

Telerx Marketing Inc.

Financial Statements

For the year ended 31 December 2021

Telerx Marketing Inc.

Balance sheet as at 31 December 2021

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

	Note No.	As at 31 December 2021	As at 31 December 2020
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	3,914	2,744
(b) Right-of-use assets	2.20	14,052	19,059
(c) Intangible assets	2.2	330	195
(d) Investment in subsidiaries	2.3	308	308
(e) Deferred tax assets (net)	2.19	1,784	2,141
(f) Other non-current assets	2.5	787	42
(2) Current assets			
(a) Financial assets			
(i) Trade receivables	2.6	49,687	41,053
(ii) Cash and cash equivalents	2.7	17,540	21,472
(iii) Others	2.4	11,692	13,635
(b) Other current assets	2.8	2,136	1,224
TOTAL ASSETS		102,230	101,873
II. EQUITY			
(a) Equity share capital	2.9	2	2
(b) Other equity		37,511	46,961
TOTAL EQUITY		37,513	46,963
III. LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	2.20	13,480	17,126
(2) Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	2.10	11,334	6,857
(ii) Lease liabilities	2.20	3,165	3,579
(iii) Others	2.11	30,898	18,623
(b) Other current liabilities	2.12	581	665
(c) Provisions	2.13	192	457
(d) Current tax liabilities (net)		5,067	7,603
TOTAL EQUITY AND LIABILITIES		102,230	101,873
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

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

Anurag Maheshwary

Anurag Maheshwary

Partner

Membership Number: 506533

Place: Gurugram, India

Date: June 7, 2022

For and on behalf of the Board of Directors

of Telerx Marketing Inc.

Raghu Raman Lakshmanan *anooptiwari*

Raghu Raman Lakshmanan

Director

Anoop Tiwari

Director

Place: Frisco, USA

Date: June 7, 2022

Place: California, USA

Date: June 7, 2022

Telerx Marketing Inc.**Statement of Profit and Loss for the year ended 31 December 2021**

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

	Note No.	31 December 2021	31 December 2020
I Revenue			
Revenue from operations	2.14	187,178	193,257
Other income	2.15	2,736	411
Total income		189,914	193,668
II Expenses			
Employee benefits expense	2.16	87,115	96,066
Finance costs	2.17	962	976
Depreciation and amortization expense	2.1 & 2.2	5,775	6,929
Outsourcing costs		58,456	42,997
Other expenses	2.18	10,149	17,592
Total expenses		162,457	164,560
III Profit before tax		27,457	29,108
IV Tax expense	2.19		
Current tax		6,550	9,574
Deferred tax charge		357	(2,105)
Total tax expense		6,907	7,469
V Profit for the year		20,550	21,639
VI Other comprehensive income		-	-
VII Total comprehensive income for the year		20,550	21,639
Earnings per equity share of \$ 1 par value	2.22		
Basic		10,274.85	10,819.65
Diluted		10,274.85	10,819.65

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**Chartered Accountants**

ICAI Firm Registration Number : 101248W/W-100022

*Anurag Maheshwary***Anurag Maheshwary****Partner**

Membership Number: 506533

Place: Gurugram, India

Date: June 7, 2022

For and on behalf of the Board of Directors**of Telerx Marketing Inc.***Raghu Raman Lakshmanan***Raghu Raman Lakshmanan****Director**

Place: Frisco, USA

Date: June 7, 2022

*anooptiwari***Anoop Tiwari****Director**

Place: California, USA

Date: June 7, 2022

Telrx Marketing Inc.**Statement of Changes in Equity for the year ended 31 December 2021**

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

	Equity share capital		Other equity
	Number of shares	Share capital	Reserves and Surplus
			Retained earnings
Balance as at January 1, 2020	2,000	2	33,322
Profit for the year	-	-	21,639
Dividend of \$ 4,000 per share	-	-	(8,000)
Total comprehensive income for the year	-	-	13,639
Balance as at December 31, 2020	2,000	2	46,961
Balance as at January 1, 2021	2,000	2	46,961
Profit for the year	-	-	20,550
Dividend of \$ 15,000 per share	-	-	(30,000)
Total comprehensive income for the year	-	-	(9,450)
Balance as at December 31, 2021	2,000	2	37,511

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

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

Anurag Maheshwary

Anurag Maheshwary

Partner

Membership Number: 506533

Place: Gurugram, India

Date: June 7, 2022

For and on behalf of the Board of Directors
of Telrx Marketing Inc.*Raghu Raman Lakshmanan*

Raghu Raman Lakshmanan

Director

Place: Frisco, USA

Date: June 7, 2022

anooptiwari

Anoop Tiwari

Director

Place: California, USA

Date: June 7, 2022

Telrx Marketing Inc.

