B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Report

To the Board of Directors of HCL America Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL America Inc. (the "Company"), which comprise the Balance Sheet as at 31 March 2024, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information (collectively referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing opinion on whether the company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter-Restriction on Use

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

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

Rakesh Dewan
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Date: 2024.06.28 23:52:33 +05'30'

Rakesh Dewan
Partner
Membership No. 092212
ICAI UDIN: 24092212BKFAFF4004

Place: Gurugram, India
Date: 28 June 2024

HCL America Inc.

FINANCIAL STATEMENTS
For the year ended 31 March 2024 and 2023

HCL America Inc.

Balance Sheet

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

	Note no.	As at 31 March 2024	As at 31 March 2023 [restated (refer note 2)]
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3.1	37	52
(b) Capital work in progress	3.3	10	2
(c) Right-of-use assets	3.27	60	51
(d) Goodwill	3.2	362	362
(e) Other intangible assets	3.4	58	75
(f) Financial assets			
(i) Investments	3.5	288	297
(ii) Trade receivables- unbilled	3.6	3	33
(iii) Loans	3.7	8	49
(iv) Others	3.8	12	13
(g) Deferred tax assets (net)	3.25	62	48
(h) Other non-current assets	3.9	56	49
Total non-current assets		**956**	**1,031**
(2) Current assets			
(a) Inventories	3.10	2	3
(b) Financial assets			
(i) Trade receivables			
Billed	3.6	931	958
Unbilled	3.6	210	188
(ii) Cash and cash equivalents	3.11(a)	101	136
(iii) Other bank balances	3.11(b)	345	90
(iv) Loans	3.7	57	50
(v) Others	3.8	28	44
(c) Current tax assets (net)		12	-
(d) Other current assets	3.12	160	140
Total current assets		**1,846**	**1,609**
TOTAL ASSETS		**2,802**	**2,640**
II. EQUITY			
(a) Equity share capital	3.13	7	7
(b) Other equity		1,548	1,415
TOTAL EQUITY		**1,555**	**1,422**

HCL America Inc.

Balance Sheet

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

	Note No.	As at 31 March 2024	As at 31 March 2023 [restated (refer note 2)]
III. LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	3.14	263	263
(ii) Lease liabilities	3.27	63	43
(iii) Others	3.15	37	59
(b) Contract liabilities		28	14
(c) Provisions	3.16	16	13
Total non-current liabilities		**407**	**392**
(2) Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	3.27	29	24
(ii) Trade payables			
Billed	3.17	196	172
Unbilled and accruals	3.17	249	274
(iii) Others	3.15	248	184
(b) Other current liabilities	3.18	17	70
(c) Contract liabilities		83	66
(d) Provisions	3.16	18	17
(e) Current tax liabilities (net)		-	19
Total current liabilities		**840**	**826**
TOTAL LIABILITIES		**1,247**	**1,218**
TOTAL EQUITY AND LIABILITIES		**2,802**	**2,640**
Material accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Rakesh Dewan
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Date: 2024.06.28 23:49:09 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 28 June 2024

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

VIJAYA KUMAR CHINNASWAMY
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Date: 2024.06.28 20:46:59 +05'30'

C. Vijayakumar
Director

New Jersey, USA
Date: 28 June 2024

PRATEEK AGGARWAL
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Prateek Aggarwal
Director

Noida(UP), India
Date: 28 June 2024

HCL America Inc.
Statement of Profit and Loss
(All amounts in USD millions, except share data and as stated otherwise)

	Note No.	Year ended 31 March 2024	31 March 2023 [restated (refer note 2)]
I. Revenue			
Revenue from operations	3.19	3,979	3,720
Other income	3.20	30	64
Total income		**4,009**	**3,784**
II. Expenses			
Purchase of stock-in-trade		79	72
Changes in inventories of stock-in-trade	3.21	-	1
Employee benefits expense	3.22	2,220	1,901
Outsourcing costs		1,290	1,365
Finance costs	3.23	21	15
Depreciation and amortisation expense	3.1,3.4 & 3.27	61	69
Other expenses	3.24	160	150
Total expenses		**3,831**	**3,573**
III. Profit before tax		**178**	**211**
IV. Tax expense	3.25		
Current tax		57	64
Deferred tax (credit)		(10)	(13)
Total tax expense		**47**	**51**
V. Profit for the year		**131**	**160**
VI. Other comprehensive income		-	-
VII. Total comprehensive income for the year		**131**	**160**
Earnings per equity share of par value USD 1 each	3.26		
Basic		17.53	21.41
Diluted		17.53	21.41
Material accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Rakesh Dewan
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Date: 2024.06.28 23:49:38 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 28 June 2024

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

VIJAYA KUMAR CHINNASWAMY
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C. Vijayakumar
Director

New Jersey, USA
Date: 28 June 2024

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Prateek Aggarwal
Director

Noida(UP), India
Date: 28 June 2024

HCL America Inc.
Statement of Changes in Equity
(All amounts in USD millions, except share data and as stated otherwise)

	Equity share capital		Other equity					
			Reserves and Surplus					
	Number of Shares	Share capital	Retained earnings	Common control transaction capital reserve	General reserve	Securities premium	Total other equity	Total equity
Balance as at 1 April 2022	7,474,410	7	1,018	-	30	262	1,310	1,317
Add: On account on business combination (refer note 2)	-	-	-	(55)	-	-	(55)	(55)
Balance as at 1 April 2022 [restated (refer note 2]	**7,474,410**	**7**	**1,018**	**(55)**	**30**	**262**	**1,255**	**1,262**
Add: Profit for the year (as reported in previous year)	-	-	148	-	-	-	148	148
Add: Profit for the year (on account on business combination (refer Note 3.35)	-	-	12	-	-	-	12	12
Total comprehensive income for the year	-	-	160	-	-	-	160	160
Balance as at 31 March 2023	**7,474,410**	**7**	**1,178**	**(55)**	**30**	**262**	**1,415**	**1,422**
Balance as at 1 April 2023	7,474,410	7	1,178	(55)	30	262	1,415	1,422
Profit for the year	-	-	131	-	-	-	131	131
Total comprehensive income for the year	-	-	131	-	-	-	131	131
Share based payment to employees	-	-	-	-	-	(2)	(2)	(2)
Excess tax benefit for share based payments	-	-	4	-	-	-	4	4
Balance as at 31 March 2024	**7,474,410**	**7**	**1,313**	**(55)**	**30**	**260**	**1,548**	**1,555**

Refer Note 1 for Material accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Rakesh Dewan
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Date: 2024.06.28 23:49:55 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 28 June 2024

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

VIJAYA KUMAR CHINNASWAMY
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C. Vijayakumar
Director

New Jersey, USA
Date: 28 June 2024

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Date: 2024.06.28 21:04:22 +05'30'

Prateek Aggarwal
Director

Noida(UP), India
Date: 28 June 2024

HCL America Inc.

