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

We have audited the financial statements of HCL Technologies Lanka (Private) Limited (“the Company”), which comprise the statement of financial position as at March 31, 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

Basis for Opinion

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities.

Respective Responsibilities of Management and Auditors.

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

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Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne



Report on Other Legal and Regulatory Requirements

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

A handwritten signature in blue ink, appearing to read 'AWJ'.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

June 19, 2025

HCL Technologies Lanka (Private) Limited

Financial Statements

For the year ended 31 March 2025

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

<i>For the year ended 31 March,</i>		2025	2024
	Note	Rs.	Rs.
Revenue	5	10,067,970,911	11,214,411,111
Cost of revenue	6	(4,676,308,432)	(3,808,874,601)
GROSS PROFIT		5,391,662,479	7,405,536,510
Other income		-	13,061,000
General and administration expenses	6	(875,343,854)	(923,794,760)
PROFIT FROM OPERATIONS		4,516,318,625	6,494,802,750
Net finance costs	7	(10,700,434)	(263,270,031)
PROFIT BEFORE TAX		4,505,618,191	6,231,532,719
Income tax expense	8	-	-
PROFIT FOR THE YEAR		4,505,618,191	6,231,532,719
Other Comprehensive income			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT AND LOSS			
Re-measurement (loss) on defined benefit liabilities	19	(22,135,325)	(26,730,081)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,483,482,866	6,204,802,638
BASIC EARNINGS PER SHARE	9	94.23	130.41

The attached notes 1 to 25 form an integral part of these financial statements.
Figures in bracket indicate deductions.

HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

<i>As at 31 March,</i>		2025	2024
	Note	Rs.	Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,125,740,229	1,665,906,529
Rental deposits	13	127,247,650	-
Accounts, prepayments and other receivables	14	17,817,315	17,081,146
Total non-current assets		1,270,805,194	1,682,987,675
Current assets			
Due from related parties	15	3,359,136,866	4,393,335,284
Accounts, prepayments and other receivables	14	192,795,821	248,881,286
Cash at bank	16	3,073,894,188	2,192,004,465
Deposit with bank	16	896,301,200	-
Total current assets		7,522,128,075	6,834,221,035
TOTAL ASSETS		8,792,933,269	8,517,208,710
EQUITY AND LIABILITIES			
Equity			
Share capital	17	475,800,000	475,800,000
Retained earnings		7,247,282,417	6,629,389,070
Total equity		7,723,082,417	7,105,189,070
Non-current liabilities			
Employees defined benefit liabilities	19	101,858,915	57,258,651
Total non-current liabilities		101,858,915	57,258,651
Current liabilities			
Accounts and other payables	18	433,579,960	507,098,272
Employees defined benefit liabilities	19	12,305,481	212,995
Due to related parties			
Borrowings from related parties	20.1	-	195,454,271
Other dues to related parties	20	522,106,496	650,849,467
Contract liability		-	1,145,984
Total current liabilities		967,991,937	1,354,760,989
Total liabilities		1,069,850,852	1,412,019,640
TOTAL EQUITY AND LIABILITIES		8,792,933,269	8,517,208,710

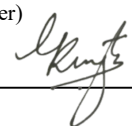
The attached notes 1 to 25 form an integral part of these financial statements.

Figures in bracket indicate deductions.


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



Raj Kumar Walia
 (Finance manager)



Goutam Rungta
 (Director)



Shiv Kumar Walia
 (Director)

Date: 19 June 2025
 Colombo

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

For the year ended 31 March,

	Share capital Rs.	Retained earnings Rs.	Total Rs.
Balance as at 1 April 2023	475,800,000	3,964,538,429	4,440,338,429
Comprehensive income for the year			
Profit for the year	-	6,231,532,719	6,231,532,719
Other comprehensive income for the year	-	(26,730,080)	(26,730,080)
Total comprehensive income for the year	<u>-</u>	<u>6,204,802,639</u>	<u>6,204,802,639</u>
Transactions with owners of the company			
Dividend paid	-	(3,539,951,998)	(3,539,951,998)
Balance as at 31 March 2024	<u>475,800,000</u>	<u>6,629,389,070</u>	<u>7,105,189,070</u>
Balance as at 1 April 2024	475,800,000	6,629,389,070	7,105,189,070
Comprehensive income for the year			
Profit for the year	-	4,505,618,191	4,505,618,191
Other comprehensive income for the year	-	(22,135,325)	(22,135,325)
Total comprehensive income for the year	<u>-</u>	<u>4,483,482,866</u>	<u>4,483,482,866</u>
Transactions with owners of the company			
Dividend paid	-	(3,865,589,520)	(3,865,589,520)
Balance as at 31 March 2025	<u>475,800,000</u>	<u>7,247,282,417</u>	<u>7,723,082,417</u>

The attached notes 1 to 25 form an integral part of these financial statements.

