HCL Latin America Holding, LLC

Special Purpose Financial Statements

For the year ended 31st March 2021 and 31st March 2020

HCL Latin America Holding, LLC
Special Purpose Balance Sheet as at 31 March 2021
(All amounts in thousands except share data and as stated otherwise)

	Note No.	As at 31 March 2021 (USD)	As at 31 March 2020 (USD)	As at 31 March 2021 Refer Note 1(a) (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	**2.1**	141	-	10,283
(b) Capital work in progress		0	44	6
(c) Financial assets				
(i) Investments	**2.2**	40,256	19,434	2,943,035
(ii) Others	**2.3**	242	485	17,663
(d) Deferred tax assets (net)	**2.20**	24	-	1,765
(e) Other non-current assets	**2.4**	21	5	1,568
(2) Current assets				
(a) Inventories	**2.5**	4	5	299
(b) Financial Assets				
(i) Trade receivables	**2.6**	744	647	54,360
(ii) Cash and cash equivalents	**2.7**	1,111	1,442	81,215
(iii) Others	**2.3**	490	494	35,874
(c) Other current assets	**2.8**	17	155	1,214
TOTAL ASSETS		**43,050**	**22,711**	**3,147,282**
II. EQUITY				
(a) Common Membership Units	**2.9**	17,496	17,496	1,279,133
(b) Other Equity		(2,134)	157	(156,012)
TOTAL EQUITY		**15,362**	**17,653**	**1,123,121**
III. LIABILITIES				
(1) Non - current liabilities				
(a) Deferred tax liabilities (net)	**2.20**	-	15	-
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	**2.10**	26,251	3,472	1,919,211
(ii) Trade payables	**2.11**	342	1,215	24,958
(iii) Others	**2.12**	307	45	22,405
(b) Other current liabilities	**2.13**	637	197	46,525
(c) Current Tax Liabilities (net)		151	114	11,062
TOTAL EQUITY AND LIABILITIES		**43,050**	**22,711**	**3,147,282**
Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

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

Vimal Chauhan

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 06 August 2021

For and on behalf of the Board of Directors
of HCL Latin America Holding, LLC

C. Vijayakumar
Director

Prateek Aggarwal

Prateek Aggarwal
Director

Date: 06 August 2021

HCL Latin America Holding, LLC
Special Purpose Statement of Profit and Loss for the year ended 31 March 2021
(All amounts in thousands except share data and as stated otherwise)

		Note No.	Year ended 31 March 2021 (USD)	Year ended 31 March 2020 (USD)	Year ended 31 March 2021 Refer Note 1(a) (₹)
I	**Revenue**				
	Revenue from operations	**2.14**	2,527	1,905	184,790
	Other income	**2.15**	19	-	1,364
	Total income		**2,546**	**1,905**	**186,154**
II	**Expenses**				
	Purchase of traded goods		38	503	2,760
	Changes in inventories of traded goods	**2.16**	1	(5)	88
	Employee benefits expense	**2.17**	654	181	47,823
	Finance costs	**2.18**	428	81	31,293
	Outsourcing cost		1,547	920	113,093
	Depreciation and amortization expense	**2.1**	37	-	2,704
	Other expenses	**2.19**	2,127	78	155,520
	Total expenses		**4,832**	**1,758**	**353,281**
III	**Profit /(Loss) before tax**		**(2,286)**	**147**	**(167,127)**
IV	**Tax expense**				
	Current tax		44	116	3,247
	Deferred tax charge (credit)		(39)	15	(2,859)
	Total tax expense	**2.20**	**5**	**131**	**388**
V	**Profit /(Loss) for the year**		**(2,291)**	**16**	**(167,515)**
VI	**Other comprehensive income**				
	Items that will not be reclassified to profit or loss		-	-	-
	Items that will be reclassified subsequently to profit or loss		-	-	-
VII	**Total Comprehensive Profit /(Loss) for the year**		**(2,291)**	**16**	**(167,515)**
	Earnings per Common membership units of USD 1,000/- each				
	Basic	**2.21**	(131)	1	(9,574)
	Diluted		(131)	1	(9,574)
	Summary of significant accounting policies	**1**			