Statement of Cash flows for the year ended 31 December 2021

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

	31 December 2021	31 December 2020
A. Cash flows from operating activities		
Profit before tax	27,457	29,108
Adjustment for:		
Depreciation and amortization expense	5,775	6,929
Loss on sale of property, plant and equipment (net)	10	-
Interest income	(65)	(14)
Dividend income	(91)	-
Provision for doubtful bad debts written off/ (back)	(1,756)	207
Interest expenses	724	749
Derecognition of right-of-use asset	-	(22)
	32,054	36,957
Net change in		
Trade receivables	(6,878)	(3,891)
Other financial assets and other assets	271	146
Trade payables	4,477	(14,051)
Provisions, other financial liabilities and other liabilities	11,934	8,674
Cash generated from operations	41,858	27,835
Income taxes paid (net of refunds)	(9,086)	(3,900)
Net cash flow from operating activities (A)	32,772	23,935
B. Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,883)	(166)
Interest received	79	459
Dividend received	91	-
Net cash flow from/ (used in) investing activities (B)	(2,713)	293
C. Cash flows from financing activities		
Dividend paid	(30,000)	(8,000)
Payment of lease liabilities including interest	(3,982)	(4,512)
Repayment of short term borrowings	-	(3,000)
Interest paid	(9)	(17)
Net cash flow used in financing activities (C)	(33,991)	(15,529)
Net increase in cash and cash equivalents (A+B+C)	(3,932)	8,699
Cash and cash equivalents at the beginning of the year	21,472	12,773
Cash and cash equivalents at the end of the year as per note 2.7	17,540	21,472

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

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

Anurag Maheshwary

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**For and on behalf of the Board of Directors
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Raghu Raman Lakshmanan

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Director

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Director

Place: Gurugram, India

Date: June 7, 2022

Place: Frisco, USA

Date: June 7, 2022

Place: California, USA

Date: June 7, 2022

ORGANIZATION AND NATURE OF OPERATIONS

Telerox Marketing Inc. (hereinafter referred to as the 'Company') is a multi-channel customer engagement services provider, specializing in global, high-touch consumer, patent, and end-user management. The Company was incorporated on 18th January 1980, as Symposia Associates Inc., which was later changed to Telerox Marketing Inc. on 22nd July 1981. The registered office of the Company is at 723, Dresher Road, Horsham, PA 19044-0 Montgomery, USA.

The financial statements for the year ended 31 December 2021 were approved and authorized for issue by the Board of Directors on June 7, 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 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 reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the year in which the changes are made.

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

- i. Accounting for costs expected to be incurred to complete performance under fixed price projects, refer note 1(e)
- ii. Allowance for uncollectible accounts receivables, refer note 1(n)
- iii. Recognition of income and deferred taxes, refer note 1(f) and note 2.19
- iv. Useful lives of property, plant and equipment, intangible assets, refer note 1(g & h)
- v. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(j)
- vi. Provisions and contingent liabilities, refer note 1(l) and note 2.25

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, intangible assets, other assets, impact on revenues and costs and impact on leases, including but not limited to the 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) Foreign currency and translation

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

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the year 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.

(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 equity securities which must be measured using the guidance for fair value hierarchy and related valuation methodologies. The guidance 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 entity 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 method.
- c) Cost approach – Replacement cost method.

(e) Revenue recognition

Contracts involving provision of services and material

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

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

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

Fixed price contracts

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration and Application development are recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified 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 contract estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenues that will be generated by the contract and are included in cost of revenues and classified in other accrued liabilities.

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

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

Multiple performance obligation

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

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

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

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

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

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

Interest income

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

(f) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties.