Figures in bracket indicate deductions.

HCL TECHNOLOGIES LANKA (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS

For the year ended 31 March,

	Note	2025 Rs.	2024 Rs.
CASH FLOW FROM OPERATING ACTIVITIES			
Profit from operations		4,505,618,191	6,231,532,719
<i>Adjustments:</i>			
Depreciation on property, plant and equipment	10	573,309,210	568,218,171
Loss on sale of capital asset	6	153,863	-
Amortization of intangible assets	12	-	203,748
Unrealised forex on loan from related parties	20.1	-	(16,429,187)
Interest on loan from related parties	7	-	71,675,049
Net interest on employees defined benefit liabilities	19	34,557,425	15,761,635
<i>Changes in working capital:</i>			
(Increase)/Decrease in rental deposits		(127,247,650)	95,051,744
Decrease/(Increase) in accounts, prepayments and other receivables		55,349,296	(100,220,387)
Decrease in accounts and other payables		(73,518,311)	(15,214,958)
(Decrease)/increase in contract liability		(1,145,984)	(9,232,733)
Decrease/(Increase) in amount due from related parties		1,034,198,418	(670,087,046)
(Decrease)/Increase in amount due to related parties		(128,742,971)	281,150,535
Net cash generated from operating activities		5,872,531,487	6,452,409,290
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(33,296,773)	(125,477,142)
Investment in Fixed Deposit	16	(896,301,200)	-
Proceeds from sale of property, plant and equipment	10	-	110,047,619
Net cash used in investing activities		(929,597,973)	(15,429,523)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(3,865,589,520)	(3,539,951,998)
Repayment of borrowings during the year		(195,454,271)	(2,000,745,000)
Net cash used in financing activities		(4,061,043,791)	(5,540,696,998)
INCREASE IN CASH AND CASH EQUIVALENTS		881,889,723	896,282,769
Bank balances at the beginning of the year		2,192,004,465	1,295,721,696
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	16	3,073,894,188	2,192,004,465

The attached notes 1 to 25 form an integral part of these financial statements.
Figures in bracket indicate deductions.

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and Legal Form

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

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

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

1.2 Principal Activities and Nature of Operations

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

1.3 Number of Employees

The number of employees of the Company as of 31st March 2025 is 1,957 (2024: 1,816).

1.4 Responsibilities for financial statements and approval of financial Statements

The Board of Directors is responsible for preparation and presentation of the financial statements of the Company as per the provision of the Companies Act No. 07 of 2007 and Sri Lanka accounting standards. The financial statements for the year ended 31st March 2025 were authorized for issue by the Board of Directors on 19 June 2025.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The statement of financial position, statement of profit or loss and other comprehensive, statement of changes in equity and statement of cash flows have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka and compliance with the requirements of the Companies Act No. 07 of 2007 together with the notes, (the “Financial Statements”) of the Company as at 31st March 2025 and for the year then ended.

2.2 Basis of Measurement

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

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

2.3 Functional and Presentation Currency

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

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

2.4 Use of Estimates and Judgments

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

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

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

2.5 Materiality and Aggregation

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

2.6 Comparative Information

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

2.7 Measurement of Fair Value

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

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

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

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

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

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

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF THE MATERIAL ACCOUNTING POLICIES

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

3.1 Financial Instruments

(i) Recognition and Measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

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

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

a) Financial assets - Business model assessment

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

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

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

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

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

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

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

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

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

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

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

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

Classification, subsequent measurement and gain and losses

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

(v) De-recognition

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

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

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

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

(vi) Offsetting

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

3.2 Stated Capital

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

3.3 Impairment

(a) Financial Assets

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

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

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

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

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

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

Measurement of ECL

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Impairment of Non-Financial Assets

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

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

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

3.5 Leases

Company as a lessee

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

Company as a lessee

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

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

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

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

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

3.6 Liabilities and Provisions

3.6.1 Liabilities

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

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

3.6.2 Provisions

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

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

3.7 Statement of profit or loss and other comprehensive income

3.7.1 Revenue Recognition

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

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

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

Contract assets

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

Contract liabilities

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

Contracts involving provision of services and material.