Statement of Cash Flows

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

	Year ended	
	31 March 2024	**31 March 2023**
		[restated (refer note 2)]
A. Cash flows from operating activities		
Profit before tax	178	211
Adjustments for:		
Depreciation and amortization expense	61	69
Interest income	(25)	(18)
Dividend income from subsidiaries	-	(13)
Provision for doubtful debts/bad debts written off (net)	4	(5)
Interest expense	20	14
Gain on buy back of senior notes	-	(21)
Impairment of investment in subsidiaries	9	-
	247	**237**
Net change in		
Trade receivables	31	(178)
Inventories	1	1
Other financial assets and other assets	27	21
Trade payables	(1)	(75)
Provisions, other financial liabilities, contract liabilities and other liabilities	43	82
Cash generated from operations	**348**	**88**
Income taxes paid (net of refunds)	(88)	(19)
Net cash flow from operating activities (A)	**260**	**69**
B. Cash flows from investing activities		
Proceeds from loans extended to group companies	-	42
Loans extended to group companies	7	(31)
Purchase of property, plant and equipment, capital work in progress and other intangibles	(19)	(24)
Proceeds from sale of property, plant and equipment	3	3
Investments in bank deposits	(255)	(90)
Dividend received from subsidiaries	-	13
Interest received	11	17
Net cash flow used in investing activities (B)	**(253)**	**(70)**

HCL America Inc.

Statement of Cash Flows

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

	Year ended	
	31 March 2024	**31 March 2023 [restated (refer note 2)]**
C. Cash flows from financing activities		
Proceeds from borrowings taken from group companies	-	12
Repayment of long term borrowings	-	(225)
Interest paid	(14)	(10)
Payment of lease liabilities including interest	(28)	(27)
Net cash flow used in financing activities (C)	**(42)**	**(250)**
Net (decrease) in cash and cash equivalents (A+B+C)	**(35)**	**(251)**
Cash and cash equivalents at the beginning of the year	136	387
Cash and cash equivalents at the end of the year as per note 3.11(a)	**101**	**136**

The accompanying notes are an integral part of the financial statements
As per our report of even date attached

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

Rakesh Dewan
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Date: 2024.06.28 23:50:27 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 28 June 2024

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

VIJAYA KUMAR CHINNASWAMY
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Date: 2024.06.28 20:48:08 +05'30'

C. Vijayakumar
Director

New Jersey, USA
Date: 28 June 2024

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Prateek Aggarwal
Director

Noida(UP), India
Date: 28 June 2024

ORGANIZATION AND NATURE OF OPERATIONS

HCL America Inc, USA (hereinafter referred to as "the Company") is primarily engaged in providing a range of IT and Business Services, Engineering and R&D Services, and modernized software products and IP-led offerings. The Company was incorporated USA in November 1988 having its registered office at 2600 Great America Way, Suite 401, Santa Clara, CA 95054, USA. The Company 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 financial statements for the year ended 31 March 2024 were approved and authorized for issue by the Board of Directors on 28 June 2024.

1. Material accounting policies

a) Basis of preparation

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

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

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

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

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

b) Use of estimates, judgements and assumptions

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

Significant estimates , 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 respect of proprietary software products, refer note 1(f).
ii. Allowance for uncollectible accounts receivables, refer note 1(r)(i).
iii. Fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis in case of business combination, refer note 1(e)
iv. Recognition of income and deferred taxes, refer note 1(h) and note 3.25.
v. Key actuarial assumptions for measurement of future obligations under employee benefit plans, refer note 1(q) and note 3.33.
vi. Useful lives of property, plant and equipment, refer note 1(i).
vii. Lives of intangible assets, refer note 1(j).
viii. Key assumptions used for impairment of goodwill, refer note 1(o) and note 3.2.
ix. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(m).
x. Provisions and contingent liabilities, refer note 1(p) and note 3.32.

1. Material accounting policies

c) 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 Company measures the non-controlling interest in the acquiree at fair value. Acquisition related costs are expensed as incurred.

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

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

Common control transactions

Business combinations involving entities that are controlled by the Company are accounted for using the pooling of interest method as follows:

i) The assets and liabilities of the combining entities are reflected at their carrying amounts.
ii) No adjustments are made to reflect fair values, or recognize any assets or liabilities. Adjustments are only made to harmonise accounting policies.
iii) The financial information in the financial statements with respect to prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of actual date of the combination.
iv) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee.
v) The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
vi) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presently separately from other capital reserves.

d) Foreign currency and translation

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

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

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

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

1. Material accounting policies

e) Fair value measurement

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain fixed income securities, equity securities and derivatives, which must be measured using the guidance for fair value hierarchy and related valuation methodologies. The guidance of fair value specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires a Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.
Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

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

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

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

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

f) Revenue recognition

Contracts involving provision of services and material

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

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

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

Revenue from time and material is recognized on cost plus model when services has been rendered, the fee is determinable and collectability is reasonably assured in terms of master service agreement.

1. Material accounting policies (continued)

f) Revenue recognition (continued)

Fixed Price contracts

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

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

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

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

Proprietary Software Products

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

Multiple performance obligations

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

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

1. Material accounting policies (continued)

f) Revenue recognition (continued)

Multiple performance obligations (continued)

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

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

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

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

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

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

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

Interest income

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

1. Material accounting policies (continued)

g) Other income

Other income mainly comprises interest income on debt securities, bank and other deposits, other interest income recognized using the effective interest method, profit on sale of property, plant and equipments, debt securities and mutual fund and net foreign exchange gains. Dividend income is recognized when the right to receive payment is established.

h) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions. 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 are reversed after the tax holiday period. For this purpose, reversal of timing differences is determined using first-in-first-out method.

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

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

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

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

i) Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

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

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

1. Material accounting policies (continued)

i) Property, plant, and equipment (continued)

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:

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

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

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

j) Intangible assets

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

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

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

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

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

1. Material accounting policies (continued)

k) Borrowing costs

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

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

l) Research and development costs

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

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

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.

m) Leases

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

Company as a lessee

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

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

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

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

1. Material accounting policies (continued)

m) Leases (continued)

Company as a lessor

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

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

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

n) Inventories

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

o) Impairment of non-financial assets

Goodwill

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

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

Intangible assets and property, plant and equipment

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

1. Material accounting policies (continued)

p) Provisions and contingent liabilities

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

The Company uses significant judgment to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

q) Retirement and other employee benefits

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

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

r) Financial Instruments

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

(i) Financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of the financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Cash and cash equivalents

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

Financial 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 finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, loans, unbilled receivables, trade and other receivables.

1. Material accounting policies (continued)

r) Financial Instruments (continued)

Financial assets at fair value through other comprehensive income

A 'financial asset' is classified and measured at fair value through OCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and;
b) The asset's contractual cash flows represent solely payments of principle and interest.

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

Financial 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 in the fair value through profit and loss category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

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

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

Derecognition of financial assets

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

Impairment of financial assets

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

(ii) Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

1. Material accounting policies (continued)

r) Financial Instruments (continued)

(ii) Financial liabilities (continued)

Financial liabilities at amortized cost

The Company'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.

