

HCL Bermuda Limited
Financial Statements
For the year ended 31st March 2022

HCL Bermuda Limited
Balance Sheet as at 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

	Note No.	As at 31 March 2022 (USD)	As at 31 March 2021 (USD)
I. ASSETS			
(1) Non-current assets			
(a) Investment in associates	2.1	1,430	180
(b) Financial assets			
(i) Investment in subsidiaries	2.2	917,548	964,582
(2) Current assets			
(a) Financial assets			
(i) Investment in subsidiaries	2.2	166,455	121,519
(ii) Cash and cash equivalents	2.3	324	5,088
(iii) Others	2.4	23	20
TOTAL ASSETS		1,085,780	1,091,389
II. EQUITY			
(a) Equity share capital	2.5	459,760	459,760
(b) Other equity		626,020	631,629
TOTAL EQUITY		1,085,780	1,091,389
TOTAL EQUITY AND LIABILITIES		1,085,780	1,091,389

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

For and on behalf of the Board of Directors
of HCL Bermuda Limited

Rakesh Dewan
Partner
Membership Number: 092212

Raghu Raman Lakshmanan
Director

Robin Abrams
Director

Gurugram, India
Date: 26 July, 2022

Texas, USA
Date: 26 July, 2022

California, USA

HCL Bermuda Limited
Statement of Profit and Loss for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

	Note No.	Year ended 31 March 2022 (USD)	Year ended 31 March 2021 (USD)
I Revenue			
Other income	2.6	29,337	62,263
Total Income		<u>29,337</u>	<u>62,263</u>
II Expenses			
Finance costs	2.7	-	199
Other expenses	2.8	30,046	81
Total expenses		<u>30,046</u>	<u>280</u>
III Profit/(loss) before tax		(709)	61,983
IV Tax expense		-	-
V Profit/(loss) for the year		<u>(709)</u>	<u>61,983</u>
VI Other comprehensive income		-	-
VII Total comprehensive income/(loss) for the year		<u>(709)</u>	<u>61,983</u>
Earnings per equity share of USD 1 each	2.9		
Basic		(0.00)	0.14
Diluted		(0.00)	0.14

Summary of significant accounting policies

1

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As per our report of even date

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Chartered Accountants

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Director

Robin Abrams
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Gurugram, India
Date: 26 July, 2022

Texas, USA
Date: 26 July, 2022

California, USA

HCL Bermuda Limited**Statement of Changes in Equity for the year ended 31 March 2022**

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

(Amount in USD)

	Share capital		Other Equity		Total other equity
	No. of shares	Equity share capital	Retained earnings	Securities premium	
Balance as at April 1, 2020	449,026,068	449,027	199,316	261,063	460,379
Profit for the year	-	-	61,983	-	61,983
Total comprehensive income for the year	-	-	61,983	-	61,983
Issue of Equity Shares	10,733,452	10,733	-	109,267	109,267
Balance as at March 31, 2021	459,759,520	459,760	261,299	370,330	631,629
Balance as at April 1, 2021	459,759,520	459,760	261,299	370,330	631,629
Profit for the year	-	-	(709)	-	(709)
Dividend paid	-	-	(4,900)	-	(4,900)
Total comprehensive income for the year	459,759,520	459,760	255,690	370,330	626,020
Balance as at March 31, 2022	459,759,520	459,760	255,690	370,330	626,020

Summary of significant accounting policies (refer note 1)

The accompanying notes are an integral part of the financial statements

As per our report of even date.

For B S R & Co. LLP

ICAI Firm Registration Number : 101248W/W-100022

Chartered Accountants

For and on behalf of the Board of Directors**of HCL Bermuda Limited****Rakesh Dewan**