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied:

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

- (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.

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

3.7.2 Expenditure

a) Operating Expenses

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

3.7.3 Income Tax expense

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

(a) Current tax

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

(b) Deferred tax

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

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

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

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

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

3.8 Related Party Transactions

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

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

3.9 Capital Commitments and Contingencies

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

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

3.10 Value-added Tax (VAT)

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

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

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

3.11 Property, plant and equipment

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

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

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

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

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

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

3.12 Intangible assets

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

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

HCL Technologies Lanka (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income and when the asset is derecognised.

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

Software application over 3 years

3.13 Foreign currency translation

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

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

4. STATEMENT OF CASH FLOW

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

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

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

For the year ended 31 March,

5 REVENUE

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

	2025 Rs.	2024 Rs.
Revenue		
Service income	<u>10,067,970,911</u>	<u>11,214,411,111</u>
	<u>10,067,970,911</u>	<u>11,214,411,111</u>
Timing of revenue recognition		
Service provided over time	<u>10,067,970,911</u>	<u>11,214,411,111</u>
	<u>10,067,970,911</u>	<u>11,214,411,111</u>
Revenue Split		
Export revenue	9,747,803,209	11,076,445,624
Domestic revenue	<u>320,167,702</u>	<u>137,965,487</u>
	<u>10,067,970,911</u>	<u>11,214,411,111</u>

6 SUMMARY OF EXPENSES

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

	2025 Rs.	2024 Rs.
Cost of goods sold	-	24,022,082
Employee cost:		
Cost of revenue	3,114,522,885	2,688,321,646
Production overheads	345,385,415	428,437,098
Selling and distribution overheads	4,738,113	3,548,202
Rent	512,010,333	427,542,207
Audit fees	10,509,859	9,714,124
Advertisement and related expenses	84,601,845	28,599,241
Repair and maintenance charges	151,618,141	103,552,318
Insurance	2,534,846	10,464,014
Consulting charges	424,826,561	79,891,265
Communication expenses	82,497,726	69,351,694
Loss on sale of capital asset	153,863	-
Professional expenses	15,223,633	7,663,218
(Reversal)/Provision for impairment of trade receivables	(566,476)	20,115,569
Staff recruitment	76,841,543	29,302,389
Rates and taxes	30,025,561	82,944,590
Depreciation on PPE	573,309,210	568,218,170
Amortization on intangible assets	-	203,748
Other administrative expenses (note 6.1)	<u>123,419,228</u>	<u>150,777,786</u>
	<u>5,551,652,286</u>	<u>4,732,669,361</u>
6.1 Other administrative expenses includes:		
Utility expenses	91,661,978	104,125,036
Printing and stationery	2,233,319	1,707,254
Freight	1,405,988	16,421,396
Travel	<u>28,117,943</u>	<u>28,524,100</u>
	<u>123,419,228</u>	<u>150,777,786</u>

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

<i>For the year ended 31 March,</i>	2025	2024
	Rs.	Rs.
7 NET FINANCE COSTS		
Finance income		
Interest income	<u>8,169,880</u>	<u>711,823</u>
	8,169,880	711,823
Finance cost		
Interest on loan from related parties	-	71,675,049
Foreign exchange differences, net	17,700,082	191,174,518
Bank charges	<u>1,170,232</u>	<u>1,132,287</u>
	18,870,314	263,981,854
Net finance costs	<u>10,700,434</u>	<u>263,270,031</u>

8 TAXATION

On 3rd August 2022, Ministry of Finance issued an order (Gazette No. 2291/25) under Strategic Development Project Act, No. 14 of 2008 ('SDP Act') recognizing HCL Technologies Lanka (Private) Limited as a Strategic Development Project to provide Information Technology and Information Technology enabled Services ('ITeS') for export. The exemptions and benefits under the SDP Act will be applicable from the date the Order made in terms of Section 3 (4) of the SDP Act, is placed before Parliament in terms of Section 3 (5) of the SDP Act. The SDP status is operative effective from 4th October 2022. Accordingly, any export income generated by HCL Lanka from provision of IT and ITeS services shall be exempted from Corporate Income Tax (CIT) for a period of 12 years from date of this order.