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

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

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

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

(g) Property, plant and equipment

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

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

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

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

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

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

<u>Asset description</u>	<u>Asset life (in years)</u>
Computers	4-5
Plant and equipment (including air conditioners, electrical installations)	10
Furniture and fixtures	7

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

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

(h) Intangible assets

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

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

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

<u>Asset description</u>	<u>Asset life (in years)</u>
Software	3

(i) Borrowing costs

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

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

(j) Leases

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

Company as a lessee

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

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

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

Transition to Ind AS 116

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

The Company has adopted Ind AS 116, effective 1 January 2020 using the modified retrospective approach which involves recognizing new right-of-use assets and lease liabilities on its balance sheet. Comparative information has not been adjusted and continues to be reported under Ind AS 17. As a result of the Company’s adoption of this new standard, all leases are recorded on the balance sheet. The Company has also elected the practical expedients, not to reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The Company has used a single discount rate to a portfolio of leases with reasonably similar characteristics. 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, and to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (“short-term leases”).

Impact on financial statements

As a result of adoption of Ind AS 116, the Company recognized lease liabilities of \$26,723 and right-of-use assets of \$25,382 as on 1 January 2020.

The weighted average incremental borrowing rate of 3.20% has been applied to lease liabilities recognized in the balance sheet at the date of initial application, in respect of leases classified as operating leases as per Ind AS 17.

The following table summarize the impact of the Company’s adoption of Ind AS 116 on its financial statements as of 1 January 2020

	As reported 31 December 2019 (USD)	Adoption of Ind AS 116 (USD)	Balance as of 1 January 2020 (USD)
Other financial liabilities (current) - liabilities for expenses (note 1)	5,266	(1,341)	3,925
Right-of-use assets	-	25,382	25,382
Lease liabilities (including current and non-current portion)	-	26,723	26,723

Notes:

1. Includes lease equalization reserve of \$ 1,341 adjusted with right-of-use assets.

(k) Impairment of non-financial assets*Intangible assets and property, plant and equipment*

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

(m) Retirement and other employee benefits

Compensated absences: The employees of the company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Accumulated leave are utilized within an annual cycle and is treated as a short-term employee benefit. The expense on non-accumulating compensated absences is recognized in the year in which the absences occur.

Defined contribution plan: In respect of social security, a defined contribution plan for applicable employees, the company contributes to a scheme and such contributions for each year of service rendered by the employees are charged to the statement of profit and loss. The company has no further obligations to the social security beyond its contributions.

(n) 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.

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 equivalent

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

Financial assets at amortized cost

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

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in 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, unbilled receivables, trade and other receivables.

Teleryx Marketing Inc.**Notes to financial statements for the year ended 31 December 2021**

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

Equity investments

Equity investments in subsidiaries are measured at cost less impairment if any.

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.

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 subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities at amortized cost

The Company's financial liabilities at amortized cost are initially recognized at, net of transaction costs and includes trade payables, borrowings and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. 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.

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.

(o) Dividend

The holders of shares of Common Stock are entitled to receive such dividends, if any, as may be declared from time to time by the Company's Board of Directors in its discretion from funds legally available therefor.

(p) Earnings per share (EPS)

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

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

Telerox Marketing Inc.

Notes to financial statements for the year ended 31 December 2021

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

2.1 Property, plant and equipment

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

	Computers	Plant & equipment	Furniture & fixtures	Total
Gross book value as at 1 January 2021	5,602	999	6,394	12,995
Additions	2,560	-	-	2,560
Gross book value as at 31 December 2021	8,162	999	6,394	15,555
Accumulated depreciation as at 1 January 2021	4,312	664	5,274	10,250
Charge for the year	849	191	351	1,391
Accumulated depreciation as at 31 December 2021	5,161	855	5,625	11,641
Net book value as at 31 December 2021	3,001	144	769	3,914
Net book value as at 1 January 2021	1,290	335	1,120	2,744

The changes in the carrying value for the year ended 31 December 2020

	Computers	Plant & equipment	Furniture & fixtures	Total
Gross book value as at 1 January 2020	5,469	999	6,394	12,862
Additions	133	-	-	133
Gross book value as at 31 December 2020	5,602	999	6,394	12,995
Accumulated depreciation as at 1 January 2020	3,550	468	4,866	8,884
Charge for the year	762	196	408	1,367
Accumulated depreciation as at 31 December 2020	4,312	664	5,274	10,251
Net book value as at 31 December 2020	1,290	335	1,120	2,744
Net book value as at 1 January 2020	1,919	531	1,528	3,978

