HCL Bermuda Limited

FINANCIAL STATEMENTS

For the year ended 31st March 2020 and 31st March 2019

HCL Bermuda Limited
Balance Sheet as at 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

		Note No.	As at 31 March 2020 (USD)	As at 31 March 2019 (USD)	As at 31 March 2020 (₹)
I.	**ASSETS**				
	(1) Non-current assets				
	(a) Financial assets				
	(i) Investments	**2.1**	764,687	731,936	57,860,042
	(2) Current assets				
	(a) Financial assets				
	(i) Cash and cash equivalents	**2.2**	1,695	238	128,249
	(ii) Loans	**2.3**	-	21,407	-
	(iii) Others	**2.4**	196	974	14,865
	TOTAL ASSETS		**766,578**	**754,555**	**58,003,156**
II.	**EQUITY**				
	(a) Equity share capital	**2.5**	449,027	445,493	33,975,557
	(b) Other equity		298,957	267,081	22,620,620
	TOTAL EQUITY		**747,984**	**712,574**	**56,596,177**
III.	**LIABILITIES**				
	(1) Current liabilities				
	(a) Financial liabilities				
	(i) Borrowings	**2.6**	16,772	41,100	1,269,046
	(ii) Others	**2.7**	1,822	881	137,933
	TOTAL EQUITY AND LIABILITIES		**766,578**	**754,555**	**58,003,156**
	Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 07 October 2020

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

Raghu Raman Lakshmanan

Raghu Raman Lakshmanan
Director

prbansal

Prahlad Rai Bansal
Director

Date: 07 October 2020

HCL Bermuda Limited
Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

		Note No.	Year ended 31 March 2020 (USD)	Year ended 31 March 2019 (USD)	Year ended 31 March 2020 (₹)
I	**Revenue**				
	Other income	**2.8**	6,538	15,097	494,715
	Total Income		**6,538**	**15,097**	**494,715**
II	**Expenses**				
	Employee benefits expense	**2.9**	-	428	-
	Finance costs	**2.10**	478	1,133	36,168
	Other expenses	**2.11**	650	87	49,181
	Total expenses		**1,128**	**1,648**	**85,349**
III	**Profit before tax**		**5,410**	**13,449**	**409,366**
IV	**Tax expense**		-	-	-
V	**Profit for the year**		**5,410**	**13,449**	**409,366**
VI	**Other comprehensive income**		-	-	-
VII	**Total comprehensive income for the year**		**5,410**	**13,449**	**409,366**
	Earnings per equity share of USD 1 each	**2.12**			
	Basic		0.01	0.03	0.92
	Diluted		0.01	0.03	0.92
	Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the financial statements

As per our report of even date

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ICAI Firm Registration Number : 101248W/W-100022
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Partner
Membership Number: 092212

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of HCL Bermuda Limited

Raghu Raman Lakshmanan

Raghu Raman Lakshmanan
Director

prbansal

Prahlad Rai Bansal
Director

Date: 07 October 2020

HCL Bermuda Limited

Statement of Changes in Equity for the year ended 31 March 2020

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

(Amount in USD)

	Share capital		Other Equity		Total other equity
	No. of shares	Equity share capital	Retained earnings	Securities premium	
Balance as of April 1, 2018	**445,492,500**	**445,493**	**19,035**	**234,597**	**253,632**
Profit for the year	-	-	13,449	-	13,449
Balance as of March 31, 2019	445,492,500	445,493	32,484	234,597	267,081
Balance as of April 1, 2019	**445,492,500**	**445,493**	**32,484**	**234,597**	**267,081**
Profit for the year	-	-	5,410	-	5,410
Total comprehensive income for the year	-	-	5,410	-	5,410
Issue of Equity Shares	3,533,568	3,534	-	26,466	26,466
Balance as of March 31, 2020	449,026,068	449,027	37,894	261,063	298,957

(Amount in (₹))