9 EARNINGS PER SHARE

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

<i>For the year ended 31 March,</i>	2025	2024
Profit attributable to ordinary shareholders (Rs.)	4,483,482,866	6,204,802,638
Weighted average number of ordinary shares	<u>47,580,000</u>	<u>47,580,000</u>
Basic earnings per ordinary share (Rs.)	<u>94.23</u>	<u>130.41</u>

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

As at 31 March,

10 PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and equipment	Furniture and fixture	Computers	Total	Total
				2025 Rs.	2024 Rs.
Cost:					
As at 1 April 2024	567,060,589	667,923,213	1,710,288,842	2,945,272,644	2,960,042,513
Additions	1,755,000	7,288,791	24,252,982	33,296,773	125,477,142
Transfer from CWIP	-	-	-	-	798,008
Disposal			(813,507)	(813,507)	(141,045,019)
As at 31 March 2025	<u>568,815,589</u>	<u>675,212,004</u>	<u>1,733,728,317</u>	<u>2,977,755,910</u>	<u>2,945,272,644</u>
Accumulated depreciation:					
As at 1 April 2024	208,880,180	185,282,066	885,203,869	1,279,366,115	742,145,344
Charge for the year	105,872,689	96,075,121	371,361,400	573,309,210	568,218,171
Disposal			(659,644)	(659,644)	(30,997,400)
As at 31 March 2025	<u>314,752,869</u>	<u>281,357,187</u>	<u>1,255,905,625</u>	<u>1,852,015,681</u>	<u>1,279,366,115</u>
Net book value :					
As at 31 March 2025	<u>254,062,720</u>	<u>393,854,817</u>	<u>477,822,692</u>	<u>1,125,740,229</u>	
As at 31 March 2024	<u>358,180,409</u>	<u>482,641,147</u>	<u>825,084,973</u>		<u>1,665,906,529</u>

The gross carrying amount of any fully depreciated tangible assets that is still in use as at 31st March'2025 is LKR 154,271,804

11 CAPITAL WORK - IN - PROGRESS

	2025 Rs.	2024 Rs.
As at 1 April 2024	-	798,008
Additions during the year	-	-
Capitalized during the year	-	(798,008)
As at 31 March 2025	<u>-</u>	
As at 31 March 2024		<u>-</u>

11.1 Capital - Work - In - Progress as at 31st March 2025 is nil (2024 : LKR nil). It consists of leasehold equipments relating to furniture and fixtures for building Cinnamon Life which were pending installation and fixing and which got capitalized during the current year.

12 INTANGIBLE ASSETS

	Software application	Total	Total
	Rs.	2025 Rs.	2024 Rs.
Cost:			
As at 1 April 2024	1,344,005	1,344,005	1,344,005
Additions	-	-	-
As at 31 March 2025	<u>1,344,005</u>	<u>1,344,005</u>	<u>1,344,005</u>
Amortization:			
As at 1 April 2024	1,344,005	1,344,005	1,140,257
Charge during the year	-	-	203,748
As at 31 March 2025	<u>1,344,005</u>	<u>1,344,005</u>	<u>1,344,005</u>
Net book Value			
As At 31 March 2025	<u>-</u>	<u>-</u>	<u>-</u>
As At 31 March 2024	<u>-</u>		<u>-</u>

The gross carrying amount of any fully depreciated intangibles that is still in use as at 31st March'2025 is LKR 1,344,005

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

<i>As at 31 March,</i>	2025	2024
	Rs.	Rs.
13 RENTAL DEPOSITS		
Non current assets		
Rental deposits	<u>127,247,650</u>	<u>-</u>
	<u>127,247,650</u>	<u>-</u>
14 ACCOUNTS, PREPAYMENTS AND OTHER RECEIVABLES		
Current assets		
Trade receivables (Note 14.1)	102,546,651	70,732,628
Finance lease receivables (Note 14.2)	11,860,102	11,695,542
Rental deposits	-	108,686,199
Employee advances	16,173,545	12,776,763
Advances to suppliers	50,000	186,766
Deferred cost	4,092,366	3,021,679
Prepaid expense	28,599,636	21,635,616
VAT receivable	29,473,521	20,108,561
Other receivables	-	37,532
	<u>192,795,821</u>	<u>248,881,286</u>
Non current assets		
Finance lease receivables (Note 14.2)	1,427,135	5,939,676
Deferred cost	10,266,406	10,591,884
Prepaid expense	6,123,774	549,586
	<u>17,817,315</u>	<u>17,081,146</u>
14.1 TRADE RECEIVABLES		
Trade receivables (gross)	126,858,365	95,610,818
Provision for impairment on trade receivables	<u>(24,311,714)</u>	<u>(24,878,190)</u>
Trade receivables (net)	<u>102,546,651</u>	<u>70,732,628</u>
14.2 FINANCE LEASE RECEIVABLES		
As at 01 April	17,635,218	21,733,161
Granted during the year	226,345	233,236
Repayments during the year	<u>(5,043,006)</u>	<u>(5,043,002)</u>
As at 31 March	12,818,557	16,923,395
Finance charges unamortized	468,680	711,823
Net finance lease receivables	<u>13,287,237</u>	<u>17,635,218</u>
Installments falling due within 1 year	11,860,102	11,695,542
Installments falling due after 1 year	1,427,135	5,939,676
	<u>13,287,237</u>	<u>17,635,218</u>