2.2 Intangible assets

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

	Software
Gross book value as at 1 January 2021	13,691
Additions	323
Disposals	(7,603)
Gross book value as at 31 December 2021	6,411
Accumulated amortization as at 1 January 2021	13,496
Charge for the year	178
Deduction	(7,593)
Accumulated amortization as at 31 December 2021	6,081
Net book value as at 31 December 2021	330
Net book value as at 1 January 2021	195

The changes in the carrying value for the year ended 31 December 2020

	Software
Gross book value as at 1 January 2020	13,657
Disposals	34
Gross book value as at 31 December 2020	13,691
Accumulated amortization as at 1 January 2020	12,032
Charge for the year	1,464
Accumulated amortization as at 31 December 2020	13,496
Net book value as at 31 December 2020	195
Net book value as at 1 January 2020	1,625

Telerx Marketing Inc.**Notes to financial statements for the year ended 31 December 2021**

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

2.3 Investments in subsidiaries

	As at	
	31 December 2021	31 December 2020
<u>C3i Europe Food</u> 1,505 BGN (31 December 2020, 1,505 BGN) equity share of BGN 100 each	83	83
<u>C3i Japan GK</u> 1 (31 December 2020, 1) equity share of JPY 1 (refer note 1 below)	-	-
<u>C3i Services & Technologies (Dalian) Co, Ltd</u> Capital RMB 1,960,369 (31 December 2020, Capital RMB 1,960,369) (refer note 1 below)	-	-
<u>C3i Support Services Pvt Ltd</u> 1,542,106 (31 December 2020, 1,542,106) equity shares of ₹ 10 each (1 equity share is held by C3i Europe Food)	225	225
<u>C3i (UK) Limited</u> 1 (31 December 2020, 1) Ordinary share of Pound 1(refer note 1 & 2 below)	-	-
	308	308

Note:

- 1) Amount of Investment in C3i Japan GK is only \$ 0.01, in C3i Services & Technologies (Dalian) Co, Ltd \$ 41.99 and in C3i (UK) Limited \$ 1.31.
2) C3i (UK) Limited is liquidated after the reporting date.

2.4 Other financial assets

	As at	
	31 December 2021	31 December 2020
Current		
Carried at amortized cost		
Interest receivable- related party (refer note 2.23)	-	14
Unbilled receivables	11,692	13,621
	11,692	13,635

2.5 Other non- current assets

	As at	
	31 December 2021	31 December 2020
Unsecured, considered good		
Security deposits	3	3
Deferred contract cost	555	-
Prepaid expenses	229	39
	787	42

2.6 Trade Receivable

	As at	
	31 December 2021	31 December 2020
Unsecured, considered good (refer note below)	51,773	44,856
Trade receivables - credit impaired	159	197
	51,932	45,053
Impairment allowance for bad and doubtful debts	(2,245)	(4,000)
	49,687	41,053

Note: Includes receivables from related parties amounting to \$ 19,389 (31 December 2020, \$ 223).

Telery Marketing Inc.**Notes to financial statements for the year ended 31 December 2021**

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

2.7 Cash and cash equivalents

	As at	
	31 December 2021	31 December 2020
Balance with banks		
- in current accounts	17,540	21,472
	17,540	21,472

2.8 Other current assets

	As at	
	31 December 2021	31 December 2020
Unsecured , considered good		
Advances other than capital advances		
Prepaid expenses	1,251	743
Advances to employees	27	42
Advance to suppliers	33	439
Others		
Deferred contract cost	555	-
Other receivables- related parties (refer note 2.23)	198	-
Other advances	72	-
	2,136	1,224

2.9 Share Capital

	As at	
	31 December 2021	31 December 2020
Authorised share capital		
5,000 (31 December 2020, 5,000) authorized shares of voting common stock, par value of \$ 1 per share	5	5
5,000 (31 December 2020, 5,000) authorized shares of Class A non-voting common stock, par value of \$ 1 per share	5	5
Issued, subscribed and fully paid up		
<u>Voting common stock</u>		
1,000 (31 December 2020, 1,000) equity share of \$1 each	1	1
<u>Class A, non-voting common stock</u>		
1,000 (31 December 2020, 1,000) equity share of \$1 each	1	1
	2	2

Terms/ rights attached to equity shares

The Company has two classes of shares, 1000 shares of voting common stock having par value of \$ 1 per share and 1000 shares of Class A, non-voting common stock having par value of \$ 1 per share.