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Director

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HCL Latin America Holding, LLC
Special Purpose Statement of Changes in Equity for the year ended 31 March 2021
(All amounts in thousands except share 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, 2019	17,705	17,496	717	(576)	141
Profit for the year	-	-	-	16	16
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	16	16
Balance as at March 31, 2020	**17,705**	**17,496**	**717**	**(560)**	**157**
Balance as at April 1, 2020	17,705	17,496	717	(560)	157
Loss for the year	-	-	-	(2,291)	(2,291)
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	(2,291)	(2,291)
Balance as at March 31, 2021	**17,705**	**17,496**	**717**	**(2,851)**	**(2,134)**

(Amount in ₹)

	Units		Other Equity		Total other equity
	Units	Common membership units	Other Equity	Retained earnings	
Balance as at April 1, 2020	19,705	1,279,133	52,420	(40,916)	11,503
Loss for the year	-	-	-	(167,515)	(167,515)
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	(167,515)	(167,515)
Balance as at March 31, 2021	**19,705**	**1,279,133**	**52,420**	**(208,431)**	**(156,012)**

Summary of significant accounting policies

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date.

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Director

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HCL Latin America Holding, LLC
Special Purpose Statement of Cash flows for the year ended 31 March 2021
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2021 (USD)	Year ended 31 March 2020 (USD)	Year ended 31 March 2021 Refer Note 1(a) (₹)
A. Cash flows from operating activities			
Profit/(Loss) before tax	(2,286)	147	(167,127)
Adjustment for:			
Provision for doubtful debts/ bad debts written off	2	-	149
Interest expenses	419	76	30,666
Provision for diminution in value of investment	1,879	-	137,388
Operating profit before working capital changes	**14**	**223**	**1,076**
Net Change in			
Trade receivables	(99)	(647)	(7,218)
Inventories	1	(5)	96
Other financial assets and other assets	369	(1,141)	27,007
Trade payables	(873)	1,212	(63,860)
Provisions, other financial liabilities and other liabilities	501	198	36,555
Cash used in operations	**(87)**	**(160)**	**(6,344)**
Direct taxes paid (net of refunds)	(7)	-	(541)
Net cash flow from / (used in) operating activities (A)	**(94)**	**(160)**	**(6,885)**
B. Cash flows from investing activities			
Investment in Subsidiaries (refer note 2.2)	(22,700)	-	(1,659,597)
Purchase of property,plant and equipment, including capital work in progress and capital advances	(132)	(0)	(9,667)
Net cash flow used in investing activities (B)	**(22,832)**	**(0)**	**(1,669,264)**
C. Cash flows from financing activities			
Proceeds from long term borrowings	22,700	1,500	1,659,597
Interest paid	(105)	-	(7,689)
Net cash flow from financing activities (C)	**22,595**	**1,500**	**1,651,908**
Net increase in cash and cash equivalents (A+B+C)	(331)	1,340	(24,241)
Cash and cash equivalents at the beginning of the year	1,442	102	105,456
Cash and cash equivalents at the end of the year as per note 2.7	**1,111**	**1,442**	**81,215**

Summary of significant accounting policies (Note 1)

As per our report of even date.

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Date: 06 August 2021

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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 special purpose financial statements for the year ended 31 March 2021 were approved and authorized for issue by the Board of Directors on 06 August 2021.

1. Summary of Significant Accounting Policies

a) Basis of preparation

The special purpose financial statements of the Company have been prepared in accordance with recognition and measurement principle laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 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 special purpose 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 special purpose financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

These special purpose 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 special purpose financial statements are consistent with those of the previous year.

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. The translation from USD to ₹ is included solely for the convenience of readers in India and has been performed using rate of USD 1 = ₹ 73.11, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amounts represent, or have been or could be converted into, USD at that or any other rate.

b) Use of estimates

The preparation of special purpose 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 special purpose 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. 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 special purpose 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 special purpose 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

Company as a 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.

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 net investment in the leased assets. 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.

Company as a lessee

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

Effective 1 April 2019, 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 re-measurement 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 re-measuring 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.

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) 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 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 special purpose 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.

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.

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 shares

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

On issuance of the convertible preference shares, 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 amortised 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 recognised 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 analysed for classification as embedded derivative financial liability component and is recognised 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 shares 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.

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 share

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

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

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 special purpose financial statements.

o) Recently issued accounting pronouncements

On 24 March 2021, the Ministry of Corporate Affairs (MCA), notified amendments in Schedule III to the Companies Act, 2013 effective from 1 April 2021. Following are key amended provisions which may have an impact on the presentation of special purpose financial statements of the company:

Balance sheet:

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables and capital work-in-progress.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, loans and advances to related parties etc.

