

HCL Latin America Holding, LLC

Financial Statements

For the year ended 31st March 2022 and 2021

HCL Latin America Holding, LLC
Balance Sheet as at 31 March 2022
(All amounts in thousands except unit data and as stated otherwise)

	Note No.	As at 31 March 2022 (USD)	As at 31 March 2021 (Restated - Refer Note No. 4A) (USD)
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	173	141
(b) Financial assets			
(i) Investments	2.2	33,689	40,256
(ii) Others	2.3	91	242
(c) Deferred tax assets (net)	2.20	46	27
(d) Other non-current assets	2.4	22	21
(2) Current assets			
(a) Inventories	2.5	8	4
(b) Financial Assets			
(i) Trade receivables			
-Billed	2.6	1,949	744
-Unbilled	2.6	251	229
(ii) Cash and cash equivalents	2.7	646	1,111
(iii) Loans		163	-
(iv) Others	2.3	136	261
(c) Other current assets	2.8	110	17
TOTAL ASSETS		37,284	43,053
II. EQUITY			
(a) Common Membership Units	2.9	17,496	17,496
(b) Other Equity		(9,286)	(2,324)
TOTAL EQUITY		8,210	15,172
III. LIABILITIES			
(1) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.10	25,833	26,251
(ii) Trade payables			
-Billed	2.11	1,599	342
-Unbilled and accruals	2.11	631	605
(iii) Others	2.12	609	307
(b) Other current liabilities	2.13	-	32
(c) Current Tax Liabilities (net)		402	344
TOTAL LIABILITIES		29,074	27,881
TOTAL EQUITY AND LIABILITIES		37,284	43,053

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 Latin America Holding, LLC

Vimal Chauhan
Partner
Membership Number: 511230

C. Vijayakumar
Director

Prateek Aggarwal
Director

Gurugram, India
Date: 25 July, 2022

Zürich, Switzerland
Date: 25 July, 2022

Noida (UP), India
Date: 25 July, 2022

HCL Latin America Holding, LLC
Statement of Profit and Loss for the year ended 31 March 2022
(All amounts in thousands except unit data and as stated otherwise)

	Note No.	Year ended 31 March 2022 (USD)	Year ended 31 March 2021 (Restated - Refer Note No. 4A) (USD)
I Revenue			
Revenue from operations	2.14	3,168	2,527
Other income	2.15	12	19
Total income		3,180	2,546
II Expenses			
Purchase of stock in trade		284	38
Changes in inventories of stock in trade	2.16	(4)	1
Employee benefits expense	2.17	814	654
Finance costs	2.18	410	428
Outsourcing cost		1,765	1,547
Depreciation and amortization expense	2.1	38	37
Provision for diminution in value of investment	2.22	6,567	1,879
Other expenses	2.19	119	244
Total expenses		9,993	4,828
III Loss before tax		(6,813)	(2,282)
IV Tax expense			
Current tax	2.20	171	241
Deferred tax charge (credit)	2.20	(22)	(42)
Total tax expense		149	199
V Loss for the year		(6,962)	(2,481)
VI Other comprehensive income		-	-
VII Total Comprehensive Loss for the year		(6,962)	(2,481)
Earnings per Common membership units of USD 1,000/- each			
Basic	2.21	(398)	(142)
Diluted	2.21	(398)	(142)
Summary of significant accounting policies	1		

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HCL Latin America Holding, LLC

Statement of Changes in Equity for the year ended 31 March 2022

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

(Amount in USD)

	Units		Other Equity		Total other equity
	Units	Common membership units	Other Equity	Retained earnings	
Balance as at April 1, 2020	17,705	17,496	717	(560)	157
Loss for the year (Restated - Refer Note no. 4A)	-	-	-	(2,481)	(2,481)
Other comprehensive income / (loss)	-	-	-	-	-
Other comprehensive income / (loss) (Restated - Refer Note no. 4A)	-	-	-	(2,481)	(2,481)
Balance as at March 31, 2021 (Restated - Refer Note no. 4A)	17,705	17,496	717	(3,041)	(2,324)
Balance as at April 1, 2021	17,705	17,496	717	(3,041)	(2,324)
Loss for the year	-	-	-	(6,962)	(6,962)
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	(6,962)	(6,962)
Balance as at March 31, 2022	17,705	17,496	717	(10,003)	(9,286)

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

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HCL Latin America Holding, LLC
Statement of Cash flows for the year ended 31 March 2022
(All amounts in thousands except unit data and as stated otherwise)

