

C/O

HCL Mortgage Holding, LLC
STANDALONE FINANCIAL STATEMENT
Period ended 31st March 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Mortgage Holding LLC

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL Mortgage Holding LLC ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the accounting and auditing standards. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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 March 31, 2018, its profit, its cash flows and the changes in equity for the period ended on that date.

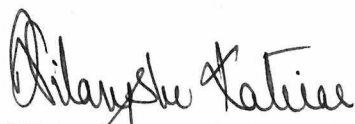
Other matters

This report covering the financial statements of the Company for the period ended March 31, 2018 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. These financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1 (a) to the financial statements of the company, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005


per Nilangshu Katriar
Partner



Membership Number: 58814

Place: Gurugram

Date: 24 July, 2018

HCL Mortgage Holding, LLC
Balance Sheet as at 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

	Note No.	As at 31 March 2018 (USD)	As at 31 March 2018 Refer note 1(a) (₹)
I. ASSETS			
(1) Non-current assets			
(a) Financial assets			
(i) Investments	3.1	18,729	1,220,737
(b) Deferred tax assets (net)		170	11,077
(2) Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	3.2	156	10,187
(ii) Loans	3.3	1,015	66,153
(iii) Others	3.4	17	1,119
TOTAL ASSETS		20,087	1,309,273
II. EQUITY			
(a) Equity share capital	3.5	10,000	651,775
(b) Other equity		557	36,306
Total equity		10,557	688,081
III. LIABILITIES			
(1) Non - current liabilities			
(a) Financial Liabilities			
(i) Others	3.6	9,435	615,007
(2) Current liabilities			
(a) Financial liabilities			
(i) Others	3.6	91	5,939
(b) Current tax liabilities (Net)		4	246
TOTAL EQUITY AND LIABILITIES		20,087	1,309,273

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 58814



Gurugram, India
Date: 24 July, 2018

For and on behalf of the Board of Directors
of HCL Mortgage Holding LLC

L. R. R.

Raghu Raman Lakshmanan
Manager

Raghu Kidambi

Raghu Kidambi
Manager

Date: 24 July, 2018

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HCL Mortgage Holding, LLC
Statement of Profit and Loss for the period ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

	Note No.	Period ended 31 March 2018 (USD)	Period ended 31 March 2018 Refer note 1(a) (₹)
I Revenue			
Other income	3.7	1,205	78,562
Total Income		<u>1,205</u>	<u>78,562</u>
II Expenses			
Finance costs	3.8	812	52,973
Other expenses	3.9	2	114
Total expenses		<u>814</u>	<u>53,087</u>
III Profit before tax		<u>391</u>	<u>25,475</u>
IV Tax expense	3.10		
Current tax		4	246
Deferred tax credit		(170)	(11,077)
Total tax expense		<u>(166)</u>	<u>(10,831)</u>
V Profit for the period		<u>557</u>	<u>36,306</u>
VI Other comprehensive income		-	-
VII Total Comprehensive Income for the period		<u>557</u>	<u>36,306</u>
Earnings per equity share of USD 1,000 each	3.11		
Basic		197	12,866
Diluted		197	12,866

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814



Gurugram, India
Date: 24 July, 2018

For and on behalf of the Board of Directors
of HCL Mortgage Holding LLC

L.R.R.
Raghu Raman Lakshmanan
Manager

Raghu Kidambi
Raghu Kidambi
Manager

Date: 24 July, 2018

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HCL Mortgage Holding, LLC
Statement of Changes in Equity for the period ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

	Share capital		Other Equity		(Amount in USD)
	Equity shares	Equity share capital	Retained earnings	Securities premium	Total other equity
Balance as of March 21, 2017	-	-	-	-	-
Profit for the period	-	-	557	-	557
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	557	-	557
Issue of equity shares	10,000	10,000	-	-	-
Balance as of March 31, 2018	10,000	10,000	557	-	557

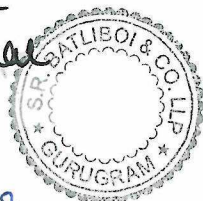
	Share capital		Other Equity		(Amount in ₹)
	Equity shares	Equity share capital	Retained earnings	Securities premium	Total other equity
Balance as of March 21, 2017	-	-	-	-	-
Profit for the period	-	-	36,306	-	36,306
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	36,306	-	36,306
Issue of equity shares	10,000	651,775	-	-	-
Balance as of March 31, 2018	10,000	651,775	36,306	-	36,306

Summary of significant accounting policies (refer note 1)

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814



Gurugram, India
Date: 24 July, 2018

For and on behalf of the Board of Directors
of HCL Mortgage Holding LLC

L.R.R.