After initial recognition, interest-bearing loans and borrowings and other financial liabilities are subsequently measured at amortized cost using the Effective Interest Method (EIR) method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

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

(iii) Derivative financial instruments and hedge accounting

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

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

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

In respect of derivatives designated as hedges, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. The Company 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 balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

s) Dividend

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

1. Material accounting policies (continued)

t) Earnings per share (EPS)

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

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

u) Nature and purpose of reserves

Securities premium

Securities premium reserve is used to record the premium on issue of shares.

Common control transaction capital reserve

The Company has created Common Control Transaction Capital Reserve in accordance with the guidance under Appendix C of IND AS 103 "Business Combinations". This reserve is not freely available for distribution.

v) Adoption of new accounting principles

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

The amendments clarify that lease transactions give rise to equal and offsetting temporary differences and financial statements should reflect the future tax impacts of these transactions through recognizing deferred tax. The Company has adopted this amendment effective 1 April 2023. The Company previously accounted for deferred tax on leases on a net basis. Following the amendments, the Company has recognized a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. The adoption did not have any impact on the current and comparative periods presented in the financial statements.

w) Recently issued accounting pronouncements

As on 31 March 2024, there are no new standards or amendments to the existing standards applicable to the Company which has been notified by Ministry of Corporate Affairs.

2. Mergers

a) Merger in the current year

(i) Telerx Marketing Inc.

Effective from March 15, 2024, Telerx Marketing Inc., a wholly owned subsidiary of the Company, has merged its business operations with the Company.

Since Telerx Marketing Inc. was the wholly owned subsidiary of the Company, the merger is effective at NIL consideration. The difference amount of $ 55 million between the amounts recorded as investments and equity has been adjusted in the Common Control Transaction Capital Reserve in accordance with the guidance under Appendix C of IND AS 103 "Business Combinations" using the pooling of interest method. Accordingly, the comparative numbers have been restated to give effect of the Scheme.

2. Mergers (continued)

a) Merger in the current year (continued)

(i) Telerx Marketing Inc. (continued)

The impact of the scheme on comparative financial statement of the Company, is as below.

Description	As at 1 April 2022	As at 31 March 2023
I. ASSETS		
(1) Non-current assets		
(a) Property, plant and equipment	4	4
(b) Right-of-use assets	13	10
(c) Deferred tax assets (net)	1	4
(d) Other non-current assets	1	-
Total non-current assets	**19**	**18**
(2) Current assets		
(a) Financial assets		
(i) Trade receivables	49	50
(ii) Cash and cash equivalents	6	6
(iii) Others	6	4
(b) Other current assets	2	1
Total current assets	**63**	**61**
TOTAL ASSETS	**82**	**79**
II LIABILITIES		
(1) Non-current liabilities		
(a) Financial liabilities		
(i) Lease liabilities	13	9
Total non-current liabilities	**13**	**9**
(2) Current liabilities		
(a) Financial liabilities		
(i) Trade payables	44	23
(ii) Lease liabilities	3	3
(ii) Others	7	5
(b) Other current liabilities	-	1
(c) Current tax liabilities (net)	4	15
Total current liabilities	**58**	**47**
TOTAL LIABILITIES	**71**	**56**
Net worth (A)	**12**	**23**
Profit for the year (B)	**-**	**12**
Value of investments (in the books of HCL America Inc.) (C)	**66**	**66**
Common control transaction capital reserve (A - B - C)	**(55)**	**(55)**

b) Merger in the previous year

(i) HCL Technologies SEP Holdings Inc

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

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

3. Notes to financial statements

3.1 Property, plant and equipment

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

	Freehold land	Buildings	Plant and machinery	Office equipment	Computers	Furniture and fixtures	Total
Gross block as at 1 April 2023	**1**	**10**	**8**	**14**	**152**	**30**	**215**
Additions	-	-	-	-	8	2	10
Disposals / other adjustments	-	-	-	-	(1)	(4)	(5)
Gross block as at 31 March 2024	**1**	**10**	**8**	**14**	**159**	**28**	**220**
Accumulated depreciation as at 1 April 2023	-	7	6	11	117	23	164
Depreciation for the year	-	1	-	1	17	3	23
Disposals / other adjustments	-	-	-	-	-	(4)	(4)
Accumulated depreciation as at 31 March 2024	**-**	**9**	**6**	**12**	**134**	**22**	**183**
Net block as at 31 March 2024	**1**	**1**	**2**	**2**	**25**	**6**	**37**

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

	Freehold land	Buildings	Plant and machinery	Office equipment	Computers	Furniture and fixtures	Total
Gross block as at 1 April 2022	**1**	**10**	**8**	**14**	**140**	**30**	**203**
Additions	-	-	-	1	13	1	15
Disposals / other adjustments	-	-	-	-	(1)	(1)	(2)
Gross block as at 31 March 2023	**1**	**10**	**8**	**15**	**153**	**30**	**216**
Accumulated depreciation as at 1 April 2022	-	6	6	10	98	22	142
Depreciation for the year	-	1	-	1	20	2	24
Disposals / other adjustments	-	-	-	-	(1)	(1)	(2)
Accumulated depreciation as at 31 March 2023	**-**	**7**	**6**	**11**	**117**	**23**	**164**
Net block as at 31 March 2023	**1**	**3**	**2**	**4**	**36**	**7**	**52**

3. Notes to financial statements

3.2 Goodwill

The following table presents the change 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
Opening balance as at 1 April 2023	362	-	-	362
Closing balance as at 31 March 2024	**362**	**-**	**-**	**362**

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

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

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

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired. Impairment is recognised, when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The estimated value-in-use of this CGU is based on the future cash flow forecasts for 5 to 6 years & then on perpetuity on the basis of certain assumptions which include revenue growth, earnings before interest and taxes, taxes, capital outflow and working capital requirements. The assumptions are taken on the basis of past trends and management estimates and judgement. Future cash flows are discounted with "Weighted Average Cost of Capital". The key assumptions are as follows:

	As at	
	31 March 2024	31 March 2023
Revenue growth rate (average of next 5 to 6 years) (%)	6.0 to 9.5	4.0 to 6.0
Terminal revenue growth rate (%)	2.3	2.0
Pre-tax discount rate (%)	7.3	8.1

As at 31 March 2024 and 31 March 2023 the estimated recoverable amount of the CGUs exceeded its carrying amount and accordingly, no impairment was recognized. An analysis of the sensitivity of the computation to a change in key assumptions based on reasonable probability did not identify any probable scenario in which the recoverable amount of the CGUs would decrease below its carrying amount.

3.3 Capital work in progress (CWIP)

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

	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2024					
Projects in progress	10	-	-	-	10
	10	**-**	**-**	**-**	**10**
As at 31 March 2023					
Projects in progress	2	-	-	-	2
	2	**-**	**-**	**-**	**2**

During the year ended 31 March 2024 and 31 March 2023, USD 2 million and USD nil amounts have been capitalized and transferred from capital work in progress to property, plant and equipment.