	Year ended 31 March 2022 (USD)	Year ended 31 March 2021 (USD)
A. Cash flows from operating activities		
Loss before tax	(6,813)	(2,282)
Adjustment for:		
Depreciation and amortization	38	37
Provision for doubtful debts/ bad debts written off	0	2
Interest Income	(1)	-
Interest expenses	397	419
Provision for diminution in value of investment	6,567	1,879
Operating profit before working capital changes	188	55
Net Change in		
Trade receivables	(1,227)	(99)
Inventories	(4)	1
Other financial assets and other assets	185	369
Trade payables	1,283	(268)
Other financial liabilities and other liabilities	(37)	(104)
Cash generated/(used) in operations	388	(46)
Direct taxes paid (net of refunds)	(112)	(11)
Net cash flow from/ (used in) operating activities (A)	276	(57)
B. Cash flows from investing activities		
Loan to related parties	(249)	-
Loan repayment received from related parties	86	-
Investment in Subsidiaries (refer note 2.2)	-	(22,700)
Purchase of property, plant and equipment, including capital work in progress and capital advances	(226)	(169)
Proceeds from sale of property, plant and equipment	148	-
Net cash used in investing activities (B)	(241)	(22,869)
C. Cash flows from financing activities		
Repayments from long term borrowings	(800)	22,700
Proceeds of long term borrowings	300	-
Interest paid	0	(105)
Net cash flow from/ (used in) financing activities (C)	(500)	22,595
Net increase in cash and cash equivalents (A+B+C)	(465)	(331)
Cash and cash equivalents at the beginning of the year	1,111	1,442
Cash and cash equivalents at the end of the year as per note 2.7	646	1,111

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements

As per our report of even date

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HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

(All amounts in USD thousands except stated otherwise)

ORGANIZATION AND NATURE OF OPERATIONS

HCL Latin America Holding, LLC (hereinafter referred to as “the Company”) was incorporated on March 30, 2009 as Delaware Limited Liability Company. The company is 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 25th July, 2022.

1. Summary of 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 Company has a net current liabilities position as at 31 March 2022 where its current liabilities exceed its current assets by USD 25,810 thousand. However, the Company has a positive net worth as at 31 March 2022. Further, based on HCL Technologies Limited, the ultimate holding company's commitment to provide continued financial and operational support for a period of not less than 12 months from the date of the financial statements, management believes that the company would be able to continue its business operations and meet its liquidity requirements for next 12 months. Accordingly, no adjustments is required in respect of the carrying value of assets or liabilities and these financial statements have been prepared on a going concern basis.

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

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

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

The functional currency of the Company is USD.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be

HCL Latin America Holding, LLC
Notes to financial statements for the year ended 31 March 2022
(All amounts in USD thousands except stated otherwise)

reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, income taxes, the useful lives of property, plant and equipment, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

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

- i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note 1(g)
- ii. Allowance for uncollectible accounts receivables, refer note 1(j)
- iii. Recognition of income and deferred taxes, refer note 1(i) and note 2.20
- iv. Useful lives of property, plant and equipment, refer note 1(f)
- v. Provisions and contingent liabilities, refer note 1(n)

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 receivables, unbilled receivables, other financial assets and impact on revenues and costs.

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) Fair value measurement

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

The 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.

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.

d) Lease

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

Where the Company as the lessor

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

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

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

Where the Company as the lessee

The Company leases office spaces and accommodation for its employees under operating lease agreements. 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 Ind AS 116.

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 profit and loss. For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

HCL Latin America Holding, LLC
Notes to financial statements for the year ended 31 March 2022
(All amounts in USD thousands except stated otherwise)

e) Inventories

Stock in trade are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of stock in trade procured for specific projects is assigned by identification of individual costs of each item. Cost of stock in trade, that are interchangeable and not specific to any project and cost of stores and spare parts are determined using the weighted average cost formula.

f) Property, plant and equipment

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

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing fixed assets, including day - to - day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss during the period during which such expenses are incurred.

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

Property, plant and equipment under construction and cost of assets not ready for use before the year-end, are disclosed as capital work - in - progress.

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

The management's estimates of the useful lives of following assets for computing depreciation are as follows: -

	Life (in years)
Computers	3-5

The useful life as given above best represents the period over which the management expects to use these assets, based on technical assessment. Hence, the useful life for the assets is different from the useful life prescribed under Part C of Schedule II of the Companies Act 2013.

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

g) Revenue Recognition

Contracts involving provision of services

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4)

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

(All amounts in USD thousands except stated otherwise)

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.

Time-and-material contracts

Revenue with respect to time-and-material contracts is recognized as the related services are performed.

Fixed Price contracts

Revenue related to contracts providing maintenance and support services, is recognized over the term of the contract.

Revenue from technology integration and complex network building contracts is recognized in accordance with the Percentage-Of-Completion (POC) method. Under the POC method, progress towards completion is measured based on either achievement of specified contract milestones, cost incurred as a proportion of estimated total cost or other measures of progress when available. If circumstances arise that change the original estimates of revenues, costs, or extent of progress towards completion, revisions are made to the estimates. These revisions may result in increase or decrease in estimated revenues or costs, and such revisions are reflected in income in the year in which the circumstances that gave rise to the revision become known to the management. If at any time these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

Revenue related to other fixed price contracts is recognized in accordance with the Percentage of Completion method (POC). The cost incurred on the projects is used to measure progress towards completion. Costs are recorded as incurred over the contract period. Any revision in cost to complete would result in increase or decrease in revenue and income and such changes are recorded in the year in which they are identified. Provisions for estimated losses, if any, on contracts-in progress are recorded in the period in which such losses become probable based on the current cost estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenue that will be generated by the contract and are included in Cost of services and classified in other accrued liabilities.