Partner

Membership Number: 092212

Gurugram, India

Date: 26 July, 2022

Raghu Raman Lakshmanan

Director

Texas, USA

Date: 26 July, 2022

Robin Abrams

Director

California, USA

HCL Bermuda Limited
Statement of Cash flows for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2022 (USD)	Year ended 31 March 2021 (USD)
A. Cash flows from operating activities		
Profit/ (loss) before tax	(709)	61,983
Adjustment for:		
(Profit)/ loss on change in fair value of investment carried at fair value through profit and loss	29,974	(49,345)
Dividend income	(29,333)	(12,908)
Interest expense	-	199
	(68)	(71)
Net change in		
Other financial assets and other assets	(3)	106
Other current financial liabilities	-	(464)
Cash generated from/ (used) in operations	(71)	(429)
Net cash flow from/ (used) in operating activities (A)	(71)	(429)
B. Cash flows from investing activities		
Interest received	-	70
Dividend received	29,333	12,908
Investment in subsidiaries	(29,126)	(110,826)
Net cash flow used in investing activities (B)	207	(97,848)
C. Cash flows from financing activities		
Repayment of short term borrowings	-	(16,772)
Dividend paid	(4,900)	-
Proceeds from capital infusion	-	120,000
Interest paid	-	(1,558)
Net cash flow from financing activities (C)	(4,900)	101,670
Net increase in cash and cash equivalents (A+B+C)	(4,764)	3,393
Cash and cash equivalents at the beginning of the year	5,088	1,695
Cash and cash equivalents at the end of the year as per note 2.3	324	5,088
Summary of significant accounting policies (refer note 1)		

As per our report of even date.

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

For and on behalf of the Board of Directors
of HCL Bermuda Limited

Rakesh Dewan
Partner
Membership Number: 092212

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Gurugram, India
Date: 26 July, 2022

Texas, USA
Date: 26 July, 2022

California, USA

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

Company Overview

HCL Bermuda Limited (hereinafter referred to as the 'Company') was incorporated in Canon's Court 22, Victoria Street, Hamilton HM Bermuda on December 15, 1997. The Company acts as a parent and has invested in subsidiaries and associates which are engaged in business of providing software related IT Solutions, infrastructure management services and BPO Services.

The financial statements for the year ended 31 March 2022 were approved and authorized for issue by the Board of Directors on 26 July, 2022.

1. Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the financial statements.

The Company is not domiciled in India and hence was not incorporated under Companies Act, 2013 or under any previous Company law in India. These financial statements do not constitute a set of statutory financial statements in accordance with local laws of the Country in which the Company is incorporated.

These financial statements are prepared for the use of the Company and the ultimate holding Company, HCL Technologies Limited, to comply with the requirements of the Act.

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

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

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

The Statement of cash flows has been prepared under indirect method.

The functional currency of the Company is United States Dollar (USD).

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) and contingent liabilities that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made.

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

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

- i. Provisions and contingent liabilities, refer note 1(h).
- ii. Fair value of investment in preference shares (unquoted), refer note 1(d).

In view of pandemic relating to COVID-19, the company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of financial assets and impact on revenues and costs including but not limited to assessment of liquidity and going concern assumption. However, the actual impact of COVID-19 on the Company's financial statements may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

c) Nature and purpose of reserves

Securities premium reserve

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

d) 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 in the principal or most advantageous market for that asset or liability.

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

Certain assets are measured at fair value on a non-recurring basis.

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

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

e) Foreign currency transactions

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

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

f) 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. Purchase and sale of financial assets are accounted for at trade date.

Cash and cash equivalents

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

Financial assets 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 and other receivables.

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

Financial assets at Fair Value through Other Comprehensive Income (OCI)

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

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

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

Financial assets at fair value through profit and loss

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

Derecognition of financial assets

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

Impairment of financial assets

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

ii. Financial liabilities

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

Financial liabilities at amortized cost

The company's financial liabilities include other payables, loans and borrowings including bank overdrafts.

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

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

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

Derecognition

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

g) Earnings 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. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

h) Provisions & contingent liabilities

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

i) Other income

Profit on sale of Investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment. Interest on the deployment of surplus funds is recognized using the time-proportion method based on interest rates implicit in the transaction.

Dividend income is recognized when the right to receive the same is established.

j) Investment in Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Investments in subsidiaries are valued at cost less impairment in the separate financial statements as required under relevant applicable accounting standards. When the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of comprehensive income (Loss). On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Investment in fellow subsidiaries is accounted at cost when the instrument meets the definition of an equity instrument from the perspective of the issuing fellow subsidiaries.

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

k) Investment in associates

Associates are entities in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If an entity holds, directly or indirectly (eg through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Investment in associates is accounted at cost when the instrument meets the definition of an equity instrument from the perspective of the issuing fellow associate.

l) Recently issued accounting pronouncements

On 23 March 2022, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2022 effective from 1 April 2022. These Amendments have no effect on the company.