There are no overdue projects as at 31 March 2024 and 31 March 2023.

3. Notes to financial statements

3.4 Other intangible assets

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

	Software	Licensed IPRs	Customer relationships	Customer Contracts	Intellectual Property Rights	Total
Gross block as at 1 April 2023	**38**	**98**	**34**	**8**	**-**	**178**
Additions	1	-	-	-	-	1
Gross block as at 31 March 2024	**39**	**98**	**34**	**8**	**-**	**179**
Accumulated amortization as at 1 April 2023	36	47	12	8	-	103
Amortization for the year	1	13	4	-	-	18
Accumulated amortization as at 31 March 2024	**37**	**60**	**16**	**8**	**-**	**121**
Net block as at 31 March 2024	**2**	**38**	**18**	**-**	**-**	**58**
Estimated remaining useful life (in years)	2	3	5	-	-	

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

	Software	Licensed IPRs	Customer relationships	Customer Contracts	Intellectual Property Rights	Total
Gross block as at 1 April 2022	**36**	**104**	**36**	**11**	**1**	**188**
Additions	2	-	5	2	-	9
Disposals / other adjustments	-	(6)	(7)	(5)	(1)	(19)
Gross block as at 31 March 2023	**38**	**98**	**34**	**8**	**-**	**178**
Accumulated amortization as at 1 April 2022	35	37	14	10	1	97
Amortization for the year	1	14	5	3	-	23
Disposals / other adjustments	-	(4)	(7)	(5)	(1)	(17)
Accumulated amortization as at 31 March 2023	**36**	**47**	**12**	**8**	**-**	**103**
Net block as at 31 March 2023	**2**	**51**	**22**	**-**	**-**	**75**
Estimated remaining useful life (in years)	3	4	6	-	-	

3. Notes to financial statements

3.5 Investments

	As at	
	31 March 2024	**31 March 2023**
Financial assets		
Non-current		
Unquoted investments		
Equity Investment in subsidiary companies carried at cost (fully paid up)		
10 (previous year 10) equity shares for 100% (previous year 100%) equity interest USD 1 each, in HCL America Solution Inc., United States of America*	-	-
8,110,000 (previous year 8,110,000) equity shares for 100% (previous year 100%) equity interest GBP 1 each, in HCL Insurance BPO Services Limited, United Kingdom	10	-
100% (previous year 100%) equity interest in HCL Lending Solution LLC (formerly known as Urban Fulfillment Services LLC)	20	20
Less: Impairment	(19)	-
100% (previous year 100%) equity interest in Butler America Aerospace LLC	44	44
1,000 (previous year 1,000) equity shares of USD 0.01 par value each share for 100% (previous year 100%) equity interest in Actian Corporation	223	223
Capital RMB 1,960,369 (previous year 1,960,369) equity shares for 100% (previous year 100%) equity interest in C3i Services &Technologies (Dalian) Co., Ltd*	-	-
1,542,106 (previous year 1,542,106) equity shares of ₹ 10 each for 99.99% (previous year 99.99%) equity interest in C3i Support Services Private Limited*	-	-
1,505 (previous year 1,505) equity shares of BGN 100 each for 100% (previous year 100%) equity interest in C3i Support Services Private Limited*	-	-
1 (previous year 1) equity share of JPY 10 each for 100% (previous year 100%) equity interest in C3i Japan GK*	-	-
Equity investment in fellow subsidiary companies (unquoted and fully paid up)		
756,320 (previous year 756,320) equity shares of ARS 1 each for 17.274% (previous year 17.274%%) equity interest in HCL Argentina S.A.*	-	-
1 (previous year 1) equity shares of MXN 1 each for 0.01% (previous year 0.01%%) equity interest in HCL Technologies Mexico S. de R.L. * *1 (previous year 1) equity shares of MXN 1 each*	-	-
	278	**287**
Investment in joint venture carried at fair value through profit or loss		
Investment in Morado Venture Partners II, L.P.	10	10
Share of profit/(loss) in limited liability partnership	-	-
	10	**10**
Total investments - financial assets	**288**	**297**
Aggregate amount of unquoted investments	288	297
Equity instruments carried at cost	278	287
Investment carried at fair value through profit and loss	10	10

***Note:** Represents amounts less than USD 0.50 Million and hence are rounded off to zero "-".

3. Notes to financial statements

3.6 Trade receivables

	As at	
	31 March 2024	**31 March 2023**
Non-current		
Unbilled receivables	3	33
	3	**33**
Current		
Billed:		
Unsecured, considered good (refer note below)	939	962
Trade receivables - credit impaired	2	2
	941	**964**
Loss allowance for bad and doubtful debts (refer note 3.29)	(10)	(6)
	931	**958**
Unbilled receivables (refer note below)	210	188
Unbilled revenue-others	125	141
Unbilled revenue-related parties (refer note 3.30)	85	47
	1,141	**1,146**

Note: Trade receivables include receivables from related parties amounting to USD 647 million (previous year: USD 580 thouands) and Unbilled receivables from related parties amounting to USD 85 million (previous year: USD 47 million), refer note 3.30.

Trade Receivable - Current	**Not due**	**Outstanding as at 31 March 2024 from the due date of payment**					
		Less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed - considered good	636	287	7	9	1	4	944
Undisputed - credit impaired	-	1	-	-	-	1	2
	636	288	7	9	1	5	946
Loss allowance for bad and doubtful debts							(10)
							936
Unbilled receivables	210	-	-	-	-	-	210
							1,146

Trade Receivable - Current	**Not due**	**Outstanding as at 31 March 2023 from the due date of payment**					
		Less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed - considered good	643	312	5	-	-	3	962
Undisputed - credit impaired	-	-	-	-	-	1	1
	941	958	14	3	2	7	963
Loss allowance for bad and doubtful debts							(6)
							957
Unbilled receivables	188	-	-	-	-	-	188
							1,145

3. Notes to financial statements

3.7 Loans

	As at	
	31 March 2024	**31 March 2023**
Non-current		
Carried at amortized cost		
Unsecured, considered good		
Loans to related parties (refer note 3.30)	8	49
	8	**49**
Current		
Carried at amortized cost		
Unsecured, considered good		
Loans to related parties (refer note 3.30)	41	49
Current portion of non current loans - related parties (refer note 3.30)	16	1
	57	**50**

3.8 Other financial assets

	As at	
	31 March 2024	**31 March 2023**
Non-current		
Carried at amortized cost		
Finance lease receivables (refer note 3.27(b))	11	12
Security deposits	1	1
	12	**13**
Current		
Carried at amortized cost		
Interest receivables	3	1
Interest receivables-related parties (refer note 3.30)	3	1
Security deposits	2	2
Finance lease receivables (refer note 3.27(b))	13	9
Other receivables- related parties (refer note 3.30)	7	28
Others	-	3
	28	**44**

3.9 Other non-current assets

	As at	
	31 March 2024	**31 March 2023**
Unsecured, considered good		
Capital advances	-	-
Others		
Prepaid expenses	19	13
Deferred contract cost (refer note 3.19)	37	36
	56	**49**