In arrangements involving sharing of customer revenues, revenue is recognized when the amounts are known and the right to receive is established. Incremental revenue from existing contracts arising on future sales to the customers is recognized when it is earned, and collectability is reasonably assured.

Revenues from unit-priced contracts are recognized as transactions are processed, based on objective measures of output.

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

Revenue is recognized net of discounts and allowances, value-added tax and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

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

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

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

(All amounts in USD thousands except stated otherwise)

leases is accounted on a straight-line basis as service revenue over the rental period. Interest attributable to financing leases included therein is recognized on an accrual basis using the effective interest method.

h) Foreign currency transactions

The financial statements of the Company are presented in USD which is also the Company's functional currency. For each foreign operation, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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

i) Taxation

Income tax expense comprises current and deferred income tax.

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.

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.

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.

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 Latin America Holding, LLC
Notes to financial statements for the year ended 31 March 2022
(All amounts in USD thousands except stated otherwise)

j) 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 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: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and 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.

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.

The company's financial liabilities include 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 Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

(All amounts in USD thousands except 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

Convertible preference membership units

Convertible preference membership units are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference membership units, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity since conversion option meets Ind AS 32 criteria for fixed-to-fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

In the absence of fixed to fixed relationship, the conversion option is also analyzed for classification as embedded derivative financial liability component and is recognized at fair value at each balance sheet date if not closely related to the host financial liability instrument.

Transaction costs are apportioned between the liability and equity components of the convertible preference membership units based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

k) Impairment of non-financial assets

Property, plant and equipment

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

l) Retirement and other employee benefits

Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

(All amounts in USD thousands except stated otherwise)

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur.

m) Earning per unit

Basic earnings per unit are calculated by dividing the net profit or loss for the period attributable to unit holders by the weighted average number of common membership units outstanding during the period.

Diluted EPS amounts are computed by dividing the net profit attributable to the unit holders of the company by the weighted average number of common membership units considered for deriving basic earnings per unit and also the weighted average number of common membership units that could have been issued upon conversion of all dilutive potential common membership units.

n) Provisions and contingent liabilities

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

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

o) 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. Following is key amended provision which may have an impact on the standalone financial statements of the Company:

Onerous Contracts – Cost of Fulfilling a Contract (Amendment to Ind AS 37)

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs and allocation of other direct costs. The Company does not expect the adoption of this update to have a material impact on its standalone financial statements.

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2022

	Computer (USD)
Gross block as at 1 April 2021	178
Additions	218
Deletions	212
Gross block as at 31 March 2022	184
Accumulated depreciation as at 1 April 2021	37
Charge for the year	38
Deletions	64
Accumulated depreciation as at 31 March 2022	11
Net block as at 31 March 2022	173

The changes in the carrying value for the year ended 31 March 2021

	Computer (USD)
Gross block as at 1 April 2020	-
Additions	178
Deletions	-
Gross block as at 31 March 2021	178
Accumulated depreciation as at 1 April 2020	-
Charge for the year	37
Deletions	-
Accumulated depreciation as at 31 March 2021	37
Net block as at 31 March 2021	141

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

2.2 Financial Assets - Investments

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Non-current investments : Unquoted Investment		
In subsidiary companies trade (unquoted), fully paid up		
Equity Instruments at cost		
Fixed and Variable capital in HCL Technologies Mexico S.DE.R.L.DE.C.V., Mexico	13,020	13,020
82,510,266 (previous year 82,510,266) equity shares of Brazelian Reas 1 each, fully paid up, in HCL (Brazil) Tecnologia da informacao EIRELI	25,750	25,750
2,962,875 (previous year 2,962,875) equity shares of Argentina Peso 1 each, fully paid up, in HCL Argentina S.A.,	2,405	2,405
1220 (previous year 1220) equity shares of SAR 500 each, fully paid up, in HCL Saudi Arbia LLC, Saudi Arbia	163	163
In HCL Argentina S.A.,Argentina (refer note 1)	233	233
In HCL Argentina S.A.,Argentina	700	700
Less: Provision for diminution in value of investment (refer note 2.22)	(8,582)	(2,015)
Aggregate amount of non- current investments	33,689	40,256

Note 1 : This investment is part of legal reserve of HCL Argentina S.A, hence no share is issued against this.

Note 2 : During the year, Investment in HCL (Brazil) Tecnologia da informacao EIRELI has been impaired and accordingly Provision for dimunition in value of invesment amounitng to \$ 6567 is created.