Raghu Raman Lakshmanan
Manager

Raghu Kidambi
Raghu Kidambi
Manager

Date: 24 July, 2018

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HCL Mortgage Holding, LLC
Statement of Cash flows for the period ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

	Period ended 31 March 2018 (USD)	Period ended 31 March 2018 Refer note 1(a) (₹)
A. Cash flows from operating activities		
Profit before tax	391	25,475
Adjustment for:		
Interest income	(17)	(1,119)
Other income due to reversal of deferred consideration	(1,188)	(77,443)
Interest expenses	809	52,748
Operating loss before working capital changes	(5)	(339)
Movement in Working Capital		
Net cash flow used in operating activities (A)	(5)	(339)
B. Cash flows from investing activities		
Loan to related parties	(1,015)	(66,153)
Investment in affiliates	(8,824)	(575,096)
Net cash flow used in investing activities (B)	(9,839)	(641,249)
C. Cash flows from financing activities		
Proceeds from issue of share capital	10,000	651,775
Net cash flow from financing activities (C)	10,000	651,775
Net increase / (decrease) in cash and cash equivalents (A+B+C)	156	10,187
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year as per note 3.2	156	10,187
Summary of significant accounting policies (refer note 1)		

Notes :

1. Reconciliation of liabilities arising from financing activities

(Amount in USD)

Particulars	As at 31 March 2017	Cash flows	Non cash changes			As at 31 March 2018
			Business combination	Effect of foreign currency translation	Fair value changes	
Deferred consideration	-	-	8,626	-	809	9,435
	-	-	8,626	-	809	9,435

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814



Gurugram, India

Date: 24 July, 2018

For and on behalf of the Board of Directors
of HCL Mortgage Holding LLC

L.P.R.

Raghu Raman Lakshmanan
Manager

Raghu Kidambi

Raghu Kidambi
Manager

Date: 24 July, 2018

HCL Mortgage Holding, LLC

Significant accounting policies and notes to financial statements for the period ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

Company Overview

HCL Mortgage Holding LLC (hereinafter referred to as the 'Company') was incorporated in 1209 orange street, Wilmington-19801 on March 21, 2017 in USA. The company acts as a parent and has invested in subsidiaries which are engaged in business of providing outsourced services to businesses in the mortgage industry and document fulfillment services related to residential mortgage loans.

The financial statements are prepared first time for the period from 21 March 2017 to 31 March 2018 and were approved and authorized for issue by the Board of Directors on 24 July 2018.

1. Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

As the company is not domiciled in India and hence not registered under Companies Act 2013, these financial statements have not been prepared to fully comply with the Companies Act 2013, and so they do not reflect all the disclosures requirements of the Act.

The functional currency of the Company is USD. The translation from USD to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of USD 1 = ₹ 65.1775/-, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, USD at that or any other rate.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on 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. Significant estimates and assumptions are used for, but not limited to, accounting for income taxes and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

c) 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.



HCL Mortgage Holding, LLC

Significant accounting policies and notes to financial statements for the period ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

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 an 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.

d) Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in 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, as well as the related interest and penalties.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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 company and the same taxation authority.



HCL Mortgage Holding, LLC

Significant accounting policies and notes to financial statements for the period ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period 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.

e) Financial Instruments

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

i. Financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset.

Cash and cash equivalent

Cash in the balance sheet comprise cash in banks, which is subject to an insignificant risk of changes in values.

Financial instruments at amortized cost

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

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

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

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.

ii. Financial liabilities

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

The company's financial liabilities includes deferred consideration and other payables.

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



HCL Mortgage Holding, LLC

Significant accounting policies and notes to financial statements for the period ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

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.

f) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

g) Provisions

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 at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

h) Investment

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises the purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired by the issue of shares or the other securities, the acquisition cost is the fair value of securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the long term investments.

i) Contingent liabilities

A contingent liability is a possible obligation that may arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.



HCL Mortgage Holding, LLC

Significant accounting policies and notes to financial statements for the period ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

2. Acquisitions

On August 23, 2017 the Company entered into an agreement to acquire 99% shareholding of Urban Fulfillment Services, LLC (UFS), a provider of outsourced services to businesses in the mortgage industry and document fulfillment services related to residential mortgage loans. Total purchase price for acquisition was USD 30mn including deferred earn out component of USD 20mn dependent on achievement of certain specified performance obligations as set out in the agreement and is payable in tranches over a 4 years' period. The Company has paid USD 8.82mn till March 31, 2018.