Statement of profit and loss:

- Additional disclosures relating to undisclosed income specified under the head 'additional information' in the notes to the financial statements.

The Company is currently evaluating the impact of these amendment on its financial statements.

HCL Latin America Holding, LLC

Notes to special purpose financial statements for the year ended 31 March 2021

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

2.1 Property, plant and equipment

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

	Computer	Computer
		Refer Note 1(a)
	(USD)	(₹)
Gross block as at 1 April 2020	-	-
Additions	178	12,987
Deletions/Adjustments	-	-
Gross block as at 31 March 2021	178	12,987
Accumulated depreciation as at 1 April 2020	-	-
Charge for the year	37	2,704
Deletions/Adjustments	-	-
Accumulated depreciation as at 31 March 2021	37	2,704
Net block as at 31 March 2021	141	10,283

HCL Latin America Holding, LLC
Notes to special purpose financial statements for the year ended 31 March 2021
(All amounts in thousands except share data and as stated otherwise)

2.2 Financial Assets - Investments

	As at		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Non-current investments			
In subsidiary companies trade (unquoted), fully paid up			
Equity Instruments			
Fixed and Variable capital in HCL Technologies Mexico S.DE.R.L.DE.C.V., Mexico	13,020	3,020	951,892
82,510,266 (previous year 30,505,266) equity shares of Brazelian Reas 1 each, fully paid up, in HCL (Brazil) Technologia da informacao EIRELI	25,750	15,750	1,882,583
2,962,875 (previous year 2,199,855) equity shares of Argentina Peso 1 each, fully paid up, in HCL Argentina S.A.,	2,405	405	175,830
1220 (previous year 1220) equity shares of SAR 500 each, fully paid up, in HCL Saudi Arbia LLC, Saudi Arbia	163	163	11,896
In HCL Argentina S.A.,Argentina (refer note 1)	233	233	17,008
In HCL Argentina S.A.,Argentina (refer note 2)	700	-	51,177
Less: Provision for diminution in value of investment (refer note 2.22)	(2,015)	(137)	(147,351)
Aggregate amount of non- current investments	**40,256**	**19,434**	**2,943,035**

Note 1 : This investment is part of legal reserve of HCL Argentina S.A, hence no share is issued against this.
Note 2 : This investment in HCL Argentina S.A, is done during the year for which share certificate is yet to be issued.

2.3 Other financial assets

	As at		
	(USD)	(USD)	(₹)
			Refer Note 1(a)
	31 March 2021	31 March 2020	31 March 2021
Non Current			
Finance lease receivables	242	485	17,663
	242	**485**	**17,663**
Current			
Carried at amortized Cost			
Security deposits	0	0	19
Finance lease receivables	261	246	19,112
Unbilled receviable	194	-	14,183
Unbilled receviable-related parties (refer note no. 2.24)	35	248	2,560
	490	**494**	**35,874**

2.4 Other non- current assets

	As at		
	(USD)	(USD)	(₹)
			Refer Note 1(a)
	31 March 2021	31 March 2020	31 March 2021
Others			
Deferred contract cost	21	5	1,568
	21	**5**	**1,568**

2.5 Inventories

	As at		
	(USD)	(USD)	(₹)
			Refer Note 1(a)
	31 March 2021	31 March 2020	31 March 2021
Inventories (valued at lower of cost and net realisable value)			
Stock in trade	4	5	299
	4	**5**	**299**

HCL Latin America Holding, LLC

Notes to special purpose financial statements for the year ended 31 March 2021

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

2.6 Trade receivables

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
			Refer Note 1(a)
	(USD)	**(USD)**	**(₹)**
Unsecured, considered good (refer note below)			
Trade Receivables - credit impaired	746	647	54,509
	746	**647**	**54,509**
Impairment allowance for bad and doubtful debts	2	-	149
	744	**647**	**54,360**

Note:

Includes receivables from related parties amounting to USD 405 (₹ 29,664) thousands (31 March 2020, USD 557) (refer note 2.24).