2.3 Other financial assets

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Non Current		
Carried at amortized Cost		
Finance lease receivables (Refer Note 2.26)	91	242
	91	242
Current		
Carried at amortized Cost		
Finance lease receivables (Refer Note 2.26)	135	261
Interest On Loans (Refer Note 2.24)	1	-
	136	261

2.4 Other non- current assets

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Others		
Deferred contract cost (Refer Note 2.14)	22	21
	22	21

2.5 Inventories

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Inventories (valued at lower of cost and net realisable value)		
Stock in trade	8	4
	8	4

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

2.6 Trade receivables

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Current Billed		
Trade Receivables which have significant increase in credit Risk	1	-
Unsecured, considered good (refer note below)	1,950	746
Impairment allowance for bad and doubtful debts	2	2
	1,949	744
Unbilled receivables (refer note below)		
Unbilled receivable	215	194
Unbilled receivable-related parties (Refer Note 2.24)	36	35
	2,200	973

Note:

Includes receivables from related parties amounting to 667 USD (31 March 2021, USD 440) (refer note 2.24).

Trade receivables - current	Not Due	Outstanding as at 31 March 2022 from the due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
		Undisputed - considered good	1,109	366	11	391	73
Undisputed - which have significant increase in credit risk	-	-	-	1	-	-	1
							1,951
Impairment allowance for bad and doubtful debts							(2)
Unbilled receivables							251
							2,200

Trade receivables - current	Not Due	Outstanding as at 31 March 2021 from the due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
		Undisputed - considered good	271	66	409	-	-
							746
Impairment allowance for bad and doubtful debts							(2)
Unbilled receivables							229
							973

2.7 Cash and cash equivalents

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Balance with banks		
- in current accounts	646	1,111
	646	1,111

2.8 Other current assets

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Unsecured, considered good		
Advances other than capital advances		
Advances to employees	8	-
Others		
Deferred contract cost (Refer Note 2.14)	22	14
Prepaid expenses	6	3
Withholding and other taxes receivable	74	-
	110	17

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

2.9 Common membership units

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Authorized 20,000 (31 March 2021, 20,000) Common membership units of USD 1,000/- each	20,000	20,000
Issued, subscribed and fully paid up Common membership fund 17,496 (31 March 2021, 17,496) units of USD 1,000/- each, fully paid up	17,496	17,496
	17,496	17,496

Reconciliation of the number of units outstanding at the beginning and at the end of the reporting period

	As at			
	31 March 2022		31 March 2021	
	No. of Units	(USD)	No. of Units	(USD)
Number of units at the beginning	17,496	17,496	17,496	17,496
Add: Units issued during the year	-	-	-	-
Number of units at the end	17,496	17,496	17,496	17,496

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

Name of the Unitholder	As at			
	31 March 2022		31 March 2021	
	No. of Units	(USD)	No. of Units	(USD)
Units of USD 1,000/- each fully paid HCL Bermuda Limited, Bermuda, the holding company	17,496	17,496	17,496	17,496

Details of Unitholders holding more than 5 % Units in the company:-

Name of the Unitholder	As at			
	31 March 2022		31 March 2021	
	No. of Units	% holding in the class	No. of Units	% holding in the class
Units of USD 1,000/- each fully paid HCL Bermuda Limited, Bermuda, the holding company	17,496	100%	17,496	100%

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

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

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

Capital management

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

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

2.10 Borrowings

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Unsecured		
7.5% Preference membership units (Refer note 1) (Refer note 2.24)	2,133	2,051
Loan from related parties (refer note 2.24)	23,700	24,200
	25,833	26,251

Note 1:

The preference membership units were issued on 21 February 2013 for the period of 10 years. The preference membership units may be convertible into common membership units before redemption at the option of the holder of the preference membership units to be exercised at any time before the redemption of the preference membership units.

The dividend on preference membership units is at the discretion of Board of Directors. If within 6 months after the expiration of financial year of the Company the Board in its discretion have not declared the said dividend on the preference membership units for the financial year then the rights of the holders of the preference members to such dividend for financial year are forfeited.

2.11 Trade payables

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Billed		
Trade payables	33	90
Trade payables- related parties (refer note 2.24)	1,566	252
Unbilled and accruals		
Unbilled and accruals-related parties (refer note 2.24)	138	56
	493	549
	2,230	947

Particulars	Not Due	Outstanding as at 31 March 2022 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3	Total
		(i) Others	-	1,378	221	-
Unbilled and accruals						631
						2,230

Particulars	Not Due	Outstanding as at 31 March 2021 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3	Total
		(i) Others	-	335	7	-
Unbilled and accruals						605
						947

2.12 Other financial liabilities

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Carried at amortized Cost		
Capital accounts payables	-	8
Interest payable -related parties (refer note 2.24)	553	238
Employee bonuses accrued	14	36
Other employee costs	42	25
	609	307

2.13 Other current liabilities

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
Current		
Withholding and other taxes payable	-	32
	-	32

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

2.14 Revenue from operations

	Year ended	
	31 March 2022	31 March 2021
	(USD)	(USD)
Sale of services	2,765	2,466
Sale of hardware and software	403	61
	3,168	2,527