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

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

<i>As at 31 March,</i>	2025	2024
	Rs.	Rs.
15 DUE FROM RELATED PARTIES		
Ultimate holding company		
HCL Technologies Limited	37,640,228	187,211,340
Fellow subsidiaries		
Filial Espanola De HCL Technoloiges S.L.	3,912,326	4,005,372
HCL (Brazil) Tecnologia Da Informacao EIRELI	8,014,695	51,273,904
HCL (Ireland) Information Systems Limited	51,698,204	88,876,924
HCL (New Zealand) Limited	-	54,179,910
HCL America Inc.	8,979,407	481,035,258
HCL Argentina s.a.	882,309	1,118,848
HCL Australia Services Pty. Limited	7,901,019	117,341,140
HCL Axon Solutions (Shanghai) Co. Limited	-	503,518,071
HCL Bermuda Limited	-	22,043,831
HCL Canada Inc.	3,982,560	47,724,438
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	-	47,232,484
HCL Latin America Holding LLC	-	525,937
HCL Technologies Mexico	-	26,717,261
HCL Poland Sp.z.o.o.	-	4,370,614
HCL Singapore Pte. Limited	977,620	207,123,822
HCL Technologies (PTY) Limited	10,512,354	231,341,860
HCL Technologies Angola (Su) Lda.	52,524,163	53,215,737
HCL Technologies Austria GmbH	-	523,684
HCL Technologies BV	3,545,741	166,240,773
HCL Technologies Chile SpA	-	100,097,997
HCL Technologies Corporate Services Limited	3,009,290,566	1,286,502,623
HCL Technologies Denmark Aps	474,262	736,540
HCL Technologies Egypt Limited	30,676,054	31,079,959
HCL Technologies Finland Oy	-	21,892,781
HCL Technologies France SAS	-	12,028,002
HCL Technologies Germany GmbH	18,195,687	8,083,715
HCL Technologies Italy S.P.A.	-	2,540,563
HCL Technologies Norway AS	-	4,543,082
HCL Technologies Philippines Inc	-	8,151,064
HCL Technologies S.A.C.	-	58,031,721
HCL Technologies Solutions GmbH	-	22,923,037
HCL Technologies Sweden AB	30,238,818	45,528,913
HCL Technologies Vietnam Company Limited	-	49,745
PT HCL Technologies Indonesia Limited	-	242,272,453
HCL Technologies UK Limited	79,690,853	253,251,881
	3,359,136,866	4,393,335,284