This earn out liability was considered probable and initially fair valued at USD 9.81mn and recorded as part of the purchase price allocation. The purchase price of USD 18.83mn has been allocated to the acquired assets and liabilities as follows :-

	March 31, 2018
Property Plant and Equipment	1,312
Working Capital	(637)
Indebtness	(348)
Customer relationship	14,000
Customer Contract	1,000
Gopodwill	3,502
Total purchase consideration	18,829



HCL Mortgage Holding, LLC

Notes to financial statements for the period ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

3.1 Financial Assets - Investments

	As at	
	31 March 2018	31 March 2018
	(USD)	(₹)
In subsidiary company (unquoted), fully paid up		
Investment in Urban Fulfillment Services, LLC	18,729	1,220,737
Aggregate amount of non- current investments	18,729	1,220,737

3.2 Cash and cash equivalent

	As at	
	31 March 2018	31 March 2018
	(USD)	(₹)
Balance with banks		
- in current accounts	156	10,187
	156	10,187

3.3 Loans

	As at	
	31 March 2018	31 March 2018
	(USD)	(₹)
Current		
Unsecured , considered good		
Loans to related parties (refer note 3.13)	1,015	66,153
	1,015	66,153

3.4 Other financial assets

	As at	
	31 March 2018	31 March 2018
	(USD)	(₹)
Current		
Interest receivable - related parties (refer note 3.13)	17	1,119
	17	1,119



HCL Mortgage Holding, LLC
Notes to financial statements for the period ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

3.5 Share Capital

	As at	As at
	31 March 2018	31 March 2018
	(USD)	(₹)
Authorized 30,000 equity shares of USD 1,000 each	30,000	1,955,325
Issued, subscribed and fully paid up Equity share capital 10,000 equity shares of USD 1,000 each, fully paid up	10,000	651,775
	10,000	651,775

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of USD 1,000 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 any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of Equity shares outstanding at the beginning and at the end of the reporting period

	As at	
	31 March 2018	
	No. of shares	Amount (USD)
Number of shares at the beginning	-	-
Add: Shares issued during the period	10,000	10,000
Number of shares at the end	10,000	10,000

Details of shares held by holding/ultimate holding company and/or their subsidiaries/associates:-

Name of the shareholder	As at	
	31 March 2018	
	No. of shares	% holding in the class
Equity shares of USD 1,000 each fully paid up HCL America Inc., the holding company	10,000	100.00%

Details of shareholders holding more than 5 % shares in the company:-

Name of the shareholder	As at	
	31 March 2018	
	No. of shares	% holding in the class
Equity shares of USD 1,000 each fully paid up HCL America Inc., the holding company	10,000	100.00%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation

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.



HCL Mortgage Holding, LLC

Notes to financial statements for the period ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

3.6 Other financial liabilities

	As at	
	31 March 2018	31 March 2018
	(USD)	(₹)
Non-Current		
Deferred consideration	9,435	615,007
	9,435	615,007
Current		
Liability for expenses	91	5,938
	91	5,939

3.7 Other income

	Period ended	Period ended
	31 March 2018	31 March 2018
	(USD)	(₹)
Miscellaneous income	1,188	77,443
Interest income - Related parties (refer note- 3.13)	17	1,119
	1,205	78,562

3.8 Finance cost

	Period ended	Period ended
	31 March 2018	31 March 2018
	(USD)	(₹)
Interest expenses	809	52,748
Bank charges	3	225
	812	52,973

3.9 Other expenses

	Period ended	Period ended
	31 March 2018	31 March 2018
	(USD)	(₹)
Professional charges	2	114
	2	114



HCL Mortgage Holding, LLC

Notes to financial statements for the period ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

3.10 Income taxes

	Year ended 31 March 2018 (USD)	Year ended 31 March 2018 (₹)
Income tax charged to statement of profit and loss		
Current income tax charge	4	246
Deferred tax charge (credit)	(170)	(11,077)
	(166)	(10,831)

The reconciliation between the provision for income tax and amount computed by applying the statutory income tax rate is as follows:

	Year ended 31 March 2018 (USD)	Year ended 31 March 2018 (₹)
Profit before income tax	391	25,475
Statutory tax rate	31.50%	31.50%
Expected tax expense	123	8,025
Permanent differences	(289)	(18,856)
Total taxes	(166)	(10,831)
Effective income tax rate	-42.52%	-42.52%

Components of deferred tax assets and liabilities as on 31 March 2018

(Amount in USD)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Interest on deferred consideration	-	(170)	(170)
Net deferred tax assets	-	(170)	(170)

Components of deferred tax assets and liabilities as on 31 March 2018

(Amount in ₹)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Interest on deferred consideration	-	(11,077)	(11,077)
Net deferred tax assets	-	(11,077)	(11,077)



HCL Mortgage Holding, LLC

Notes to financial statements for the period ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

3.11 Earnings Per unit

The computation of earnings per unit is as follows:

	As at	
	31 March 2018	31 March 2018
	USD	(₹)
Net profit as per statement of profit and loss for computation of EPS	557	36,306
Average number of equity shares outstanding in calculating EPS	2,822	2,822
Weighted average number of equity shares outstanding in calculating EPS	2,822	2,822
Nominal value of equity shares	1,000	65,178
Earnings per equity share - Basic	197	12,866
Earnings per equity share - Diluted	197	12,866

3.12 Segment Reporting

As the company's business activity falls within a single primary business segment viz "Investments and Income from Investments and operates in a single geography, there is no separable segment as envisaged in the Ind AS-108 "Operating Segments" notified under the Companies (Indian Accounting Standards) Rules, 2015, (as amended). Accordingly no disclosure for segment reporting have been included in these financial statements.