Disaggregate Revenue Information

	Year ended	
	31 March 2022	31 March 2021
	(USD)	(USD)
Contract type		
Fixed price	3,091	2,527
Time and material	77	-
Total	3,168	2,527
Geography wise		
America	124	1,000
Europe	499	694
India	46	25
Others	2,499	808
	3,168	2,527

Remaining performance obligations

As at 31 March 2022, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was USD 4,202 out of which, approximately 41%, is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions of below:

- Contracts for which we recognize revenues based on the right to invoice for services performed,
- Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or
- Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Contract balances

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

	Year ended	
	31 March 2022	31 March 2021
	(USD)	(USD)
Balance as at beginning of the year	35	7
Additional cost capitalised during the year	22	28
Deduction on account of cost amortized during the year	(13)	-
Balance as at end of the year	44	35

The contracted price equals the revenue recognized since there is no reduction towards variable consideration component during the year.

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

2.15 Other income

	Year ended	
	31 March 2022	31 March 2021
	(USD)	(USD)
Interest income		
- Related Party (Refer Note 2.24)	1	-
- Others	11	19
	12	19

2.16 Changes in inventories of stock in trade

	Year ended	
	31 March 2022	31 March 2021
	(USD)	(USD)
Opening stock	4	5
Less: Closing stock	8	4
	(4)	1

2.17 Employee benefits expense

	Year ended	
	31 March 2022	31 March 2021
	(USD)	(USD)
Salaries, wages and bonus	662	532
Social security contribution	142	102
Leave encashment	10	20
	814	654

2.18 Finance cost

	Year ended	
	31 March 2022	31 March 2021
	(USD)	(USD)
Interest on borrowings -related parties (refer note 2.24)	397	419
Bank charges	13	9
	410	428

2.19 Other expenses

	Year ended	
	31 March 2022	31 March 2021
	(USD)	(USD)
Rent	3	3
Insurance	8	-
Travel and conveyance	5	3
Repairs and maintenance	8	25
Legal and professional charges	53	37
Exchange differences (net)	22	169
Communication cost	2	2
Provision for doubtful debts/ bad debts written off	0	2
Rates & Taxes	17	2
Miscellaneous expenses	1	1
	119	244

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

2.20 Income taxes

The computation of income taxes is as follows:

	Year ended	
	31 March 2022	31 March 2021 (Restated - Refer Note No. 4A)
	(USD)	(USD)
Income tax charged to statement of profit and loss		
Current income tax charge	171	241
Deferred tax charge (credit)	(22)	(42)
	149	199

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 2022	31 March 2021 (Restated - Refer Note No. 4A)
	(USD)	(USD)
Profit /(loss) before income tax	(6,813)	(2,282)
Statutory tax rate	0%	0%
Expected tax expense	-	-
Current year tax expense of branches	121	198
Creation/(reversal) of prior year provision of branches	23	0
Others	5	1
Total taxes	149	199
Effective income tax rate	-2%	-9%

Components of deferred tax assets and liabilities as on 31 March 2022

	Opening balance (Restated - Refer Note No. 4A)	Recognized in profit and loss	Exchange Difference	Amount in (USD) Closing balance
Deferred tax assets				
Provision for expenses	6	31	(4)	33
Business loss	11	(7)	1	5
Adjustment for VAT	38	(44)	6	-
Net deferred revenue	5	(6)	1	-
Adjustment for foreign exchange	-	10	(1)	9
Others	2	(2)	0	-
Gross deferred tax assets (A)	62	(18)	3	47
Deferred tax liabilities				
Adjustment for fixed assets	35	(40)	6	1
Gross deferred tax liabilities (B)	35	(40)	6	1
Net deferred tax assets/(liabilities) (A-B)	27	22	(3)	46

Components of deferred tax assets and liabilities as on 31 March 2021

	Opening balance	Recognized in profit and loss	Restatement	Amount in (USD) Closing balance (Restated - Refer Note No. 4A)
Deferred tax assets				
Provision for expenses	57	(59)	8	6
Forex	2	(2)	-	-
Business loss	-	11	-	11
Adjustment for VAT	-	38	-	38
Net deferred revenue	-	5	-	5
Others	-	2	-	2
Gross deferred tax assets (A)	59	(5)	8	62
Deferred tax liabilities				
Adjustment for fixed assets	-	35	-	35
Finance lease receivables	72	(72)	-	-
Deferred cost	2	(13)	11	-
Gross deferred tax liabilities (B)	74	(50)	11	35
Net deferred tax assets/(liabilities) (A-B)	(15)	45	(3)	27

HCL Latin America Holding, LLC
Notes to financial statements for the year ended 31 March 2022
(All amounts in thousands except unit data and as stated otherwise)

2.21 Earnings Per unit

The computation of earnings per unit is as follows:

	Year ended	
	31 March 2022	31 March 2021 (Restated - Refer Note No. 4A)
	(USD)	(USD)
Profit / (Loss) as per Statement of profit and loss	(6,962)	(2,481)
Weighted average number of unit outstanding in calculating Basic EPU	17,496	17,496
Weighted average number of unit outstanding in calculating dilutive EPU	17,496	17,496
Nominal value of unit (in USD)	1,000	1,000
Earnings per unit (in USD)		
- Basic	(398)	(142)
- Diluted	(398)	(142)

Note:-

For the year ended 31 March 2022: 2,209 (31 March 2021: 2,209) common membership units issuable on conversion of Preference shares, were excluded from the diluted weighted average number of units calculation as their effect would have been anti-dilutive.