3. Notes to financial statements

3.10 Inventories

	As at	
	31 March 2024	**31 March 2023**
Stock in trade	2	3
	2	**3**

3.11 Cash and cash equivalents and other bank balances

	As at	
	31 March 2024	**31 March 2023**
a) Cash and cash equivalents		
Balance with banks	101	66
Deposits with original maturity of less than 3 months	-	70
	101	**136**
b) Other bank balances		
Short-term deposits	345	90
	345	**90**

3.12 Other current assets

	As at	
	31 March 2024	**31 March 2023**
Unsecured, considered good		
Advances other than capital advances		
Advances to employees	1	1
Advances to suppliers	3	3
Others		
Deferred contract assets (refer note 3.19)	29	27
Deferred contract cost-related parties (refer note 3.19 and 3.30)	49	35
Prepaid expenses	70	65
Prepaid expenses-related parties (refer note 3.30)	-	1
Contract assets (refer note 3.19)	8	8
Other advances	-	-
	160	**140**
Unsecured, considered doubtful		
Advances other than capital advances		
Others	-	2
Less: provision for doubtful advances	-	(2)
	-	-
	160	**140**

3. Notes to financial statements

3.13 Equity share capital

	As at	
	31 March 2024	**31 March 2023**
Authorized 10,000,000 (previous year 10,000,000) equity shares of USD 1 each	10	10
Issued, subscribed and fully paid up 7,474,410 (previous year 7,474,410) equity shares of USD 1 each	7	7

Term/rights attached to equity shares
The Company has only one class of shares referred to as equity shares having a par value of USD 1. Each holder of equity shares is entitled to one vote per share.

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

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

	As at			
	31 March 2024		**31 March 2023**	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	7,474,410	7	7,474,410	7
Number of shares at the end	7,474,410	7	7,474,410	7

3. Notes to financial statements

3.13 Equity share capital (continued)

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

Name of the shareholders	As at			
	31 March 2024		31 March 2023	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of USD 1 each, fully paid				
HCL Technologies Holding UK Limited, UK *(w.e.f March 21, 2024)*	6,089,870	81.48%	-	-
HCL Bermuda Limited, Bermuda	-	-	6,089,870	81.48%
Axon Group Limited, UK	1,384,540	18.52%	1,384,540	18.52%

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

Movement in shareholding	For the year ended			
	31 March 2024		31 March 2023	
	Change in number of shares	% change during the year	Change in number of shares	% change during the year
HCL Technologies Holding UK Limited, UK	6,089,870	81.48%	-	0.00%
HCL Bermuda Limited, Bermuda	(6,089,870)	(81.48)%	-	0.00%

c) Other share considerations

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

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

3. Notes to financial statements

3.14 Borrowings

	Non current		Current	
	As at		As at	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Long term borrowings				
Secured				
Senior notes (refer note (i) below)	251	251	-	-
Unsecured				
From related parties (refer note 3.30)	12	12	-	-
	263	**263**	**-**	**-**

Note:
(i) 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 shall 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 of $5 million and further line as in PY FS- HCL Technologies Ltd (the holding company), has given guarantee of USD 500 million in relation to these notes notes.

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. The resulting gain of USD 21 million on derecognition of senior notes has been recognized in "other income".

3.15 Other financial liabilities

	As at	
	31 March 2024	31 March 2023
Non-current		
Carried at amortized cost		
Employee bonuses accrued	4	1
Capital accounts payable	23	36
Other payables- related parties (refer note below and note 3.30)	7	20
Others	3	2
	37	59
Current		
Carried at amortized cost		
Accrued salaries and benefits		
Employee bonuses accrued	108	94
Other employee costs	79	58
Capital accounts payables	26	24
Other payables- related parties (refer note below and note 3.30)	30	5
Others	5	3
	248	184

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

3. Notes to financial statements

3.16 Provisions

	As at	
	31 March 2024	**31 March 2023**
Non-current		
Provision for leave benefits	16	13
	16	13
Current		
Provision for leave benefits	17	17
Other provisions	1	-
	18	17

3.17 Trade payables - current

	As at	
	31 March 2024	**31 March 2023**
Trade payables	130	135
Trade payables- related parties (refer note 3.30)	66	37
	196	172
Unbilled and accruals	158	191
Unbilled and accruals- related parties (refer note 3.30)	91	83
	249	274
	445	**446**

	Not Due	**Outstanding as at 31 March 2024 from the due date of payment**				
		Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed	166	32	-	-	-	198
(ii) Disputed	-	-	-	-	-	-
						198
Unbilled and accruals						249
						447

	Not Due	**Outstanding as at 31 March 2023 from the due date of payment**				
		Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed	106	24	27	6	6	170
(ii) Disputed	-	-	-	-	-	-
						170
Unbilled and accruals						274
						444

3. Notes to financial statements

3.18 Other current liabilities

	As at	
	31 March 2024	**31 March 2023**
Advances received from customers	2	65
Withholding and other statutory dues	15	5
	17	70

3.19 Revenue from operations

	Year ended	
	31 March 2024	**31 March 2023**
Sale of services	3,891	3,637
Sale of hardware and software	88	83
	3,979	**3,720**

Disaggregated revenue information

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

	Year ended	
	31 March 2024	**31 March 2023**
America	1,930	2,064
Europe	1,800	1,341
India	207	254
Rest of the world	41	61
	3,978	**3,720**

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 2024, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was $ 5,276 million (31 March 2023 $ 2,136 million) out of which, approximately 40% (31 March 2023 41%) 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.

3. Notes to financial statements

3.19 Revenue from operations (continued)

Contract balances

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

USD 8 million contract assets as on 31 March 2024, pertain to the current year (i.e., from 1 April 2023 to 31 March 2024).

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

	Year ended	
	31 March 2024	**31 March 2023**
Balance as at beginning of the year	80	75
Additional amounts billed but not recognized as revenue	87	49
Deduction on account of revenues recognized during the year	(56)	(44)
Balance as at end of the year	**111**	**80**

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 2024	**31 March 2023**
Balance as at beginning of the year	98	94
Additional cost capitalised during the year	75	5
Deduction on account of cost amortized recognized during the year	(59)	(1)
Balance as at end of the year	**115**	**98**

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

	Year ended	
	31 March 2024	**31 March 2023**
Contracted price	4,016	3,665
Reduction towards variable consideration components	(38)	(28)
Revenue recognized	**3,978**	**3,637**

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

3.20 Other income

	Year ended	
	31 March 2024	**31 March 2023**
Interest income from loans to related parties (refer note 3.30)	8	8
Interest income on bank and other deposits	17	10
Dividends from subsidiary companies (refer note 3.30)	-	13
Rental income from related parties (refer note 3.30)	5	7
Bad debts written back	-	5
Gain on buy back of senior notes (refer note 3.14)	-	21
	30	**64**

3. Notes to financial statements

3.21 Changes in inventories of stock-in-trade

	Year ended	
	31 March 2024	**31 March 2023**
Opening stock	3	4
Less: Closing stock	(2)	(3)
	-	**1**

3.22 Employee benefits expense

	Year ended	
	31 March 2024	**31 March 2023**
Salaries, wages and bonus	1,987	1,717
Contribution to employee funds (refer note 3.33)	213	163
Share based payments to employees (refer note below)	19	20
Staff welfare expenses	1	1
	2,220	**1,901**

During the Financial year 21-22, HCL Technologies Limited ('HCLT'), the ultimate Parent Company instituted the Restricted Stock Unit Plan 2021'("RSU Plan") to provide equity-based incentives to all eligible employees of HCLT and its subsidiaries. Each RSU granted under the plan entitles the holder to one equity share of HCLT at an exercise price, which is approved by the Nomination and Remuneration Committee of HCLT.