2.7 Cash and cash equivalents

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
			Refer Note 1(a)
	(USD)	**(USD)**	**(₹)**
Balance with banks			
- in current accounts	1,111	1,442	81,215
	1,111	**1,442**	**81,215**

2.8 Other current assets

	As at		
	31 March 2021	**31 March 2020**	**31 March 2021**
			Refer Note 1(a)
	(USD)	**(USD)**	**(₹)**
Unsecured, considered good			
Advances other than capital advances			
Advances to employees	-	5	-
Others			
Deferred contract cost	14	1	1,027
Prepaid expenses	3	15	187
Withholding and other taxes receviable	-	134	-
	17	**155**	**1,214**

2.9 Common membership units

	As at		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Authorized 20,000 (31 March 2020, 20,000) Common membership units of USD 1,000/- each	20,000	20,000	1,462,200
Issued, subscribed and fully paid up **Common membership fund** 17,496 (31 March 2020, 17,496) units of USD 1,000/- each, fully paid up	17,496	17,496	1,279,133
	17,496	**17,496**	**1,279,133**

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

	As at			
	31 March 2021		31 March 2020	
	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 2021		31 March 2020	
	No. of Units	(₹)	No. of Units	(₹)
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 2021		31 March 2020	
	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 preceeding 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.

2.10 Borrowings

	As at		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Unsecured			
7.5% Preference membership units (Refer note 1) (Refer note 2.24)	2,051	1,972	149,949
Loan from related parties (refer note 2.24)	24,200	1,500	1,769,262
	26,251	**3,472**	**1,919,211**

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 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Trade payables	90	875	6,565
Trade payables- related parties (refer note 2.24)	252	340	18,393
	342	**1,215**	**24,958**

2.12 Other financial liabilities

	As at		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Carried at amortized Cost			
Capital accounts payables	8	43	587
Interest payable -related parties (refer note 2.24)	238	2	17,366
Employee bonuses accrued	36	-	2,627
Other employee costs	25	0	1,825
	307	**45**	**22,405**

2.13 Other current liabilities

	As at		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Current			
Liabilities for expenses	56	197	4,036
Liabilities for expenses-related parties (refer note no. 2.24)	549	-	40,127
Withholding and other taxes payable	32	-	2,362
	637	**197**	**46,525**

2.14 Revenue from operations

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Sale of services	2,466	1,130	180,324
Sale of hardware and software	61	775	4,466
	2,527	**1,905**	**184,790**

Disaggregate Revenue Information

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Contract type			
Fixed price	2,527	1,744	184,790
Time and material	-	161	-
Total	**2,527**	**1,905**	**184,790**
Geography wise			
America	1,000	1,078	73,143
Europe	694	233	50,719
India	25	84	1,825
Others	808	510	59,103
	2,527	**1,905**	**184,790**

Remaining performance obligations

As at 31 March 2021, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was nil. This is after exclusions below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,

b) 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

c) 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 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Balance as at beginning of the year	7	-	483
Additional amounts billed but not recognized as revenue	29	7	2,113
Deduction on account of revenues recognized during the year	-	-	-
Balance as at end of the year	**36**	**7**	**2,596**

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 special purpose financial statements for the year ended 31 March 2021

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

2.15 Other income

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Interest income			
- Others	19	-	1,364
	19	**-**	**1,364**

2.16 Changes in inventories of traded goods

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Opening stock	5	-	387
Less: Closing stock	4	5	299
	1	**(5)**	**88**

2.17 Employee benefits expense

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Salaries, wages and bonus	532	148	38,923
Social security contribution	102	33	7,463
Leave encashment	20	0	1,437
	654	**181**	**47,823**

2.18 Finance cost

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Interest			
-on borrowings -related parties (refer note 2.24)	419	78	30,667
Bank charges	9	3	626
	428	**81**	**31,293**

2.19 Other expenses

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Rent	3	3	243
Travel and conveyance	3	5	202
Repairs and maintenance	25	0	1,829
Legal and professional charges	37	33	2,734
Exchange differences (net)	173	32	12,652
Communication cost	2	-	126
Provision for doubtful debts/ bad debts written off	2	-	149
Provision for diminution in value of investment	1,879	-	137,388
Rates & Taxes	2	-	130
Miscellaneous expenses	1	5	67
	2,127	**78**	**155,520**

2.20 Income taxes

The computation of income taxes is as follows:

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Income tax charged to statement of profit and loss			
Current income tax charge	44	116	3,181
Deferred tax charge (credit)	(39)	15	(2,793)
	5	**131**	**388**