In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

Telerx Marketing Inc.**Notes to financial statements for the year ended 31 December 2021**

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

2.9 Share Capital (continued)**Reconciliation of the number of shares outstanding at the beginning and at the end of the financial year**

	As at	
	31 December 2021	
	No. of shares	Amount
Number of shares at the beginning	2,000	2
Add: shares issued during the year	-	-
Number of shares at the end	2,000	2

	As at	
	31 December 2020	
	No. of shares	Amount
Number of shares at the beginning	2,000	2
Add: shares issued during the year	-	-
Number of shares at the end	2,000	2

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

Name of the shareholder	As at			
	31 December 2021		31 December 2020	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of \$1 each fully paid				
HCL America Inc.	2,000	100%	2,000	100%

As per register of shareholders regarding beneficial interest, the above shares-holding represent both legal and beneficial ownership of shares.

Capital management

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

Telerx Marketing Inc.**Notes to financial statements for the year ended 31 December 2021**

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

2.10 Trade payables

	As at	
	31 December 2021	31 December 2020
Trade payables	1,408	2,116
Trade payables-related parties (refer note 2.23)	9,926	4,741
	11,334	6,857

2.11 Other financial liabilities

	As at	
	31 December 2021	31 December 2020
Current		
Carried at amortized cost		
Employee bonuses accrued	1,486	1,546
Other employee costs	6,133	7,203
Interest accrued but not due on borrowings - related party (refer note 2.23)	-	8
Liabilities for expenses	4,031	3,512
Liabilities for expenses-related parties (refer note 2.23)	19,248	6,354
	30,898	18,623

2.12 Other current liabilities

	As at	
	31 December 2021	31 December 2020
Contract liabilities (refer note 2.14)	6	665
Other advances		
Advances received from customers	408	-
Others		
Withholding and other taxes payable	167	-
	581	665

2.14 Provisions

	As at	
	31 December 2021	31 December 2020
Current		
Provision for employee benefits		
Provision for leave benefits	192	457
	192	457

Telerox Marketing Inc.**Notes to financial statements for the year ended 31 December 2021**

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

2.14 Revenue from operations

	31 December 2021	31 December 2020
Sale of services	187,178	193,257
	187,178	193,257

Disaggregate Revenue Information

The disaggregated revenue from contracts with the customers is as follows:

	31 December 2021	31 December 2020
Contract type		
Fixed price	186,496	192,868
Time and material	682	389
	187,178	193,257
Geography wise		
America	157,229	176,251
Europe	23,926	16,155
India	3,782	63
Others	2,241	788
	187,178	193,257

Remaining performance obligations

Remaining performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). As at 31 December 2021, the aggregate amount of transaction price allocated to remaining performance obligation as per the requirements of Ind AS 115 was \$ 4,860 (31 December 2020, \$ 2,301) out of which, approximately 37% (31 December 2020, 34%) is expected to be recognized as revenues within one year and the balance beyond one year. These amounts are not adjusted for variable consideration allocated to remaining performance obligation, which are not probable. These amounts also exclude contracts for which we recognize revenues based on the right to invoice for services performed and contracts where consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Contract balances

Contract liabilities : A contract liability arises when there is excess billing over the revenue recognized.

The below table discloses the movement in balances of contract liabilities :

	31 December 2021	31 December 2020
Balance as at beginning of the year	665	-
Additional amounts billed but not recognized as revenue	-	665
Deduction on account of revenues recognized during the year	(659)	-
Balance as at end of the year	6	665

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

The below table discloses the movement in balance of deferred contract cost:

	31 December 2021	31 December 2020
	(USD)	(USD)
Balance as at beginning of the year	-	-
Additional cost capitalised during the year	555	-
Deduction on account of revenues recognized during the year	-	-
	555	-

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

	31 December 2021	31 December 2020
Contracted price	189,381	193,696
Reduction towards variable consideration components	(2,203)	(439)
Revenue recognised	187,178	193,257