HCL Bermuda Limited
Notes to financial statements for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

2.1 Investment in associates

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Non Current		
In associate companies (unquoted), fully paid up at fair value through profit and loss		
1,001,616 equity shares (31 March 2021: 1,001,616) (49.22% equity interest) of Singapore Dollar 1 each, in HCL Singapore Pte. Ltd., Singapore	180	180
12,50,000 SERIES "A" Preferred stock of Austin GIS INC	1,250	-
Total investments in associates	1,430	180

2.2 Investments in subsidiaries

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Financial Assets		
Non Current		
In subsidiary companies (unquoted), fully paid up		
Investment in Equity Instruments (Unquoted) at cost		
6,089,870 equity shares (31 March 2021: 6,089,870) (81.48% equity interest) of USD 1 each, in HCL America Inc., United States of America	53,270	53,270
81,400,630 equity shares (31 March 2021: 500,000) (100% equity interest) of AUD 1 each, in HCL Australia Services Pty. Limited, Australia	60,260	60,260
193,167 equity shares (31 March 2021: 193,167) (100% equity interest) of HKD 1 each, in HCL Hong Kong SAR Limited, Hong Kong	25	25
10 equity shares (31 March 2021: 10) (100% equity interest) of NZD 1 each, in HCL (New Zealand) Limited, New Zealand	25	25
106,070 equity shares (31 March 2021: 106,070) (100% equity interest) of INR 10 each, in HCL Global Processing Services Limited	14	14
Equity shares of HCL Technologies Austria GmbH (100% equity interest)	6,460	6,460
9,999 equity shares (31 March 2021: 9,999) (100% equity interest) of CAD 20,7316 each, in HCL Canada Inc.	180	180
16,240,000 equity shares (31 March 2021: 9,000,000) (100% equity interest) Hungary of HUF 1 each, in HCL Hungary Kft., Hungary	288	288
35,328 equity shares (31 March 2021: 35,328) (100% equity interest) of RON 10 each, in HCL Technologies Romania S.R.L., Romania	117	117
17,496 units (31 March 2021: 17,496) (100% equity interest) of USD 1000 each in HCL Latin America Holding, LLC, Delaware	17,496	17,496
1 equity share (31 March 2021: 1) of GBP 1 each, in HCL EAS Limited, United Kingdom.	0	0
10,980 equity shares (31 March 2021: 10,980) (90% equity interest) of SAR 500 each, fully paid up, in HCL Arbia LLC	1,464	1,464
990,000 equity shares (31 March 2021: 990,000) (99% equity interest) of Rp 9,074 each, in HCL Technologies Indonesia	1,004	1,004
166,942,191 equity shares (31 March 2021: 76,362,191) (100% equity interest) Equity Shares of USD 1 in HCL Technologies UK Limited	194,627	194,627
3,650 equity shares units (31 March 2021: 3650) (100% equity interest) of AED 1000 each, in HCL Technologies Middle East FZ-LLC	994	994
21,065,999 equity shares (31 March 2021: 21,065,999) (99.99% equity interest) Equity shares of GTQ 1 in HCL Guatemala	2,750	2,750
46 equity share (31 March 2021: 1) Equity share of AZN 1 in HCL Tech Azerbaijan LLC	0	0
1,736 equity shares (31 March 2020: 1736) (99.94% equity interest) of OMR 100 each, in HCL Technologies Muscat LLC	452	452
500 equity share (31 March 2020: 0) (50% equity interest) Equity share of PEN 1 in HCL Technologies S.A.C.	0	0
120 Equity shares of CRC 1 in HCL Technologies Costa Rica SRL	0	-
Equity shares of HCL Technologies Bahrain W.L.L. (100% Equity Interest)**	214	-
12000 Equity shares of HCL Technologies UK Limited (100% Equity Interest)*	12,000	-
Equity shares of HCL Technologies Costa Rica SRL (100% Equity Interest)**	600	-
461,000,000 Equity shares of HCL Hungary Kft (100% Equity Interest)*	15,063	-
Investment in Preference Shares (Unquoted) carried at fair value through profit and loss***		
533,698,700 preference share (31 March 2021: 573,698,700) of USD 1 each, in HCL EAS Limited, United Kingdom	548,036	622,947
Investment in Preference Membership units (Unquoted) carried at fair value through profit and loss		
2,209 preference units (31 March 2021: 2,209) of USD 1000 each in HCL Latin America Holding LLC	2,209	2,209
	917,548	964,582
Current		
Investment in Preference Shares (Unquoted) carried at fair value through profit and loss*		
533,698,700 preference share (31 March 2020: 573,698,700) of USD 1 each, in HCL EAS Limited, United Kingdom	166,455	121,519
	166,455	121,519
Aggregate amount of unquoted investments	1,084,003	1,086,101
Equity instruments carried at cost	367,303	339,426
Preference shares carried at fair value through profit and loss	716,700	746,675