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

3.23 Finance costs

	Year ended	
	31 March 2024	**31 March 2023**
Interest expense on others	17	12
Interest expense on lease liabilities (refer note 3.27(a))	3	2
Other interest costs and bank charges	1	1
	21	**15**

3. Notes to financial statements

3.24 Other expenses

	Year ended	
	31 March 2024	**31 March 2023**
Travel and conveyance	43	41
Business promotion	37	33
Legal and professional charges	18	18
Communication costs	16	14
Impairment of investment in subsidiaries	9	-
Repairs and maintenance	7	11
Recruitment, training and development	6	9
Power and fuel	6	5
Insurance	4	3
Provision for doubtful debts/ bad debts written off (net)	4	-
Rent	1	1
Others	9	15
	160	**150**

3.25 Income taxes

	Year ended	
	31 March 2024	**31 March 2023**
Income tax charged to statement of profit and loss		
Current income tax charge	57	64
Deferred tax (credit)	(10)	(13)
	47	**51**

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

	Year ended	
	31 March 2024	**31 March 2023**
Profit before tax	178	211
Statutory tax rate in USA	26.53%	27.22%
Expected tax expense	**47**	**57**
Permanent difference	(2)	1
Dividend received from group companies	-	(4)
Tax reversal /correction of prior year tax	(3)	-
Others	5	(4)
Total taxes	**47**	**50**
Effective income tax rate	**26.53%**	**23.90%**

3. Notes to financial statements

3.25 Income taxes (continued)

Components of deferred tax assets and liabilities for the year ended 31 March 2024 are as below:

	Opening balance	Recognized in profit and loss	Recognized in / reclassified from OCI	Closing balance
Deferred tax assets				
Business losses	1	-	-	1
Provision for doubtful debts	2	1	-	3
Accrued employee costs	36	3	-	39
Employee stock compensation	7	3	4	14
Lease liabilities	17	-	-	17
Others	22	3	-	25
Gross deferred tax assets (A)	**85**	**10**	**4**	**98**
Deferred tax liabilities				
Depreciation and amortization	18	(1)	-	17
Right of use assets	16	1	-	17
Others	3	-	-	3
Gross deferred tax liabilities (B)	**37**	**-**	**-**	**37**
Net deferred tax assets (A-B)	**48**	**10**	**4**	**62**

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

	Opening balance	Recognized in profit and loss	Recognized in / reclassified from OCI	Closing balance
Deferred tax assets				
Business losses	1	-	-	1
Provision for doubtful debts	3	(1)	-	2
Accrued employee costs	34	2	-	36
Employee stock compensation	1	6	-	7
Lease liabilities	19	(2)	-	17
Others	18	4	-	22
Gross deferred tax assets (A)	**76**	**9**	**-**	**85**
Deferred tax liabilities				
Depreciation and amortization	19	(1)	-	18
Right of use assets	17	(1)	-	16
Others	5	(2)	-	3
Gross deferred tax liabilities (B)	**41**	**(4)**	**-**	**37**
Net deferred tax assets (A-B)	**35**	**13**	**-**	**48**

3.26 Earning per share (EPS)

	Year ended	
	31 March 2024	**31 March 2023**
Profit for the year attributable to shareholders of the Company	131	160
Weighted average number of equity shares outstanding in calculating basic EPS	7,474,410	7,474,410
Weighted average number of equity shares outstanding in calculating dilutive EPS	7,474,410	7,474,410
Nominal value of equity shares (in USD)	1	1
Earnings per equity share (in USD)		
- Basic	17.53	21.41
- Diluted	17.53	21.41

3. Notes to financial statements

3.27 Leases

a) Company as a lessee

The Company's significant leasing arrangements are in respect of leases for office spaces and IT equipment. The details of right-of-use asset held by the Company is as follows:

	Right-of-use assets		
	Buildings	**Computers and networking equipments**	**Total**
Balance as at 1 April 2022	39	9	48
Additions	20	6	26
Depreciation charge for the year	(18)	(4)	(22)
Derecognition	(1)	-	(1)
Balance as at 31 March 2023	**40**	**11**	**51**
Additions	25	4	29
Depreciation charge for the year	(15)	(5)	(20)
Balance as at 31 March 2024	**50**	**10**	**60**

The reconciliation of lease liabilities is as follows:

	Year ended	
	31 March 2024	**31 March 2023**
Balance as at the beginning of the year	67	64
Additions	50	28
Amounts recognized in statement of profit and loss as interest expense	3	2
Payment of lease liabilities	(28)	(27)
Balance as at the end of the year	**92**	**67**

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

	As at	
	31 March 2024	**31 March 2023**
Within 1 year	34	25
1 to 2 years	24	18
2 to 3 years	17	13
3 to 5 years	18	13
Thereafter more than 5 years	13	3
Total lease payments	**106**	**73**
Imputed interest	(14)	(6)
Total lease liabilities	**92**	**67**

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.

3. Notes to financial statements

3.27 Leases (continued)

b) Company as a lessor

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

	Total minimum lease receivables outstanding (A)	Interest included in minimum lease receivables (B)	Present value of minimum lease receivables (A-B)
As at 31 March 2024			
Not later than 1 year	15	2	13
Later than 1 year and not later than 5 years	12	1	11
	27	**3**	**24**
As at 31 March 2023			
Not later than 1 year	10	1	9
Later than 1 year and not later than 5 years	13	1	12
	23	**2**	**21**

3.28 Segment reporting

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

Revenue disaggregation as per geography has been included in note 3.19.