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

Telerox Marketing Inc.**Notes to financial statements for the year ended 31 December 2021**

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

2.15 Other income

	31 December 2021	31 December 2020
Exchange differences (net)	383	-
Interest income on loans to related parties	65	14
Gain on derecognition of right-of-use asset	-	22
Dividend from subsidiary	91	-
Bad debts written back	1,756	-
Miscellaneous income	441	375
	2,736	411

2.16 Employee benefits expense

	31 December 2021	31 December 2020
Salaries, wages and bonus	86,514	95,431
Contribution to social security scheme & other benefit (refer below note)	574	609
Staff welfare expenses	27	26
	87,115	96,066

Note: The contributions made to 401(k) plan by the Company, for the year ended 31 December 2021 is \$ 574, (31 December 2020, \$ 609).

2.17 Finance cost

	31 December 2021	31 December 2020
Interest		
- on the lease liability	723	740
- on borrowings from related party	1	9
Bank charges	238	227
	962	976

2.18 Other Expenses

	31 December 2021	31 December 2020
Power and fuel	886	1,063
Repairs and maintenance		
- Plant and equipment	28	627
-Buildings	30	23
-Others	530	404
Communication costs	2,527	5,363
Travel and conveyance	121	301
Postage and Courier	1,537	1,226
Legal and professional charges	2,229	4,364
Provision for doubtful debts	-	207
Software license fee	1,396	2,186
Exchange differences (net)	-	568
Recruitment, Training And Development	94	12
Miscellaneous expenses	771	1,248
	10,149	17,592

Telerx Marketing Inc.

Notes to financial statements for the year ended 31 December 2021

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

2.19 Income taxes

	As at	
	31 December 2021	31 December 2020
Income tax charged to statement of profit and loss		
Current income tax charge	5,073	7,603
Adjustment in respect of prior year	1,477	1,971
Deferred tax charge	696	(1,492)
Adjustment in respect of prior year	(339)	(613)
	6,907	7,469

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

	As at	
	31 December 2021	31 December 2020
Profit before income tax	27,457	29,108
Statutory tax rate	27%	27%
Expected tax expense	7,421	7,818
Effect of:		
Adjustment in respect of prior year	1,138	1,358
FDII deduction	(295)	(307)
Profit already considered in last year tax return	(1,377)	(1,384)
Permanent differences	20	8
Others	-	(24)
Total taxes	6,907	7,469
Effective income tax rate	25%	26%

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

(Amount in USD)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Payroll taxes	964	(380)	584
Accrued liability	538	(538)	-
Provision for customer discount	-	279	279
Foreign exchange	65	(65)	-
Leases	-	732	732
Provision for doubtful debts	-	607	607
State taxes	-	715	715
Others	574	(574)	-
Gross deferred tax assets (A)	2,141	776	2,917
Deferred tax liabilities			
Foreign exchange	-	77	77
Deferred contract cost	-	300	300
Depreciation	-	756	756
Gross deferred tax liabilities (B)	-	1,133	1,133
Net deferred tax assets (A-B)	2,141	(357)	1,784

Telerx Marketing Inc.

Notes to financial statements for the year ended 31 December 2021

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

2.19 Income taxes (continued)

Components of deferred tax assets and liabilities as on 31 December 2020

(Amount in USD)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Payroll taxes	-	964	964
Accrued liability	-	538	538
Provision for customer discount	9	(9)	-
Foreign exchange	27	38	65
Others	-	574	574
Gross deferred tax assets (A)	36	2,105	2,141
Deferred tax liabilities			
Depreciation	-	-	-
Gross deferred tax liabilities (B)	-	-	-
Net deferred tax assets/(liabilities) (A-B)	36	2,105	2,141

Telery Marketing Inc.**Notes to financial statements for the year ended 31 December 2021**

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

2.20 Leases**Company as a lessee**

The Company's significant leasing arrangements are in respect of leases for office spaces.