We have considered capital contribution account which carries same pari pasu rights w.r.t. common membership units along with the eligibility of dividend rights for computation of basic EPS

2.22 Diminution in value of Investments

	Year ended	
	31 March 2022	31 March 2021
	(USD)	(USD)
Opening Balance	2,015	136
During the year:-		
HCL Argentina S.A., Argentina	-	1,879
HCL (Brazil) Tecnologia da informacao EIRELI	6,567	-
	8,582	2,015

Key assumptions used in impairment assessment:-

1. The company has assumed a WACC of 11.70% on Risk free return, Beta and Equity risk premium.
2. The company has assumed revenue growth rate of 20% for FY'22 and 10% - 8% till FY'26.
3. The company has assumed the terminal revenue growth rate at 2% and EBIT at 6%.
4. The value in use (based on assumptions as stated above) of HCL (Brazil) Tecnologia da informacao EIRELI as at 31st March 2022 is \$19,183.

2.23 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance.

The Company's ultimate holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and Products & Platforms segment. The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

Revenue disaggregation as per geography is given in note 2.14.

2.24 Related Parties

a) Related parties where control exists

Ultimate Holding Company

HCL Technologies Limited

Holding Company

HCL Bermuda Limited, Bermuda

Subsidiaries

HCL (Brazil) Tecnologia da informacao EIRELI

HCL Technologies Mexico S.DE.R.L.DE.C.V.

HCL Argentina S.A.,

HCL Saudi Arabia LLC

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

Ultimate Holding Company

HCL Technologies Limited

Holding Company

HCL Bermuda Limited, Bermuda

Subsidiaries

HCL (Brazil) Tecnologia da informacao EIRELI

HCL Technologies Mexico S.DE.R.L.DE.C.V.

HCL Argentina S.A.,

HCL Saudi Arabia LLC

HCL Latin America Holding, LLC
Notes to financial statements for the year ended 31 March 2022
(All amounts in thousands except unit data and as stated otherwise)

2.24 Related Parties (Cont.)

Fellow Subsidiaries

HCL America Inc.	HCLT Philippines Inc	HCL Hong Kong SAR Limited
HCL AUSTRALIA SERVICES PT	HCL Technologies Romania	GAPP- Korea Branch
HCL Axon (Pty) Ltd	PT. HCLT Indonesia	HCL Arabia LLC
FILIAL ESPAÑOLA DE HCL SL	HCL (Newzeland) Ltd	HCL Tech. Belgium BVBA
HCL Technologies Egypt Ltd	HCL Technologies South Africa	HCL ARGENTINA S.A.
HCL Axon Malaysia SDN BHD	HCL Technologies Czech Republic	HCL Hungary Kft
HCL Tech Denmark ApS	HCL Technologies Austria	HCL Technologies B.V.
HCL Technologies Taiwan Ltd	HCL Technologies Germany GmbH	HCL EAS Limited
HCL Canada Inc.	HCL Technologies France	HCL Technologies Middle East
HCL Technologies Chile SPA	HCL Technologies UK Ltd.	HCL Istanbul Bilisim Tekn
HCL Technologies Sweden AB	HCL Tech. Italy S.p.A.	
HCL Technologies Greece Single Member P.	HCL POLAND SP.Z O.O.	
HCL Tech Norway AS	HCL Japan Limited	
HCL Technologies Corporate	HCL Technologies Thailand	
HCL Singapore Pte Limited	HCL Ireland Information systems Ltd	

c) Transactions with the related parties during the year

Particulars	Interest expense		Interest Income	
	Year ended		Year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Holding Company	82	79	-	-
Fellow Subsidiaries	315	340	1	-

Particulars	Sale of Software services		Consulting charges	
	Year ended		Year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Ultimate Holding Company	87	139	350	208
Subsidiaries	61	17	30	8
Fellow Subsidiaries	880	1,550	879	213

Particulars	Loan extended		Proceeds from Loan extended	
	Year ended		Year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Fellow Subsidiaries	249	-	86	-

Particulars	Loan taken		Repayment of Loan taken	
	Year ended		Year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Fellow Subsidiaries	300	-	800	-

d) Outstanding balances with related parties

Particulars	Borrowings		Liabilities for expenses (Unbilled and Accruals)	
	As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Ultimate Holding Company	-	-	1	-
Holding Company	2,133	2,051	-	-
Fellow subsidiaries	23,700	24,200	492	549

Particulars	Trade Receivables (Billed)		Trade Payable (Billed)	
	As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Ultimate Holding Company	-	64	513	198
Subsidiaries	80	103	33	1
Fellow Subsidiaries	551	238	1,020	53