3.13 Financial Instruments

Financial Assets and Liabilities

The carrying value of Financial instruments by categories as at 31 March 2018 is as follows:

	Amortised Cost	Total carrying value	Amortised Cost	Total carrying value
	USD	USD	(₹)	(₹)
Financial Assets				
Investment	18,729	18,729	1,220,737	1,220,737
Cash and Cash equivalent	156	156	10,187	10,187
Loans	1,015	1,015	66,153	66,153
Others (refer note 3.4)	17	17	1,119	1,119
Total	19,917	19,917	1,298,196	1,298,196
Financial Liabilities				
Liability for expenses	91	91	5,938	5,938
Deferred consideration	9,435	9,435	615,007	615,007
Total	9,526	9,526	620,945	620,945

Fair value hierarchy

The liabilities measured at fair value on a recurring basis as at 31 March 2018 and the basis for that measurement is as below:

Liabilities	(Amount in USD)			
	Fair Value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Deferred consideration	9,435	-	-	9,435

Valuation Methodologies

Quoted market prices in active markets are available for investments in bonds and debentures, as such, these investments are classified within Level 1.

The investment in limited liability partnership (LLP) is classified as fair value through profit and loss, these investments are classified within Level 2.

Fair value of earn-out consideration :- The fair value measurement of earn-out consideration is determined using Level 3 inputs. The company earn-out consideration represents a component of the total purchase consideration for acquisition of Urban Fulfillment Services, LLC (UFS). The measurement is calculated using unobservable inputs based on the company's own assessment of achievement of certain performance goals. During the period ended 31 March 2018, company has reversed USD 1,300 based on estimation that certain targets would not be met for payment of Tranche I and has charged finance cost of USD 809 for acquisitions consummated in current period. The company estimated the total fair value of the earn out consideration to be USD 9,435.



HCL Mortgage Holding, LLC

Notes to financial statements for the period ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

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 is primarily dealing in its functional currency and is not exposed significantly to change in foreign currency exchange rates.

(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 investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances.

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 has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

Maturity profile of the Group's non-derivative long term financial liabilities based on contractual payments is as below:

(Amount in USD)					
	Year 1 (Current)	Year 2	Year 3	Year 4	Total
As at 31 March 2018					
Deferred consideration	-	3,187	3,368	2,880	9,435
Total	-	3,187	3,368	2,880	9,435

(Amount in ₹)					
	Year 1 (Current)	Year 2	Year 3	Year 4	Total
As at 31 March 2018					
Deferred consideration	-	207,727	219,544	187,736	615,007
Total	-	207,727	219,544	187,736	615,007



HCL Mortgage Holding, LLC

Notes to financial statements for the period ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

3.14 Related Parties

a) Related parties where control exists

Ultimate Holding company

HCL Technologies limited

Holding company

HCL America Inc.

Subsidiary company

Urban Fulfillment Services, LLC

b) Related Party where transactions have taken place during the period

Subsidiary company

Urban Fulfillment Services, LLC

c) Transactions with the related parties during the ordinary course of business

	Investment made		Interest income		Short term loan given	
	Period ended	Period ended	Period ended	Period ended	Period ended	Period ended
	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018
	(USD)	(₹)	(USD)	(₹)	(USD)	(₹)
Subsidiary company	18,729	1,220,737	17	1,119	1,015	66,153
Total	18,729	1,220,737	17	1,119	1,015	66,153

d) Outstanding balances of related parties as at 31 March 2018

	Interest receivable		Short term loan given	
	As at	As at	As at	As at
	31 March 2018	31 March 2018	31 March 2018	31 March 2018
	(USD)	(₹)	(USD)	(₹)
Subsidiary company	17	1,119	1,015	66,153
Total	17	1,119	1,015	66,153

4 Previous period / year comparatives

This is the first period of operations of the Company, hence there are no previous year figures for reporting comparatives.

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants

per Nilangshu Katriar
Partner

Membership Number: 58814

Gurugram, India

Date: 24 July, 2018



For and on behalf of the Board of Directors
of HCL Mortgage Holding LLC

Raghu Raman Lakshmanan
Manager

Raghu Kidambi
Manager

Date: 24 July, 2018