* These amount represents the investment made by HCL Bermuda limited into the subsidiary companies but in respect of which the shares have not been allocated to the company after the balance sheet date.

** These amount represents the investment made by HCL Bermuda limited into the subsidiary companies but in respect of which the shares have not been allocated to the company and the number of shares will be determined when the shares will be allocated to the company.

***During the previous year, the management had identified the need for category reclassification of financial instrument being investment in preference shares pertaining to the prior years issued by HCL EAS Limited.

The terms and conditions of preference shares were amended w.e.f 31 March 2020.

(a) Coupon rate changed from 4% to 2.2%

(b) To extend the redemption date of various lots of issued preference shares for a further period of five years at time of redemption on case to case basis as agreed between the Company and HCL EAS Ltd.

HCL Bermuda Limited**Notes to financial statements for the year ended 31 March 2022**

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

2.3 Cash and bank balances

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Cash and cash equivalent		
Balance with banks		
- in current accounts	324	5,088
	324	5,088

2.4 Other financial assets

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Current		
Other receivable - related parties (refer note 2.12)	23	20
	23	20

2.5 Share Capital

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Authorized		
1,000,000,000 (31 March 2020: 1,000,000,000) shares of USD 1 each	1,000,000	1,000,000
Issued, subscribed and paid up		
Equity share capital		
459,759,520 (31 March 2020: 449,026,068) equity shares of USD 1 each, fully paid up	459,760	459,760
	459,760	459,760

HCL Bermuda Limited
Notes to financial statements for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

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 each. 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 2022	31 March 2022	31 March 2021	31 March 2021
	No. of shares	Amount (USD)	No. of shares	Amount (USD)
Number of shares at the beginning	459,759,520	459,760	449,026,068	449,027
Add: Shares issued during the year	-	-	10,733,452	10,733
Number of shares at the end	459,759,520	459,759	459,759,520	459,760

Details of shares held by holding company

Name of the shareholder	As at			
	31 March 2022	31 March 2022	31 March 2021	31 March 2021
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of USD 1 each fully paid up HCL Technologies Limited, the holding company	459,759,520	100%	459,759,520	100.00%

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

Name of the shareholder	As at			
	31 March 2022	31 March 2022	31 March 2021	31 March 2021
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of USD 1 each fully paid up HCL Technologies Limited, the holding company	459,759,520	100.00%	459,759,520	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. The funding requirements are generally met through investors.

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

2.6 Other income

	Year ended	Year ended
	31 March 2022	31 March 2021
	(USD)	(USD)
Exchange differences (net)	4	10
Income on investments carried at fair value through profit and loss		
- Unrealised gain (loss) on fair value changes on investment in preference shares	-	48,663
- Realised gain on investment in preference shares	-	682
Dividend income on investments	29,333	12,908
	29,337	62,263

2.7 Finance cost

	Year ended	Year ended
	31 March 2022	31 March 2021
	(USD)	(USD)
Interest expenses	-	199
Bank charges	-	-
	-	199

2.8 Other expenses

	Year ended	Year ended
	31 March 2022	31 March 2021
	(USD)	(USD)
Legal and professional charges	72	81
Fair value changes on investment carried at fair value through profit and loss	29,974	-
Miscellaneous expenses	-	-
	30,046	81

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

2.9 Earnings Per Equity Share (EPS)

The computation of earnings per equity share is as follows:

	As at	
	31 March 2022	31 March 2021
	USD	USD
Net Profit or (loss) as per Statement of Profit and Loss for computation of EPS	(709)	61,983
Weighted average number of equity shares outstanding in	459,759,520	452,349,027
Nominal value of equity shares	1	1
Earnings (loss) per equity share - Basic and Diluted	(0.00)	0.14

2.10 Segment Reporting

As the company's business activity falls within a single primary business segment viz "Pure equity holding and Income from Investments" and operates in a single geography, there is no separate 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.