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 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Profit /(loss) before income tax	(2,286)	147	(167,127)
Statutory tax rate	0%	0%	0%
Expected tax expense	**-**	**-**	**-**
Current Year Expense of Branches	4	89	324
True up of Prior year of Branches	0	41	27
Others	1	-	37
Total taxes	**5**	**130**	**388**
Effective income tax rate	**0%**	**89%**	**0%**

Components of deferred tax assets and liabilities as on 31 March 2021 **Amount in (USD)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provision for expenses	57	(43)	14
Forex	2	(2)	-
Travel Provision	0	(0)	0
Loss	-	11	11
GAAP Adjustments	-	9	9
Provision for doubtful Debt	-	1	1
Gross deferred tax assets (A)	**59**	**(24)**	**35**
Deferred tax liabilities			
Finance Lease Receivables	72	(72)	-
Deferred Cost	2	9	11
Gross deferred tax liabilities (B)	**74**	**(63)**	**11**
Net deferred tax assets/(liabilities) (A-B)	**(15)**	**39**	**24**

Components of deferred tax assets and liabilities as on 31 March 2020 **Amount in (USD)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provision for expenses	-	57	57
Unrealised Forex	-	2	2
Travel Provision	-	0	0
Gross deferred tax assets (A)	**-**	**59**	**59**
Deferred tax liabilities			
Finance Lease Receivables	-	72	72
Deferred Cost	-	2	2
Gross deferred tax liabilities (B)	**-**	**74**	**74**
Net deferred tax assets/(liabilities) (A-B)	**-**	**(15)**	**(15)**

Components of deferred tax assets and liabilities as on 31 March 2021 **Amount in (₹)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provision for expenses	4,168	(3,113)	1,056
Forex	159	(159)	-
Travel Provision	9	(7)	2
Loss	-	799	799
Gaap Adjustments	-	650	650
Provision for doubtful Debt	-	37	37
Gross deferred tax assets (A)	**4,336**	**(1,793)**	**2,544**
Deferred tax liabilities			
Finance Lease Receivables	5,276	(5,276)	-
Deferred Cost	145	634	779
Gross deferred tax liabilities (B)	**5,421**	**(4,642)**	**779**
Net deferred tax assets/(liabilities) (A-B)	**(1,085)**	**2,849**	**1,765**

2.21 Earnings Per unit

The computation of earnings per unit is as follows:

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Profit / (Loss) as per Statement of profit and loss	(2,291)	16	(167,515)
Weighted average number of unit outstanding in calculating Basic EPU	17,496	17,496	17,496
Weighted average number of unit outstanding in calculating dilutive EPU	17,496	17,496	17,496
Nominal value of unit (in USD)	1,000	1,000	1,000
Earnings per unit (in USD)			
- Basic	(131)	1	(9,574)
- Diluted	(131)	1	(9,574)

Note:-

For the year ended 31 March 2021: 2209 (31 March 2020: 2209) equity shares issuable on conversion of Preference shares, were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

2.22 Diminution in value of Investments

	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
HCL Argentina S.A., Argentina	2,015	137	147,351
	2,015	**137**	**147,351**

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) Technologia 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) Technologia da informacao EIRELI
HCL Technologies Mexico S.DE.R.L.DE.C.V.
HCL Argentina S.A.,
HCL Saudi Arabia LLC

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 Ireland Information systems Ltd.	HCL Technologies B.V.
HCL Technologies Taiwan Ltd	HCL Technologies Austria	HCL EAS Limited
HCL Canada Inc.	HCL Technologies Germany GmbH	HCL Technologies Middle East
HCLTechnologies Chile SPA	HCL Technologies France	HCL Istanbul Bilisim Tekn
HCLTechnologies Sweden AB	HCL Technologies UK Ltd.	
HCL Technologies Greece S	HCL Tech. Italy S.p.A.	
HCL Tech Norway AS	HCL POLAND SP.Z O.O.	
HCL Technologies Corporate	HCL Japan Limited	
HCL Singapore Pte Limited	HCL Technologies Thailand	

c) Transactions with the related parties during the year

Particulars	Interest expense		
	Year ended		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Holding Company	79	76	5,766
Fellow Subsidiaries	340	2	24,886