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

<i>As at 31 March,</i>	2025	2024
	Rs.	Rs.
16 Balance with Bank		
Cash at bank	<u>3,073,894,188</u>	2,192,004,465
	<u>3,073,894,188</u>	<u>2,192,004,465</u>
Deposit with Bank	<u>896,301,200</u>	-
	<u>896,301,200</u>	<u>-</u>
17 SHARE CAPITAL		
	<i>Holding</i>	
	%	
HCL Technologies Limited	<u>100%</u>	475,800,000
	<u>100%</u>	<u>475,800,000</u>
18 ACCOUNTS AND OTHER PAYABLES		
Trade payables	82,035,789	66,538,942
Accrued expenses	123,088,989	210,655,912
Advances from customers	10,367,000	16,192,994
Employee payables	127,837,870	98,029,294
Taxes payable	59,100,294	106,729,835
Other payables	<u>31,150,018</u>	8,951,295
	<u>433,579,960</u>	<u>507,098,272</u>
19 EMPLOYEES DEFINED BENEFITS LIABILITIES		
The management has carried out an exercise to assess the present value of its defined benefit obligations at 31 Mar'25 and 31 Mar'24 in respect of employees end-of-service benefits payable under relevant local regulations and contractual arrangements. The following tables summarise the components of net benefit expense recognised in the statement of comprehensive income and balances reported in the statement of financial position:		
Present value of employees defined benefits liabilities		
Current liability	12,305,481	212,995
Non current liability	<u>101,858,915</u>	57,258,651
	<u>114,164,396</u>	<u>57,471,646</u>
Amount recognised in the statement of comprehensive income in respect of post employment benefits are as follows:		
Current service cost	27,375,308	12,850,822
Interest cost on defined benefit obligation (net)	<u>7,182,117</u>	2,910,813
	<u>34,557,425</u>	<u>15,761,635</u>
Movement in the net liability recognised in the statement of financial position are as follows:		
Employees defined benefits liabilities at beginning of the year	57,471,646	14,979,930
Current service cost	27,375,308	12,850,822
Interest cost on defined benefit obligation	7,182,117	2,910,813
Remeasurements due to:		
Actuarial loss arising on account of experience changes	<u>22,135,325</u>	26,730,081
Employees defined benefits liabilities at end of the year	<u>114,164,396</u>	<u>57,471,646</u>
The significant assumptions used in determining employees defined benefits liability are shown below:		
Discount rate (p.a.)	10.95%	12.52%
Salary escalation rate (p.a.)	5.00%	5.00%
Retirement age (years)	60	60
Method of valuation		
The valuation has been carried out using the Projected Unit Credit Method. The Defined Benefit Obligation of the Company using this method is calculated taking into account all types of decrement, the rate of gratuity appropriate at the time and mode of separation and qualifying salary projected up to the assumed date of retirement, or of leaving service or of death.		

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

<i>As at 31 March,</i>	2025 Rs.	2024 Rs.
20 DUE TO RELATED PARTIES		
Other amounts due to related parties		
Ultimate holding company		
HCL Technologies Limited	20,902,256	197,085,226
Fellow subsidiaries		
Filial Espanola De HCL Technoloiges S.L.	1,496,764	1,834,903
HCL (Brazil) Tecnologia da informacao EIRELI	7,288,053	10,262,851
HCL (New Zealand) Limited	123,976	154,241
HCL America Inc.	119,893	64,691,294
HCL America Solutions Inc.	-	14,259,762
HCL Argentina s.a.	3,787,823	5,330,099
HCL Asia Pacific Pte Limited	10,111,463	13,806,570
HCL Australia Services Pty. Limited	7,063,840	8,858,406
HCL Axon Solutions (Shanghai) Co. Limited	27,143,429	32,216,621
HCL Canada Inc.	64,477,342	68,706,613
HCL Guatemala, Sociedad Anonima	477,222	606,244
HCL Hong Kong SAR Limited	1,036,476	1,178,070
HCL Japan Limited	1,934,446	2,378,911
HCL Poland Sp.z.o.o.	779,076	898,628
HCL Saudi Arabia LLC	481,311	591,440
HCL Singapore Pte. Limited	12,649,235	14,686,777
HCL Technologies (Taiwan) Limited	1,144,256	1,159,322
HCL Technologies Austria GmbH	166,252	205,277
HCL Technologies BV	10,160,131	11,805,756
HCL Technologies Beijing Co., Limited	4,514,242	5,339,307
HCL Technologies Belgium BVBA	7,567,032	9,259,654
HCL Technologies Costa Rica Limited	546,973	646,189
HCL Technologies Czech Republic s.r.o.	1,295,855	1,450,975
HCL Technologies Egypt Limited	1,874,866	2,713,280
HCL Technologies Finland Oy	254,152	303,298
HCL Technologies Germany GmbH	323,586	357,592
HCL Technologies Italy S.P.A.	5,807,738	6,949,770
HCL Technologies Malaysia SDN BHD	2,613,125	2,647,524
HCL Technologies Middle East FZ- LLC	6,952,219	7,839,175
HCL Technologies Norway AS	13,501,720	15,501,292
HCL Technologies Philippines Inc	67,744,198	68,636,171
HCL Technologies Romania s.r.l.	-	13,458,771
HCL Training & Staffing Services Pvt. Limited	-	5,085,662
HCL Technologies (Shanghai) Limited	27,963,554	34,194,702
HCL Technologies Sweden AB	-	988,561
HCL Technologies UK Limited	12,509,137	21,401,129
HCL Technologies (Vietnam) Company Limited	1,155,420	1,433,664
HCL Technologies Chile Spa	3,185,314	-
HCL Technologies Corporate Services Limited	191,899,675	-
PT. HCL Technologies Indonesia	1,054,446	-
PT HCL Technologies Indonesia Limited	-	1,291,030
Telerox Marketing Inc.	-	634,710
	522,106,496	650,849,467
Related party borrowings (Note 20.1)	-	195,454,271
	522,106,496	846,303,738
20.1 RELATED PARTY BORROWINGS		
As at 01 April	195,454,271	2,140,953,409
Interest charged during the year		71,675,049
Repayments during the year	(195,454,271)	(2,000,745,000)
Exchange differences		(16,429,187)
As at 31 March	-	195,454,271