2.11 Financial Instruments

(a) Financial Assets and Liabilities

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

	Fair value through profit and loss	Amortised cost	Total carrying value
	USD	USD	USD
Financial Assets			
Investments	716,700	-	716,700
Cash and Cash equivalents	-	324	324
Others (Refer note 2.4)	-	23	23
Total	716,700	347	717,047

The carrying value of Financial instruments by categories as at 31 March 2021 is as follows:

	Fair value through profit and loss	Amortised Cost	Total carrying value
	USD	USD	USD
Financial Assets			
Investments	746,675	-	746,675
Cash and Cash equivalents	-	5,088	5,088
Others (Refer note 2.4)	-	20	20
Total	746,675	5,108	751,783

Investments in unquoted preference shares is classified as fair value through profit and loss and is classified as level 3. The re-measurement is calculated using unobservable inputs based on company's own assessment of respective company's financial performance and third party valuation inputs.

Sensitivity analysis for instruments carried at Fair value through profit and loss

An increase of 50 basis points in interest rates at the reporting date would have increased loss as at March 31, 2022 and March 31, 2021 by the amounts shown below. This analysis assumes that all other variables remain constant.

Profit or (loss)	USD
31 March 2022	(7,153)
31 March 2021	(10,171)

A decrease of 50 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

2.11 Financial Instruments (continued)

(b) Financial risk management

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

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

Market risk

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

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company is primarily dealing in its functional currency and is not exposed significantly to change in foreign currency exchange rates.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than foreign currency. An insignificant portion of the Company's revenue is in foreign currency while a large portion of costs are in USD. The fluctuation in exchange rates in respect to USD may not have potential impact on the statement of profit and loss and equity. The currency risk is insignificant during the year ended 31 March 2022 and 31 March 2021 since most of the transactions are in USD only.

(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. During the current year there was no interest bearing asset/ liability as on reporting date. In previous year the Company had exposure to the risk of changes in market interest rate arising on account of short term borrowings from group affiliate entities with floating interest rate however, the exposure was not material.

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances. Bank deposits are made with banks having high credit rating and there is no material concentration of credit risk.

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.

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

2.12 Related parties

a) Related parties where control exists

Holding company

HCL Technologies Limited, India

Subsidiaries Company

HCL Technologies Middle East FZ-LLC

HCL America Inc.

HCL Technologies Romania S.R.L

HCL Hungry Kft.

HCL Technologies Austria GMBH

HCL Arabia LLC

HCL Technologies UK Ltd.

HCL Latin America Holding LLC

HCL (New Zealand) Ltd.

HCL Hong Kong SAR Ltd.

HCL Canada Inc.

HCL EAS Limited

HCL Muscat Technologies LLC

HCL Guatemala, Sociedad Anónima

HCL Technologies Azerbaijan LLC

HCL Technologies S.A.C

HCL Australia Services Pty Ltd.

Fellow Subsidiaries Company

HCL Mexico de R.L.De

HCL Argentina s.a.

HCL (Brazil) Tecnologia da informacao EIRELI

HCL Technologies Finland Oy

HCL Technologies B.V.

HCL Technologies Germany GmbH

HCL Ireland Information Systems Ltd.

HCL Technologies Sweden AB

HCL Technologies Columbia S.A.S

HCL Technologies Italy S.PA.

HCL Istanbul Bilisim Teknolojileri Limited Sirketi

HCL Technologies Greece Single member PC

HCL Technologies SA

HCL Technologies Luxembourg SARL

HCL Technologies Beijing Co. Ltd.

HCL Technologies Egypt Limited

HCL Technologies (Thailand) Limited

HCL Great Britain Ltd.

HCL Technologies Denmark Aps

HCL Technologies Norway AS

HCL Technologies South Africa (Proprietary) Limited

HCL Axon Malaysia Sdn. Bhd.

Axon Solutions (Shanghai) Co. Ltd.

Axon Solutions Ltd.

HCL Technologies Chile Spa.

HCL Investments (UK) Ltd.

State Street HCL Holdings (UK) Ltd.

State Street HCL Services Philippines Inc.

