employees Group Gratuity Trust

HCL Technologies Stock Options Trust

C3i Support Services Employees Gratuity Trust

Sankalp Semiconductor Private Limited Employees Group Gratuity Trust



## HCL Technologies Limited

### Notes to consolidated financial statements for the year ended 31 March 2025

(All amounts in millions of USD, except share data and as stated otherwise)

#### 3.24 Related party transactions (continued)

##### (b) Related parties with whom transactions have taken place

###### Key Management Personnel

Mr. C. Vijayakumar – Chief Executive Officer and Managing director

Mr. Shiv Walia – Chief Financial Officer (appointed Chief Financial Officer w.e.f. 6 September 2024)

Mr. Manish Anand – Company Secretary

Mr. Prateek Aggarwal – Chief Financial Officer (ceased to be Chief Financial Officer w.e.f. 6 September 2024)

###### Non-Executive & Independent Directors

Mr. Thomas Sieber

Ms. Nishi Vasudeva

Mr. Deepak Kapoor

Mr. Simon England

Ms. Vanitha Narayanan

Ms. Bhavani Balasubramanian

Ms. Lee Fang Chew (appointed director w.e.f. 24 April 2024)

Mr. R. Srinivasan (ceased to be director w.e.f. close of business hours of 5 August 2024)

Ms. Robin Abrams (ceased to be director w.e.f. close of business hours of 5 August 2024)

Dr. Sosale S. Sastry (ceased to be director w.e.f. close of business hours of 5 August 2024)

Mr. S. Madhavan (ceased to be director w.e.f. close of business hours of 5 August 2024)

Dr. Mohan Chellappa (ceased to be director w.e.f. close of business hours of 5 August 2024)

###### Non-Executive & Non-Independent Directors

Ms. Roshni Nadar Malhotra, Chairperson

Mr. Shikhar Malhotra

###### Others (Significant influence)

HCL Infotech Limited

HCL Avas Private Limited

Vama Sundari Investments (Delhi) Private Limited

HCL Corporation Private Limited

Naksha Enterprises Private Limited

Kiran Nadar Museum of Art\*

Mr. Raj Kumar Walia

Shiv Nadar Institution of Eminence deemed to be University\*

Mr. Shiv Nadar

Ms. Kiran Nadar

HCL IT City Lucknow Private Limited

HCL Infosystems Limited

HCL Holdings Private Limited

Guvi Geek Network Private Limited

Shiv Nadar Foundation\*

\* Public Charitable Trusts in which Mr. Shiv Nadar or his family members are managing trustees.

3.24 Related party transactions (continued)

Transactions with related parties during the normal course of business	Significant influence	
	Year ended	
	31 March 2025	31 March 2024
Revenue from operations	4	3
Interest income	-	-
Employee benefits expense	11	10
Payment for use of facilities	-	-
Interim dividend	1,172	1,029
Purchase of vehicle	-	-
Depreciation charge on right-of-use assets	5	4
Interest expense on the lease liability	1	1
Other expenses	-	-

Material related party transactions	Year ended	
	31 March 2025	31 March 2024
Interim dividend paid		
Vama Sundari Investments (Delhi) Private Limited	850	747
HCL Holdings Private Limited	317	278

Transactions with Key Managerial personnel during the year (on accrual basis)	Year ended	
	31 March 2025	31 March 2024
Compensation		
- Short-term employee benefits	4	4
- Other long-term employee benefits	7	5
Interim dividend	1	-

Other long term employee benefits include expense of \$4 (previous year, \$4) recorded by the Group on account of share-based payments.

Above does not include post-employment benefits based on actuarial valuation as this is done for the company as a whole.

Transactions with Directors during the year	Year ended	
	31 March 2025	31 March 2024
Commission & other benefits to Directors (includes sitting fees)	1	2

Outstanding balances	Significant influence	
	As at	
	31 March 2025	31 March 2024
Trade receivables, other financial assets and other assets	4	4
Trade payables and other financial liabilities	4	4
Employee and other payables	5	4
Lease liabilities	20	17

All transactions entered by the Group with related parties are at arm's length and in ordinary course of business.

**HCL Technologies Limited****Notes to consolidated financial statements for the year ended 31 March 2025**

(All amounts in millions of USD, except share data and as stated otherwise)

**3.25 Commitments and contingent liabilities**

	As at	
	31 March 2025	31 March 2024
<b>i) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	31	39
<b>ii) Contingent liabilities</b>		
Others	40	41
	<b>71</b>	<b>80</b>

## Notes :

(a) The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Group towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be notified. The Group will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are notified.

(b) The Group 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 Group records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Group 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 Group 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, consolidated financial position, results of the Group, or cash flows with respect to loss contingencies for legal and other contingencies as at 31 March 2025.

(c) A wholly owned subsidiary ('WOS') of the Company, having a VSAT License, had received a demand from Department of Telecommunications (DoT) in February 2015 for FY 2011-12 and FY 2013-14 for an amount of \$16 (₹ 133 crores), including penalty, interest and interest on penalty. In July 2021, the WOS has received a revised demand for an amount of \$40 (₹ 346 crores) after updating interest up to July 2021. Demand is primarily due to DoT including IT Services revenues and related exchange gains in Adjusted Gross Revenue (AGR). In March 2022, the WOS received a favourable judgement from TDSAT setting aside the demand raised by DoT.

In August 2023, DoT has filed an appeal against the order passed by TDSAT in the Hon'ble Supreme Court. Appeal, including condonation of delay in filing the appeal, is yet to be admitted by Hon'ble Supreme Court. Subsequent to this appeal, the WOS has obtained a legal opinion and is of the view that it should be able to defend its position in the above matter

**3.26 Subsequent events**

The Board of Directors at its meeting held on 22 April 2025 has declared an interim dividend of ₹ 18 per share.