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

21 RELATED PARTY TRANSACTIONS

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

21.1 Parent Company

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

21.2 Transactions with key management personnel

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

21.3 Transactions with related parties for the year ended

Related Party	Relationship	Nature of Transactions	Transaction value	Transaction value
			2025 Rs.	2024 Rs.
HCL Technologies Limited	Ultimate holding company	Rendering of services	3,465,964	498,569,677
Filial Espanola De HCL Technoloiges S.L.	Fellow subsidiaries	Rendering of services	10,429,184	45,562,136
HCL (Brazil) Technologia Da Informacao EIRELI	Fellow subsidiaries	Rendering of services	(903)	89,148,347
HCL (Ireland) Information Systems Limited	Fellow subsidiaries	Rendering of services	244,379,608	517,560,398
HCL (New Zealand) Limited	Fellow subsidiaries	Rendering of services	-	65,664,488
HCL America Inc.	Fellow subsidiaries	Rendering of services	214,897,853	1,722,188,264
HCL Asia Pacific Pte Limited	Fellow subsidiaries	Rendering of services	-	1,370,991
HCL Australia Services Pty. Limited	Fellow subsidiaries	Rendering of services	52,800,722	491,801,500
HCL Axon Solutions (Shanghai) Co. Limited	Fellow subsidiaries	Rendering of services	-	299,186,241
HCL Canada Inc.	Fellow subsidiaries	Rendering of services	8,834,223	148,207,219
HCL Hungary Kft	Fellow subsidiaries	Rendering of services	-	4,038,549
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	Fellow subsidiaries	Rendering of services	-	25,913,111
HCL Poland Sp.z.o.o.	Fellow subsidiaries	Rendering of services	-	4,370,614
HCL Japan Limited	Fellow subsidiaries	Rendering of services	-	14,072,600
HCL Latin America Holding LLC	Fellow subsidiaries	Rendering of services	-	1,742,718
HCL Technologies Mexico	Fellow subsidiaries	Rendering of services	17,099	114,008,395
HCL Singapore Pte. Limited	Fellow subsidiaries	Rendering of services	26,135,082	176,033,432
HCL Technologies (PTY) Limited	Fellow subsidiaries	Rendering of services	143,109,575	257,414,602
HCL Technologies (Shanghai) Limited	Fellow subsidiaries	Rendering of services	-	1,755,043
HCL Technologies (Thailand) Limited	Fellow subsidiaries	Rendering of services	-	3,774,470
HCL Technologies Angola (Su) Lda.	Fellow subsidiaries	Rendering of services	-	2,889,245
HCL Technologies Austria GmbH	Fellow subsidiaries	Rendering of services	-	523,684
HCL Technologies BV	Fellow subsidiaries	Rendering of services	32,063,599	613,762,908
HCL Technologies Belgium BVBA	Fellow subsidiaries	Rendering of services	-	25,933,301