3. Notes to financial statements

3.29 Financial instruments

a) Derivatives

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

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

Foreign exchange forward denominated in	Notional Currency	Notional principal amounts		Balance sheet exposure asset/(liability)	
		31 March 2024	31 March 2023	31 March 2024	31 March 2023
Buy covers					
USD/AUD	AUD	10	-	(1)	-
USD/EUR	EUR	23	2	(76)	-
USD/GBP	GBP	4	-	2	-
USD/CZK	CZK	20	-	(1)	-
USD/CAD	CAD	12	-	39	-
USD/BGN	BGN	6	12	(19)	-
USD/MXN	MXN	-	25	-	-
USD/COP	COP	-	2,600	-	-
USD/INR	INR	2,590	-	(11)	-
Buy covers					
COP/USD	COP	1,840	-	(11)	-

b) Financial assets and liabilties

The carrying value of financial instruments by categories as at 31 March 2024 is as follows:

	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Total carrying value
Financial assets				
Investments (other than in subsidiaries)	10	-	-	10
Trade receivables (including unbilled)	-	-	1,144	1,144
Cash and cash equivalents	-	-	101	101
Other bank balances	-	-	345	345
Loans	-	-	65	65
Others	-	-	40	40
Total	**10**	**-**	**1,695**	**1,705**
Financial liabilities				
Borrowings	-	-	263	263
Lease liabilities	-	-	92	92
Trade payables (including unbilled and accruals)	-	-	445	445
Others	-	-	285	285
Total	**-**	**-**	**1,085**	**1,085**

3. Notes to financial statements

3.29 Financial instruments (continued)

b) Financial assets and liabilties (continued)

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

	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Total carrying value
Financial assets				
Investments (other than in subsidiaries)	10	-	-	10
Trade receivables (including unbilled)	-	-	1,179	1,179
Cash and cash equivalents	-	-	136	136
Other bank balances	-	-	90	90
Loans	-	-	99	99
Others	-	-	57	57
Total	**10**	**-**	**1,561**	**1,571**
Financial liabilities				
Borrowings	-	-	263	263
Lease liabilities	-	-	67	67
Trade payables (including unbilled and accruals)	-	-	446	446
Others	-	-	243	243
Total	**-**	**-**	**1,019**	**1,019**

Fair value hierachy

The assets measured at fair value on a recurring basis as at 31 March 2024 and the basis for that measurement is as below:

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

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

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

Valuation Methodologies

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

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

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

3. Notes to financial statements

3.29 Financial instruments (continued)

c) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks. The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

Market risk

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

(i) Foreign currency risk

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

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

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

Appreciation / depreciation of 5% in respective foreign currencies with respect to functional currency of the Company would result in decrease/ increase in the Company's profit before tax by approximately $ 3 million (31 March, 2023: $ 2 million) for the year ended 31 March, 2024.
The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 5% against the respective functional currencies of the Company. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March 2024 and 31 March 2023 in major currencies is as below:

	Financial Assets		Financial Liabilities	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
BGN/USD	-	1	3	15
EUR/USD	3	-	6	5
CAD/USD	-	5	12	2
INR/USD	-	-	37	25

(ii) Interest rate risk

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

3. Notes to financial statements

3.29 Financial instruments (continued)

Credit risk

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

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

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

	As at	
	31 March 2024	31 March 2023
Balance at the beginning of the year	6	12
Additional provision during the year	8	3
Deductions on account of write offs and collections	(4)	(9)
Balance at the end of the year	10	6

Liquidity risk

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

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

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2024					
Borrowings	3	256	-	12	271
Lease liabilities	29	21	14	28	92
Trade payables (including unbilled and accruals)	445	-	-	-	445
Other financial liabilities	247	1	-	-	248
Total	**724**	**278**	**14**	**40**	**1,056**
As at 31 March 2023					
Borrowings	3	3	256	12	274
Lease liabilities	25	18	12	12	67
Trade payables (including unbilled and accruals)	446	-	-	-	446
Other financial liabilities	184	32	17	12	245
Total	**658**	**53**	**285**	**36**	**1,032**

3. Notes to financial statements

3.30 Related party transactions

Description of relationship	Names of related parties	
i. Related parties where control exists		
- Ultimate holding company	HCL Technologies Ltd.	
- Holding company	HCL Technologies Holding UK Ltd. (w.e.f March 21, 2024) HCL Bermuda Ltd. (till March 20, 2024)	
- Subsidiaries (direct)	HCL America Solutions Inc. Butler America Aerospace LLC HCL Insurance BPO Services Ltd C3i Services &Technologies (Dalian) Co., Ltd Actian Corporation	HCL Lending Solutions, LLC C3i Support Services Pvt. Ltd. C3i Europe Food C3i Japan GK
- Step subsidiaries (direct)	Actian International, Inc. Versant Gmbh Actian Europe Ltd.	Actian Australia Pty. Ltd. Actian Germany GmbH Actian France
ii. Related Parties with whom transactions (including outstanding balances) have taken place during the year		
- Ultimate holding company	HCL Technologies Ltd.	
- Holding company	HCL Technologies Holding UK Ltd. (w.e.f March 21, 2024) HCL Bermuda Ltd. (till March 20, 2024)	
- Subsidiaries (direct)	HCL America Solutions Inc. Butler America Aerospace LLC HCL Insurance BPO Services Ltd C3i Services &Technologies (Dalian) Co., Ltd Actian Corporation	HCL Lending Solutions, LLC C3i Support Services Pvt. Ltd. C3i Europe Food C3i Japan GK
- Fellow subsidiaries	Sankalp Semiconductor Pvt. Ltd. HCL Technologies Beijing Co., Ltd HCL Technologies Malaysia Sdn Bhd HCL (Brazil) Tecnologia da Informacao Ltda Hcl Technologies Mexico S DE RL DE CV HCL Technologies South Africa (Proprietary) Ltd. HCL Technologies Columbia S.A.S. HCL Technologies Bulgaria EOOD HCL Technologies Corporate Services Ltd. HCL Technologies Vietnam Company Ltd. HCL Technologies Middle East FZ- LLC HCL Axon Solutions (Shanghai) Co. Ltd HCL Technologies Lanka (Pvt) Ltd. HCL Technologies Romania s.r.l. HCL Technologies Germany GmbH HCL Technologies (Shanghai) Ltd. HCL (Ireland) Information Systems Ltd. HCL Technologies Belgium BVBA Filial Espanola De HCL Technologies, S.L. HCL Technologies Solutions GmBh HCL Technologies Philippines Inc. HCL istanbul Bilisim Teknolojileri Ltd sirketi HCL Technologies Greece Single Member P.C. HCL Investments (UK) Ltd.	Axon Solutions Ltd. HCL Technologies France HCL Technologies (PTY) Ltd. HCL Australia Services Pty. Ltd. HCL Singapore Pte. Ltd. HCL Japan Ltd. HCL (New Zealand) Ltd. HCL Arabia LLC HCL Poland Sp.z.o.o. HCL Muscat Technologies L.L.C HCL Bermuda Ltd. HCL Hong Kong SAR Ltd. HCL Technologies BV HCL Technologies Austria GmbH HCL Technologies Chile SpA HCL Asia Pacific Pte Ltd HCL Technologies Norway AS HCL Technologies Sweden AB HCL Technologies Finland Oy HCL Argentina S.a. HCL Technologies Estonia OU HCL Technologies Denmark ApS HCL Technologies Egypt Ltd HCL Technologies S.A.