The details of the right-of-use asset held by the Company is as follows:

	Buildings	
	Year ended	
	31 December 2021	31 December 2020
Balance as at start of the year	19,059	-
Transition impact of Ind AS 116 (refer note 1(j))	-	25,382
Depreciation charge for the year	(4,206)	(4,099)
Derecognition	(801)	(2,224)
Balance as at end of the year	14,052	19,059

The reconciliation of lease liabilities is as follows:

	Year ended	
	31 December 2021	31 December 2020
Balance as at start of the year	20,705	-
Transition impact of Ind AS 116 (refer note 1(j))	-	26,723
Amounts recognized in statement of profit and loss as interest expense	723	740
Payment of lease liabilities	(3,982)	(4,512)
Derecognition	(801)	(2,246)
Balance as at end of the year	16,645	20,705

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 December 2021 & 31 December 2020:

	As at 31 December 2021	As at 31 December 2020
Within one year	3,782	4,178
One to two years	3,986	3,897
Two to three years	3,464	3,986
Three to five years	6,268	6,977
Thereafter	874	3,629
Total lease payments	18,374	22,667
Imputed interest	(1,729)	(1,962)
Total lease liabilities	16,645	20,705

Certain lease agreements include options to terminate or extend the leases. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Telerx Marketing Inc.**Notes to financial statements for the year ended 31 December 2021**

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

2.21 Financial instruments**(a) Financial assets and liabilities**

The carrying value of financial instruments by categories as at 31 December, 2021 and 31 December, 2020 is as follows:

	Amortized cost	
	31 December 2021	31 December 2020
Financial assets		
Trade receivables	49,687	41,053
Cash and cash equivalents	17,540	21,472
Others (refer note 2.4)	11,692	13,635
Total	78,919	76,160
Financial liabilities		
Trade payables	11,334	6,857
Lease liabilities	16,645	20,705
Others (refer note 2.12)	30,898	18,623
Total	58,877	46,185

The Company assessed that fair value of cash, trade receivables, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(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.

Market risk

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

(i) Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency. A significant portion of the Company cost is primarily in BGN & CNY. The fluctuation in exchange rates in respect to USD may have potential impact on the statement of profit and loss.

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 \$ 173 for the year ended 31 December, 2021.

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

Teleryx Marketing Inc.**Notes to financial statements for the year ended 31 December 2021**

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

2.21 Financial instruments

Non-derivative foreign currency exposure as of 31 December 2021 and 31 December 2020 in major currencies is as below:

	Financial assets		Financial liabilities	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
BGN / USD	-	23	12,403	1,618
CNY / USD	-	-	5,171	4,750
DKK / USD	470	-	11	-
EUR / USD	486	511	47	123
JPY / USD	60	8	464	1,846

(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 exposure to the risk of changes in market interest rates arises on borrowings and loans given with floating interest rate which is not material. Hence the Company is not significantly exposed to interest rate risk.

Credit risk

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

The customers of the Company are primarily corporations based in USA and accordingly, trade receivables are concentrated in USA. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables.

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

	As at	
	31 December 2021	31 December 2020
Balance at the beginning of the year	4,000	6,786
Additional provision during the year	1,012	3,945
Deductions on account of write offs and collections	(2,767)	(6,731)
Balance at the end of the year	2,245	4,000

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. 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.

2.22 Earnings Per Share

The computation of earnings per share is as follows:

	31 December 2021	31 December 2020
Net profit as per statement of profit and loss for computation of EPS	20,550	21,639
Weighted average number of equity shares outstanding in calculating Basic EPS	2,000	2,000
Weighted average number of equity shares outstanding in calculating dilutive EPS	2,000	2,000
Nominal value of equity shares	1	1
Earnings per equity share		
- Basic	10,274.85	10,819.65
- Diluted	10,274.85	10,819.65

Telery Marketing Inc.

Notes to financial statements for the year ended 31 December 2021

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

2.23 Related party transactions

a) Related parties where control exists

Ultimate Holding Company

HCL Technologies Limited

Holding Company

HCL America Inc.

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

Ultimate Holding Company

HCL Technologies Limited

Holding Company

HCL America Inc.