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

For the year ended 31 March,

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

Related Party	Relationship	Nature of Transactions	Transaction value	Transaction value
			2025 Rs.	2024 Rs.
HCL Technologies Chile Spa	Fellow subsidiaries	Rendering of services	(35,642,567)	134,216,503
HCL Technologies Corporate Services Limited	Fellow subsidiaries	Rendering of services	8,211,139,463	3,696,879,292
HCL Technologies Czech Republic S.R.O.	Fellow subsidiaries	Rendering of services	-	30,830,626
HCL Technologies Denmark Aps	Fellow subsidiaries	Rendering of services	301,128,897	4,803,489
HCL Technologies Egypt Limited	Fellow subsidiaries	Rendering of services	-	31,868,529
HCL Technologies Finland Oy	Fellow subsidiaries	Rendering of services	-	93,149,693
HCL Technologies France SAS	Fellow subsidiaries	Rendering of services	-	104,569,794
HCL Technologies Germany Gmbh	Fellow subsidiaries	Rendering of services	46,619,460	323,113,987
HCL Technologies Greece Single Member P.C.	Fellow subsidiaries	Rendering of services	-	35,150,198
HCL Technologies Italy S.P.A.	Fellow subsidiaries	Rendering of services	-	2,762,590
HCL Technologies Middle East FZ- LLC	Fellow subsidiaries	Rendering of services	-	1,922,863
HCL Technologies Norway AS	Fellow subsidiaries	Rendering of services	-	22,259,157
HCL Technologies Philippines Inc	Fellow subsidiaries	Rendering of services	-	48,987,373
HCL Technologies Romania s.r.l.	Fellow subsidiaries	Rendering of services	-	22,799,201
HCL Technologies S.A.C.	Fellow subsidiaries	Rendering of services	-	61,097,649
HCL Technologies Solutions Gmbh	Fellow subsidiaries	Rendering of services	-	126,854,221
HCL Technologies Sweden AB	Fellow subsidiaries	Rendering of services	174,037,490	206,163,172
HCL Technologies UK Limited	Fellow subsidiaries	Rendering of services	315,935,990	729,842,766
PT HCL Technologies Indonesia Limited	Fellow subsidiaries	Rendering of services	(1,547,530)	273,682,588

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

For the year ended 31 March,

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

Related Party	Relationship	Nature of Transactions	Transaction value	Transaction value
			2025 Rs.	2024 Rs.
HCL Technologies Limited	Ultimate holding company	Consulting charges	76,509,686	(54,625,891)
HCL (New Zealand) Limited	Fellow subsidiaries	Consulting charges	-	154,241
HCL America Inc.	Fellow subsidiaries	Consulting charges	-	10,240,741
HCL America Solutions Inc.	Fellow subsidiaries	Consulting charges	-	15,307,893
HCL Axon Solutions (Shanghai) Co. Limited	Fellow subsidiaries	Consulting charges	-	13,001,743
HCL Canada Inc.	Fellow subsidiaries	Consulting charges	-	66,706,322
HCL Poland Sp.z.o.o.	Fellow subsidiaries	Consulting charges	-	735,007
HCL Singapore Pte. Limited	Fellow subsidiaries	Consulting charges	-	10,585,255
HCL Technologies Austria GmbH	Fellow subsidiaries	Consulting charges	-	253,986
HCL Technologies Beijing Co., Limited	Fellow subsidiaries	Consulting charges	-	5,339,307
HCL Technologies Belgium BVBA	Fellow subsidiaries	Consulting charges	-	198,747
HCL (Brazil) Tecnologia Da Informacao EIRELI	Fellow subsidiaries	Consulting charges	26,946	-
HCL Technologies Corporate Services Limited	Fellow subsidiaries	Consulting charges	348,289,929	(93,188,013)
HCL Technologies Costa Rica Limited	Fellow subsidiaries	Consulting charges	-	659,182
HCL Technologies Egypt Limited	Fellow subsidiaries	Consulting charges	-	4,488,452
HCL Technologies Finland Oy	Fellow subsidiaries	Consulting charges	-	319,860
HCL Technologies Italy S.p.A.	Fellow subsidiaries	Consulting charges	-	2,440,518
HCL Technologies Middle East FZ- LLC	Fellow subsidiaries	Consulting charges	-	671,586
HCL Technologies Norway AS	Fellow subsidiaries	Consulting charges	-	15,073,144
HCL Technologies Philippines Inc	Fellow subsidiaries	Consulting charges	-	74,049,760
HCL Technologies Romania s.r.l.	Fellow subsidiaries	Consulting charges	-	5,618,373
HCL Technologies UK Limited	Fellow subsidiaries	Consulting charges	-	1,176,277
Telrx Marketing Inc.	Fellow subsidiaries	Consulting charges	-	684,774
HCL Technologies Limited	Ultimate holding company	Insurance	456,403	2,282,013

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

22 CAPITAL COMMITMENTS AND CONTINGENCIES

a. The company has capital commitment for Rs. 23,680,467 (2024: Rs.8,701,544) which is incidental to the ordinary course of business. The details are given below:

As at 31 March	2025	2024
Contracted for computers, laptops and IT equipments	23,680,467	8,701,544

b. There are no contingent assets and liabilities as at 31 March 2025.

23 GOING CONCERN

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

24 EVENTS OCCURRING AFTER REPORTING DATE

There have been no significant subsequent events since the year ended 31 March 2025 that would have material impact on the statement of financial position of the Company as shown in these financial statements.

25 DIRECTOR'S RESPONSIBILITY STATEMENT

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