Particulars	Unbilled Receivable		Interest Payable	
	As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Ultimate Holding Company	34	-	-	-
Fellow Subsidiaries	2	35	553	238

Particulars	Short Term Loan (Receivable)		Interest Receivable	
	As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(USD)	(USD)	(USD)	(USD)
Fellow Subsidiaries	163	-	1	-

2.25 Financial Instruments

(a) Financial Assets & Liabilities

The carrying value of financial instruments by categories as at 31 March, 2022 & 31 March, 2021 is as follows:-

	As at 31 March 2022		As at 31 March 2021	
	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
	(USD)	(USD)	(USD)	(USD)
Financial Assets				
Trade receivables (including unbilled)	2,200	2,200	973	973
Cash and Cash Equivalents	646	646	1,111	1,111
Others (refer note 2.3)	227	227	503	503
Total	3,073	3,073	2,587	2,587
Financial Liabilities				
Borrowings	25,833	25,833	26,251	26,251
Trade Payables	2,230	2,230	947	947
Others (refer note 2.12)	609	609	307	307
Total	28,672	28,672	27,505	27,505

Trade receivables, unbilled receivables, finance lease receivables and contract assets have been valued after making reserve for allowances based on the expected credit loss method, considering factors like ageing, likelihood of increased credit risk and expected realizability, nature of customer verticals, considering impact of COVID - 19 impact on customers and related customer verticals.

(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.

Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than functional currency. An insignificant portion of the Company's revenue is in other than functional currency while a large portion of costs are in USD.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately USD 12 for the year ended 31 March, 2022.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company and its branches. The sensitivity analysis may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March 2022 and 31 March 2021 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
CRC/USD	2,578	1,878	2,710	2,881
PAB/USD	-	26	-	-

Credit risk

Financial instruments that potentially subject the company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled receivables, finance lease receivables. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

2.25 Financial Instruments (Cont.)**(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.

Liquidity risk

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

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

	Year 1	Total
	(USD)	(USD)
As at 31 March 2022		
Borrowings	25,833	25,833
Trade payables	2,230	2,230
Others financial liabilities	609	609
	28,672	28,672

	Year 1	Total
	(USD)	(USD)
As at 31 March 2021		
Borrowings	26,251	26,251
Trade payables	947	947
Others financial liabilities	307	307
	27,505	27,505

2.26 Leases**Company as a Lessor**

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

	Total minimum lease payments receivable	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
31 March 2022			
Not later than one year	141	6	135
Later than one year but not later than five years	95	4	91
	236	10	226
31 March 2021			
Not later than one year	277	16	261
Later than one year but not later than five years	247	5	242
	524	21	503

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

2.27 Ratios

Ratio	Numerator	Denominator	Units	Year ended		Variance
				31 March 2022	31 March 2021	
Current ratio	Current assets	Current liabilities	Times	0.11	0.08	32%
Debt equity ratio	Total debts (refer note 1 below)	Total equity	Times	3.15	1.73	82%
Debt service coverage ratio	Earning availables for debt service	Debt service (refer note 1 below)	Times	(7.15)	(4.44)	61%
Return on equity ratio	Profit for the year	Average total equity	%	-60%	-15%	294%
Inventory turnover ratio	Cost of good sold	Average inventories	Times	45.28	8.20	452%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	2.00	2.71	-26%
Trade payables turnover ratio	Net credit purchases	Average trade payables	Times	1.36	1.69	-20%
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 2)	Times	-0.12	-0.10	24%
Net profit ratio	Profit for the year	Revenue from operations	%	-220%	-98%	124%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 3 below)	%	-79%	-12%	539%

Notes :

- (1) Debt service = Interest + payment for lease liabilities + principal repayments
- (2) Working capital = Current assets - current liabilities
- (3) Capital employed = Total equity - deferred tax assets
- (4) Average is calculated based on simple average of opening and closing balances

Explanation where change in the ratio is more than 25%

Current Ratio : Trade receivables has been increased this year than the last year.

Debt Equity Ratio : Since Loss has increased this year resulting in high variance.

Debt service coverage Ratio : Interest Paid in current year only.

Return on equity ratio : Loss has increased comparatively from previous year which caused change in Ratio.

Inventory turnover ratio : More material purchased this year, is the reason of higher variance.

Trade receivables turnover ratio : Trade receivables has been increased this year than the last year.

Trade payables turnover ratio : Credit Cost has been increased this year than the last year.

Net profit ratio : There is higher loss this year as compare to previous year resulting in high variance.

Return on capital employed : Since Loss has increased this year resulting in high variance.

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

2.28 Commitments and Contingent Liabilities

	As at	
	31 March 2022	31 March 2021
	(USD)	(USD)
(i) Capital and other commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	46	38
(ii) Contingent Liabilities		
Others	-	-
	46	38

2.29 Subsequent events

The Company has evaluated all the subsequent events through 25th July, 2022, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

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.