State Street HCL Services India Pvt. Ltd.

HCL Software Products Limited

HCL Japan Ltd.

Axon Solution Pty. Ltd.

Butler America Aerospace LLC

PT. HCL Technologies Indonesia Ltd.

Concept2Silicon Systems Private Ltd.

Point to Point Limited

Point to Point Products Limited

HCL Technologies Czech Republic S.R.O.

HCL Sweden AB

HCL GMBH Germany

HCL Technologies Solutions Ltd.

HCL America Solution Inc.

HCL Technologies Lithuania UAB

HCL Poland Sp.z.o.o

HCL Technologies Solutions GMBH

Anzospan Investments (Pty) Limited

HCL Axon (Proprietary) Limited

HCL Technologies Belgium BVBA

HCL Insurance BPO Services Ltd.

Datawave (An HCL Technologies Company) Limited

HCL Technologies Corporate Services Limited

Urban Fulfillment Services LLC

HCL Technologies Estonia OU

HCL Technologies (Taiwan) Ltd.

HCL Technologies France S.A.C

Axon Group Ltd. UK

HCL Technologies Philippines Inc.

Fillal Espanoina De HCL Technologies S.L

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

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

HCL Technologies Limited

HCL Singapore Pte Limited

HCL EAS Limited

HCL Hong Kong SAR Ltd.

HCL Technologies Azerbaijan LLC

c) Transactions with related parties during the year

	Holding		Subsidiaries	
	Year ended		Year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Dividend income	-	-	29,333	12,908
Interest expenses	-	-	-	199
Short term loan paid back	-	-	-	16,772
Dividend paid	4,900	-	-	-
Investments made	-	-	29,126	110,826

d) Material related party transactions

	Holding		Subsidiaries	
	Year ended		Year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Interim Dividend received from				
HCL EAS Limited	-	-	25,460	682
HCL Singapore Pte Limited	-	-	3,131	7,353
HCL Hong Kong SAR Limited	-	-	742	4,872
Interim Dividend Paid to				
HCL Technologies Limited	4,900	-	-	-

e) Outstanding balances with related parties

	Fellow Subsidiaries		Subsidiaries	
	As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Other receivables	16	-	7	23

HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2022

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

2.13 Ratios

Ratio	Numerator	Denominator	Units	Year ended		% Variance
				31 March 2022	31 March 2021	
Return on equity ratio	Profit for the year	Average total equity	%	0%	6%	-101%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 2 below)	%	0%	6%	-101%
<u>Return on investment</u> -Unquoted	Income generated from invested funds	Time weighted average investments	%	3%	1%	84%

Notes :

- (1) Working capital = current assets - current liabilities
(2) Capital employed = Tangible net worth includes acquired goodwill and other intangibles assets + total debt - deferred tax assets
(3) Average is calculated based on simple average of opening and closing balances.

Explanation where change in the ratio is more than 25%**Return on equity ratio/capital**

Return on equity ratio has declined due to loss in FY'22 in comparison to profit in Fy'21

Return on investment

Return on investment has improved due to increase in Dividend distribution in comparison to previous year.

2.13 Subsequent Events

The Board of directors subsequent to the balance sheet date has extended the terms of preference shares issued by HCL EAS Limited as discussed in Note 2.2. The terms and conditions of preference shares were amended w.e.f 30 June 2022:-

- (a) To extend the redemption date of various lots of issued preference shares for a further period of five years at time of redemption on case to case basis as agreed between the Company and HCL EAS Ltd.
(b) To convert the outstanding dividend on 30th June,2022 into the preference share having tenure of five years.
(b) Coupon rate of the extended preference shares changed from 2.2% to 3.67%.

This event has been classified as non-adjusting event and the company is in the process of evaluating its impact .

3. The Company has presented its financial statements in "USD in Thousands" and accordingly, amounts less than USD 0.50 thousands are rounded off to zero.

As per our report of even date

For B S R & Co. LLP

ICAI Firm Registration Number : 101248W/W-100022

Chartered Accountants

For and on behalf of the Board of Directors
of HCL Bermuda Limited

Rakesh Dewan

Partner

Membership Number: 092212

Raghu Raman Lakshmanan

Director

Robin Abrams

Director

Gurugram, India

Date: 26 July, 2022

Texas, USA

Date: 26 July, 2022

California, USA