Particulars	Sale of Software services			Consulting charges		
	Year ended			Year ended		
	31 March 2021	31 March 2020	31 March 2021	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)			Refer Note 1(a)
	(USD)	(USD)	(₹)	(USD)	(USD)	(₹)
Ultimate Holding Company	139	75	10,156	208	70	15,173
Subsidiaries	17	186	1,237	8	-	-
Fellow Subsidiaries	1,550	782	113,330	213	-	15,541

d) Outstanding balances with related parties

Particulars	Borrowings			Liabilities for expenses		
	As at			As at		
	31 March 2021	31 March 2020	31 March 2021	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)			Refer Note 1(a)
	(USD)	(USD)	(₹)	(USD)	(USD)	(₹)
Holding Company	2,051	1,972	149,949	-	-	-
Fellow subsidiaries	24,200	1,500	1,769,262	549	-	40,127

Particulars	Trade Receviables			Trade Payable		
	As at			As at		
	31 March 2021	31 March 2020	31 March 2021	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)			Refer Note 1(a)
	(USD)	(USD)	(₹)	(USD)	(USD)	(₹)
Ultimate Holding Company	64	2	4,682	198	70	14,493
Subsidiaries	103	116	7,576	1	-	61
Fellow Subsidiaries	238	439	17,405	52	270	3,839

Particulars	Unbilled Receivable			Interest Payable		
	As at			As at		
	31 March 2021	31 March 2020	31 March 2021	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)			Refer Note 1(a)
	(USD)	(USD)	(₹)	(USD)	(USD)	(₹)
Ultimate Holding Company	-	72	-	-	-	-
Subsidiaries	-	68	-	-	-	-
Fellow Subsidiaries	35	108	2,560	238	2	17,366

2.25 Leases

Company as a Lessor

The Company 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 outstanding	Interest included in minimum lease payments	Present value of minimum lease payments
31 March 2021			
Not later than one year	278	16	261
Later than one year but not later than five years	247	5	242
	525	21	503
31 March 2020			
Not later than one year	273	26	246
Later than one year but not later than five years	505	20	485
	778	46	731
31 March 2021 (₹)			
Not later than one year	20,303	1,191	19,112
Later than one year but not later than five years	18,036	373	17,663
	38,339	1,564	36,775

2.26 Financial Instruments

Financial Assets & Liabilities
The carrying value of financial instruments by categories as at 31 March, 2021 & 31 March, 2020 is as follows:-

	As at 31 March 2021		As at 31 March 2021		As at 31 March 2020	
	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
			Refer Note 1(a)	Refer Note 1(a)		
	(USD)	(USD)	(₹)	(₹)	(USD)	(USD)
Financial Assets						
Trade receivables	744	744	54,360	54,360	647	647
Cash and Cash Equivalents	1,111	1,111	81,215	81,215	1,442	1,442
Others (refer note 2.3)	731	731	53,537	53,537	979	979
Total	**2,586**	**2,586**	**189,112**	**189,112**	**3,068**	**3,068**
Financial Liabilities						
Borrowings	26,251	26,251	1,919,211	1,919,211	3,472	3,472
Trade Payables	342	342	24,958	24,958	1,215	1,215
Others (refer note 2.12)	307	307	22,405	22,405	45	45
Total	**26,900**	**26,900**	**1,966,574**	**1,966,574**	**4,732**	**4,732**

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 protion 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 11 for the year ended 31 March, 2021.

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 2021 and 31 March 2020 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
CRC/USD	1,878	314	2,881	1,233
PAB/USD	26	-	-	-
CRC/EUR	-	-	-	14

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.

2.26 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	Year 1	Total
	(USD)	(USD)	(₹)	(₹)
As at 31 March 2021				
Borrowings	26,251	26,251	1,919,211	1,919,211
Trade payables	342	342	24,958	24,958
Others financial liabilities	307	307	22,405	22,405
	26,900	**26,900**	**1,966,574**	**1,966,574**

	Year 1	Total
	(USD)	(USD)
As at 31 March 2020		
Borrowings	3,472	3,472
Trade payables	1,215	1,215
Others financial liabilities	45	45
	4,732	**4,732**

2.27 Capital and other commitments

	As at		
	31 March 2021	31 March 2020	31 March 2021
			Refer Note 1(a)
	(USD)	(USD)	(₹)
Capital and other commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	38	125	2,761
	38	**125**	**2,761**

2.28 Subsequent events

The Company has evaluated all the subsequent events through 06 August 2021, 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.

As per our report of even date

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

Vimal Chauhan

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 06 August 2021

For and on behalf of the Board of Directors
of HCL Latin America Holding, LLC

Prateek Aggarwal

C. Vijayakumar
Director

Prateek Aggarwal
Director

Date: 06 August 2021