4 A. Prior period adjustments

Restatement of the financial statements for the year ended 31 March 2021 has been done to adjust the impact of prior period error pertaining to disallowance of certain expenses of Costa Rica Branch, one of the branches of the Company. At the time of preparation of the financial statements for the year ended 31 March 2021, the Company had erroneously claimed deduction for certain expenses in its income tax computation. However, those expenses were not eligible to be claimed as a deduction because invoices in respect of these expenses were not verified on e-portal which is required as per the local tax law for claiming the deduction in the tax computation. Since, these were in the nature of permanent disallowance, the tax expense and the tax liability as at and for the year ended 31 March 2021 was understated. Since, these are in the nature of prior period adjustments, therefore, in the current period, the corresponding figures pertaining to the year ended 31 March 2021 have been restated in accordance with requirements of "Ind AS 8: Accounting Policies, Changes in Accounting Estimates and Errors".

There was no material impact on the Company's statement of cash flows for the year ended March 31, 2021. The effects of the restatement in balance sheet, statement of profit and loss and earnings per unit are as follows:

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

4A. Prior period adjustments (continued)

	As previously stated	Effects of prior year adjustments	As restated
	(USD)	(USD)	(USD)
Balance Sheet			
31-Mar-21			
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	141		141
(b) Financial assets			
(i) Investments	40,256		40,256
(ii) Others	242		242
(c) Deferred tax assets (net)	24	3	27
(d) Other non-current assets	21		21
(2) Current assets			
(a) Inventories	4		4
(b) Financial Assets			
(i) Trade receivables	744		744
(ii) Unbilled receivables	229		229
(iii) Cash and cash equivalents	1,111		1,111
(iv) Others	261		261
(c) Other current assets	17		17
TOTAL ASSETS	43,050	3	43,053
II. EQUITY			
(a) Common Membership Units	17,496		17,496
(b) Other Equity	(2,134)	(190)	(2,324)
TOTAL EQUITY	15,362	(190)	15,172
III. LIABILITIES			
(1) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	26,251		26,251
(ii) Trade payables			
-Billed	342		342
-Unbilled and accruals	605		605
(iii) Others	307		307
(b) Other current liabilities	32		32
(c) Current Tax Liabilities (net)	151	193	344
TOTAL EQUITY AND LIABILITIES	43,050	3	43,053

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2022

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

4A. Prior period adjustments (continued)

	As previously stated	Effects of prior year adjustments	As restated
	(USD)	(USD)	(USD)
For the period 1 April 2020 to 31 March 2021			
Statement of Profit and Loss (including other comprehensive income)			
I. Revenue			
Revenue from operations	2,527		2,527
Other income	19		19
Total income	2,546	-	2,546
II. Expenses			
Purchase of traded goods	38		38
Changes in inventories of traded goods	1		1
Employee benefits expense	654		654
Finance costs	428		428
Outsourcing cost	1,547		1,547
Depreciation and amortization expense	37		37
Other expenses	2,127	(4)	2,123
Total expenses	4,832	(4)	4,828
III. Profit/(Loss) before tax	(2,286)	4	(2,282)
IV. Tax expense			
Current tax	44	197	241
Deferred tax charge (credit)	(39)	(3)	(42)
Total tax expense	5	194	199
V. Profit/(Loss) for the year	(2,291)	(190)	(2,481)
VI. Other comprehensive income			
VII. Total Comprehensive Profit/(Loss) for the year	(2,291)	(190)	(2,481)

HCL Latin America Holding, LLC
Notes to financial statements for the year ended 31 March 2022
 (All amounts in thousands except unit data and as stated otherwise)

4A. Prior period adjustments (continued)

	As previously stated	Effects of prior year adjustments	As restated
For the period 1 April 2020 to 31 March 2021			
Earnings Per Unit	(USD)	(USD)	(USD)
Profit / (Loss) as per Statement of profit and loss	(2,291)	(190)	(2,481)
Weighted average number of unit outstanding in calculating Basic EPU	17,496		17,496
Weighted average number of unit outstanding in calculating dilutive EPU	17,496		17,496
Nominal value of unit (in USD)	1,000		1,000
Earnings per unit (in USD)			
- Basic	(131)	(11)	(142)
- Diluted	(131)	(11)	(142)

4B. Other Reclassification

The Company has modified the classification of certain assets and liabilities. Comparative amounts in the notes to the financial statements were reclassified for consistency.

	As earlier reported	Revised classification	Difference
Financial assets			
Trade receivables - unbilled (current)	-	229	229
Others (current)	490	261	(229)
Financial liabilities			
Trade payable - unbilled and accruals	-	605	605
Others	637	32	(605)

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 Latin America Holding, LLC

Vimal Chauhan
Partner
 Membership Number: 511230

C. Vijayakumar
 Director

Prateek Aggarwal
 Director

Gurugram, India
 Date: 25 July, 2022

Zürich, Switzerland
 Date: 25 July, 2022

Noida (UP), India
 Date: 25 July, 2022