3. Notes to financial statements

3.30 Related party transactions

Description of relationship	Names of related parties

ii. Related Parties with whom transactions (including outstanding balances) have taken place during the year (continued)

- Fellow subsidiaries	HCL Technologies Costa Rica S.R.L.	HCL Technologies S.A.C.
	PT. HCL Technologies Indonesia	HCL Vietnam Company Ltd.
	HCL Technologies Czech Republic s.r.o.	HCL Netherlands B.V.
	HCL Technologies Angola (SU), LDA.	HCL Technologies UK Ltd.
	HCL Technologies (Taiwan) Ltd.	HCL Software Products Limited
	HCL Technologies (Thailand) Ltd.	HCL Technologies Italy S.p.A.
	HCL Latin America Holding LLC	HCL Canada Inc.
	HCL Guatemala, Sociedad Anonima	Geometric Americas Inc.
	HCL Technologies Starschema Kft	Statestreet HCL Services (India) Private Limited
	HCL TECHNOLOGIES TRINIDAD AND TOBAGO LIMITED	
- Key management personnel (KMP):	Mr. C. Vijayakumar – President and Chief Executive Officer	
	Mr. Prateek Aggarwal – Chief Financial Officer	

iii. Transactions with related parties during normal course of business:

	Ultimate Holding Company		Subsidiaries		Fellow subsidiaries	
	Year ended					
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Revenue from operations	210	264	55	30	1,791	1,325
Dividend income	-	-	-	13	-	-
Interest income	-	-	3	5	4	3
Rental income	-	-	1	2	4	5
Outsourcing costs	166	176	120	120	95	74
Corporate guarantee fees	1	1	-	-	-	-
Marketing expense	-	-	-	-	1	-
Insurance expense	2	1	-	-	-	-
Other expenses	-	-	-	-	-	42

3. Notes to financial statements

3.30 Related party transactions (continued)

iv. Material related party transactions:

	Year ended	
	31 March 2024	**31 March 2023**
HCL Technologies Corporate Services Limited		
Revenue from operations	1,672	1,200

v. Transactions with Key Managerial personnel during the year (on accrual basis)

	Year ended	
	31 March 2024	**31 March 2023**
Comprensation to directors	8	9

vi. Outstanding balances with related parties at year end:

	Ultimate Holding Company		Subsidiaries		Fellow Subsidiaries	
	As at					
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**	**31 March 2024**	**31 March 2023**
Trade receivables, other financial assets and other assets	86	121	65	67	705	603
Trade payables, other financial liabilities and contract liabilities	98	83	54	39	56	37
Unbilled and accruals	-	-	-	-	-	-
Liabilities for expenses	66	50	33	4	-	1
Other Payables	38	25	-	-	0	0
Trade Payables	2	8	21	35	48	35

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

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate

The Company has not received any funds from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

3. Notes to financial statements

3.31 Research and development expenditure

	Year ended	
	31 March 2024	**31 March 2023**
Amount charged to statement of profit and loss	63	30
	63	**30**

3.32 Commitments and contingent liabilities

	As at	
	31 March 2024	**31 March 2023**
i) Capital and other commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	16	-
ii) Contingent liabilties		
Others	5	5
	21	**5**

The Company is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. Some of these matters include speculative and frivolous claims for substantial or indeterminate amounts of damages. The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgement is required to determine both probability and the estimated amount. The Company reviews these provisions at least quarterly and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Company believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Company, or cash flows with respect to loss contingencies for legal and other contingencies as at 31 March 2024.

3.33 Employee benefits

Total contributions made to the 401(k) plan by the Company, for the year ended 31 March 2024 is $ 43 million (previous year 31 March 2023 : $ 36 million).

3. Notes to financial statements

3.34 Ratios

Ratio	Numerator	Denominator	Units	Year ended		% Variance
				31 March 2024	31 March 2023	
Current ratio	Current assets	Current liabilities	Times	2.2	2.0	10%
Debt equity ratio	Total debts *(refer note 1 below)*	Total equity	Times	0.2	0.2	0%
Debt service coverage ratio	Earnings available for debt service *(refer note 2 below)*	Debt service *(refer note 3 below)*	Times	5.1	6.4	(20)%
Return on equity ratio	Profit for the year	Average total equity	%	8.8	11.9	(26)%
Inventory turnover ratio	Cost of goods sold *(refer note 4 below)*	Average inventories	Times	31.6	20.9	51%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	3.4	3.4	0%
Trade payables turnover ratio	Net credit purchases *(refer note 5 below)*	Average trade payables	Times	3.4	3.3	3%
Net capital turnover ratio	Revenue from operations	Working capital *(refer note 6 below)*	Times	4.0	4.8	(17)%
Net profit ratio	Profit for the year	Revenue from operations	%	3.3	4.3	(23)%
Return on capital employed	Earnings before interest and taxes	Capital employed *(refer note 7 below)*	%	10.8	13.3	(19)%

Notes :
(1) Total debts consist of borrowings and lease liabilities
(2) Earning available for debt services = Profit for the year + depreciation, amortization and impairment + interest + Provision for doubtful debts + non-cash charges
(3) Debt service = Interest + payment for lease liabilities + principal repayments
(4) Cost of goods sold includes purchase of stock in trade and change in inventories of stock in trade
(5) Net credit purchase includes purchase of stock-in-trade , change in inventories of stock-in-trade, outsourcing costs and other expenses
(6) Working capital = current assets - current liabilities
(7) Capital employed = Tangible net worth includes acquired goodwill and other intangibles assets + total debt - deferred tax assets
(8) Average is calculated based on simple average of opening and closing balances

Explanations where change in the ratio is more than 25%

Return on equity ratio has decreased due to decrease in profit for the year.

Inventory turnover ratio has increased due to increase in purchase of stock in trade and decrease in inventory balance.

3. Notes to financial statements

3.36 Restatment of comparatives and round off

During the year, significant business combinations under common control transaction has occurred, necessitating the restatement and rounding off, of comparative numbers in the financial statements to the nearest millions in USD.

These transactions have resulted in adjustments to the historical financial information presented for comparative purposes. The restatement reflects the combined balance sheet, statement of profit loss, statement of changes in equity and statement of cash flow in performance of the entities involved subsequent to the business combinations under common control (refer note 2(a)(i)).

The restated and rounded figures are intended to provide a clearer representation of the combined financial information and facilitate comparability. For detailed information on the nature and impact of these transactions, refer to note 2.

Management believes that the restated and rounded figures provide a more accurate portrayal of the financial statement of the combined entities, enhancing transparency and understanding for stakeholders.

3.37 Subsequent events

The Company has evaluated all the subsequent events through 28 June 2024, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

As per our report of even date attached

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2024.06.28 23:51:16 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 28 June 2024

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

VIJAYA KUMAR CHINNASWAMY Digitally signed by VIJAYA KUMAR CHINNASWAMY Date: 2024.06.28 20:48:29 +05'30'

C. Vijayakumar
Director

New Jersey, USA
Date: 28 June 2024

PRATEEK AGGARWAL Digitally signed by PRATEEK AGGARWAL Date: 2024.06.28 21:03:13 +05'30'

Prateek Aggarwal
Director

Noida(UP), India
Date: 28 June 2024