Subsidiaries

C3i (UK) Limited
C3i Europe Eood
C3i Japan GK
C3i Services & Technologies (Dalian) Co. Ltd
C3i Support Services Private Limited

Fellow Subsidiaries

Geometric Americas Inc.	HCL Technologies Malaysia Sdn. Bhd.
HCL Technologies Columbia S.A.S	HCL Technologies (Shanghai) Limited
HCL (Brazil) Tecnologia da informacao EIRELI	HCL Asia Pacific Pte Limited
HCL Technologies Denmark Aps	HCL Technologies (Taiwan) Limited
HCL Technologies UK Limited	HCL Guatemala, Sociedad Anonima
HCL GmbH	HCL Singapore Pte. Limited
HCL Technologies Germany GmbH	HCL Technologies Middle East FZ-LLC
HCL Canada Inc.	HCL Technologies B.V.
HCL Argentina s.a.	HCL Technologies France SAS
HCL Poland Sp.z.o.o	HCL Japan Limited
HCL Mexico S. de R.L.	Axon Solutions (Shanghai) Co. Limited
HCL Technologies South Africa (Proprietary) Limited	HCL Technologies Corporate Services Limited
HCL Technologies Romania s.r.l.	HCL Technologies (Proprietary) Limited
HCL (Ireland) Information Systems Limited	HCL Latin America Holding LLC
HCL Technologies Finland Oy	HCL Technologies Norway AS
HCL Technologies Greece Single Member P.C	HCL Technologies Belgium BVBA
HCL Technologies Vietnam Company Limited	HCL Technologies Italy S.P.A
HCL (New Zealand) Limited	HCL America Solutions Inc.
HCL Hong Kong SAR Limited	

Transactions with related parties during the normal course of business	Interest income	Dividend income	Dividend expense	Outsourcing cost	Interest expense	Insurance expense	Rent	Revenue from operations
For the Year 2021 (USD)								
Ultimate Holding Company	-	-	-	750	-	99	-	3,783
Holding Company	65	-	30,000	933	-	-	128	8,074
Subsidiaries	-	91	-	44,765	-	-	-	-
Fellow Subsidiaries	-	-	-	1,109	1	-	1	7,281
Total	65	91	30,000	47,557	1	99	129	19,138
For the Year 2020 (USD)								
Ultimate Holding Company	-	-	-	-	-	82	-	-
Holding Company	14	-	8,000	-	-	-	-	8
Subsidiaries	-	-	-	34,797	-	-	-	-
Fellow Subsidiaries	-	-	-	13	9	-	-	1
Total	14	-	8,000	34,810	9	82	-	9

Telrx Marketing Inc.

Notes to financial statements for the year ended 31 December 2021

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

2.23 Related party transactions (continued)

Material related party transactions	31 December 2021	31 December 2020
Outsourcing cost		
C3i Europe Eood	28,769	20,287

c) Outstanding balances

Outstanding balances	Investments	Trade receivables and other financial assets	Trade payables and other financial liabilities
As on 31 December, 2021 (USD)			
Ultimate Holding Company	-	4,005	518
Holding Company	-	8,271	14,868
Subsidiaries	308	-	13,430
Fellow Subsidiaries	-	7,311	358
Total	308	19,587	29,174
As on 31 December, 2020 (USD)			
Ultimate Holding Company	-	74	14
Holding Company	-	62	5,606
Subsidiaries	308	-	5,483
Fellow Subsidiaries	-	102	8
Total	308	238	11,111

2.24 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance. The Company's 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 effective from current year monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment which is overall a part of the reorganized entity level business segments. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standard -108 "Operating segments".

Revenue disaggregation as per geography is given in note 2.14

2.25 Commitments and contingent liabilities

	As at	As at
	31 December 2021	31 December 2020
i) Capital and other commitments		
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	290	35
	290	35

Telrx Marketing Inc.

Notes to financial statements for the year ended 31 December 2021

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

2.25 Commitments and contingent liabilities (continued)

The Company is involved in few lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Company reviews these provisions at least quarterly and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Company believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Company, or cash flows with respect to loss contingencies for legal and other contingencies as at 31 December 2021.

As per our report of even date

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

For and on behalf of the Board of Directors
of Telrx Marketing Inc.

Anurag Maheshwary

Anurag Maheshwary
Partner
Membership Number: 506533

Place: Gurugram, India
Date: June 7, 2022

Raghu Raman Lakshmanan

Raghu Raman Lakshmanan
Director

Place: Frisco, USA
Date: June 7, 2022

anooptiwari

Anoop Tiwari
Director

Place: California, USA
Date: June 7, 2022