	Share capital		Other Equity		Total other equity
	No. of shares	Equity share capital	Retained earnings	Securities premium	
Balance as of April 1, 2019	**445,492,500**	**33,708,190**	**2,457,928**	**17,750,776**	**20,208,704**
Profit for the year	-	-	409,366	-	409,366
Total comprehensive income for the year	-	-	409,366	-	409,366
Issue of Equity Shares	3,533,568	267,367		2,002,550	2,002,550
Balance as of March 31, 2020	449,026,068	33,975,557	2,867,294	19,753,326	22,620,620

Summary of significant accounting policies (refer note 1)

The accompanying notes are an integral part of the financial statements

As per our report of even date.

FOR B S R & Co. LLP

ICAI Firm Registration Number : 101248W/W-100022

Chartered Accountants

Rakesh Dewan

Rakesh Dewan

Partner

Membership Number: 092212

Gurugram, India

Date: 07 October 2020

For and on behalf of the Board of Directors

of HCL Bermuda Limited

Raghu Raman Lakshmanan

Raghu Raman Lakshmanan

Director

prbansal

Prahlad Rai Bansal

Director

Date: 07 October 2020

HCL Bermuda Limited
Statement of Cash flows for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2020 (USD)	Year ended 31 March 2019 (USD)	Year ended 31 March 2020 (₹)
A. Cash flows from operating activities			
Profit before tax	5,410	13,449	409,366
Adjustment for:			
Dividend income	(6,538)	(14,388)	(494,715)
Interest income	-	(564)	-
Interest expenses	478	1,133	36,160
Other non cash (benefits)/charges	523	-	39,560
Operating profit before working capital changes	**(127)**	**(370)**	**(9,629)**
Movement in working capital			
(Increase)/decrease in other financial assets and other assets	(116)	179	(8,659)
Increase/ (decrease) in other current financial liabilities	463	(163)	34,998
Cash used in operations	**220**	**(354)**	**16,710**
Direct taxes paid (net of refunds)	-	-	-
Net cash flow used in operating activities (A)	**220**	**(354)**	**16,710**
B. Cash flows from investing activities			
Loan to related parties	-	(13,692)	-
Loan repayment received from related parties	-	8,050	-
Interest received	894	163	67,615
Dividend received	6,538	14,388	494,715
Investment in subsidiaries	(32,751)	(27,770)	(2,478,114)
Net cash flow used in investing activities (B)	**(25,319)**	**(18,861)**	**(1,915,784)**
C. Cash flows from financing activities			
Proceeds from short term borrowings	9,456	20,000	715,490
Repayment of short term borrowings	(12,900)	(400)	(976,079)
Proceeds from capital infusion	30,000	-	2,269,917
Interest paid	-	(264)	-
Net cash flow from financing activities (C)	**26,556**	**19,336**	**2,009,329**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,457	121	110,255
Cash and cash equivalents at the beginning of the year	238	117	17,994
Cash and cash equivalents at the end of the year as per note 2.2	**1,695**	**238**	**128,249**

Summary of significant accounting policies (refer note 1)

As per our report of even date.

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

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 07 October 2020

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

Raghu Raman Lakshmanan prbansal

Raghu Raman Lakshmanan
Director

Prahlad Rai Bansal
Director

Date: 07 October 2020

Company Overview

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

The financial statements for the year ended 31 March 2020 were approved and authorized for issue by the Board of Directors on 07 October 2020.

1. Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of 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. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the requirements of Section 129[3] of the Companies Act, 2013.

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

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.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under indirect method.

The functional currency of the Company is United States Dollar (USD). The translation from USD to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of USD 1 = ₹ 75.665/-, 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 financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, future obligations under employee benefit plans and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

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, other financial assets and impact on costs. However, the actual impact of COVID-19 on the company's financial statements may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

c) Nature and purpose of reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares and buyback of shares in accordance with the provisions of the Companies Act, 2013.

d) Fair value measurement

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

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

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

In accordance with Ind AS 113, assets and liabilities are to be measured based on the following valuation techniques:

a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.

c) Cost approach – Replacement cost method.

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

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

e) Foreign currency transactions

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

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

f) Financial Instruments

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

i. Financial assets

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

Cash and cash equivalents

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

Financial assets at amortized cost

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

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

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

Derecognition of financial assets

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

Impairment of financial assets

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

ii. Financial liabilities

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

Financial liabilities at amortized cost

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

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

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

Derecognition

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

g) Earnings per share

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

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

h) Provisions

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.

i) Other income

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

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

j) Contingent liabilities

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

k) Investment in Subsidiaries

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

HCL Bermuda Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

2.1 Financial Assets - Investments

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(USD)	(USD)	(₹)
In subsidiary companies (unquoted), fully paid up			
Investment in Equity Instruments (Unquoted)			
6,089,870 equity shares (31 March 2019: 6,089,870) of USD 1 each, in HCL America Inc., United States of America	53,270	53,270	4,030,676
500,000 equity shares (31 March 2019: 500,000) of AUD 1 each, in HCL Australia Services Pty. Limited, Australia	259	259	19,591
193,167 equity shares (31 March 2019: 193,167) of HKD 1 each, in HCL Hong Kong SAR Limited, Hong Kong	25	25	1,892
10 equity shares (31 March 2019: 10) of NZD 1 each, in HCL (New Zealand) Limited, New Zealand	25	25	1,892
106,070 equity shares (31 March 2019: 106,070) of INR 10 each, in HCL Global Processing Services Limited	14	14	1,027
Variable equity shares in HCL Holdings GmbH , Austria	6,460	6,460	488,796
1,001,616 equity shares (31 March 2019: 1,001,616) of Singapore Dollar 1 each, in HCL Singapore Pte. Ltd., Singapore	180	180	13,652
9,999 equity shares (31 March 2019: 9,999) of CAD 20.7316 each , in HCL Canada Inc.	180	180	13,620
9,000,000 equity shares (31 March 2019: 9,000,000) Hungary of HUF 1 each, in HCL Hungary Kft., Hungary	42	42	3,178
35,328 equity shares (31 March 2019: 35,328) of RON 10 each, in HCL Technologies Romania S.R.L., Romania	117	117	8,853
17,496 units (31 March 2019: 17,496) of USD 1000 each in HCL Latin America Holding, LLC, Delaware	17,496	17,496	1,323,835
1 equity share (31 March 2019: 1) of GBP 1 each, in HCL EAS Limited, United Kingdom.	0	0	0
10,980 equity shares (31 March 2019: 10,980) of SAR 500 each, fully paid up, in HCL Arbia LLC	1,464	1,464	110,777
990,000 equity shares (31 March 2019: 990,000) of Rp 9.074 each,in HCL Technologies Indonesia	1,004	1,004	75,994
76,362,191 equity shares (31 March 2019: 73,362,191) Equity Shares of USD 1 in HCL Technologies UK Limited	104,046	74,046	7,872,666
3,650 equity shares units (31 March 2019: 3650) of AED 1000 each, in HCL Technologies Middle East FZ-LLC	994	994	75,195
21,065,999 equity shares (31 March 2019:0) Equity shares of GTQ 1 in HCL Guatemala	2,750	-	208,089
1 equity share (31 March 2019:0) Equity share of AZN 1 in HCL Tech Azerbaizan LLC	1	-	76
1,736 equity shares (31 March 2019: 1736) of OMR 100 each, in HCL Technologies Muscat LLC	452	452	34,177
Investment in Preference Shares (Unquoted) carried at cost*			
573,698,700 preference share (31 March 2019: 573,698,700) of USD 1 each, in HCL EAS Limited, United Kingdom	-	573,699	-
Investment in Preference Shares (Unquoted) carried at amortized cost*			
573,698,700 preference share (31 March 2019: 573,698,700) of USD 1 each, in HCL EAS Limited, United Kingdom	573,699	-	43,408,912
Investment in Preference Membership units (Unquoted) carried at cost			
2,209 preference units (31 March 2019: 2,209) of USD 1000 each in HCL Latin America Holding LLC	2,209	2,209	167,144
	764,687	**731,936**	**57,860,042**
Aggregate amount of unquoted non- current investments	**764,687**	**731,936**	**57,860,042**
Equity instruments carried at cost	**190,988**	**731,936**	**14,451,130**
Preference shares carried at amortized cost	**573,699**	**-**	**43,408,912**

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

(a) Coupon rate changed from 4% to 2.2%
(b) It has been made mandatory to pay all dividends accumulated on preference shares post amendment in terms and condition.

The Company evaluated the above terms and measured the instruments accordingly based on underlying guidance.

HCL Bermuda Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

2.2 Cash and bank balances

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(USD)	(USD)	(₹)
Cash and cash equivalent			
Balance with banks			
- in current accounts	1,695	238	128,249
	1,695	**238**	**128,249**

2.3 Financial Assets - Loans

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(USD)	(USD)	(₹)
Current			
Unsecured , considered good			
Loans to related parties (refer note 2.15)	-	21,407	-
	-	**21,407**	**-**

2.4 Other financial assets

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(USD)	(USD)	(₹)
Current			
Interest receivable - related parties (refer note 2.15)	70	964	5,309
Other receivable - related parties (refer note 2.15)	126	10	9,556
	196	**974**	**14,865**

2.5 Share Capital

	As at 31 March 2020 (USD)	As at 31 March 2019 (USD)	As at 31 March 2020 (₹)
Authorized			
1,000,000,000 (31 March 2019: 1,000,000,000) shares of USD 1 each	1,000,000	1,000,000	75,665,000
Issued, subscribed and paid up			
Equity share capital			
449,026,068 (31 March 2019: 445,492,500) equity shares of USD 1 each, fully paid up	449,027	445,493	33,975,557
	449,027	445,493	33,975,557

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of USD 1 each. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at			
	31 March 2020		31 March 2019	
	No. of shares	Amount (USD)	No. of shares	Amount (USD)
Number of shares at the beginning	445,492,500	445,493	445,492,500	445,493
Add: Shares issued during the year	3,533,568	3,534	-	-
Number of shares at the end	449,026,068	449,026	445,492,500	445,493

Details of shares held by holding company

Name of the shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount (USD)	No. of shares	% holding in the class
Equity shares of USD 1 each fully paid up				
HCL Technologies Limited, the holding company	449,026,068	100.00%	445,492,500	100.00%

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

Name of the shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount (USD)	No. of shares	% holding in the class
Equity shares of USD 1 each fully paid up				
HCL Technologies Limited, the holding company	449,026,068	100.00%	445,492,500	100.00%

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

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

Capital management

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

2.6 Borrowings

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(USD)	(USD)	(₹)
Unsecured			
Loan from related party (Refer note 2.15)	16,772	41,100	1,269,046
	16,772	**41,100**	**1,269,046**

2.7 Other financial liabilities

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(USD)	(USD)	(₹)
Current			
Carried at amortized cost			
Interest payable - related parties (Refer note 2.15)	1,359	881	102,855
Liabilities for expenses	0	-	3
Other payables -related parties (Refer note 2.15)	463	-	35,075
	1,822	**881**	**137,933**

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2.8 Other income

	Year ended 31 March 2020 (USD)	Year ended 31 March 2019 (USD)	Year ended 31 March 2020 (₹)
Interest income - Related parties	-	564	-
Exchange differences (net)	-	145	-
Dividend income on investments	6,538	14,388	494,715
	6,538	**15,097**	**494,715**

2.9 Employee benefits expense

	Year ended 31 March 2020 (USD)	Year ended 31 March 2019 (USD)	Year ended 31 March 2020 (₹)
Salaries, wages and bonus	-	428	-
	-	**428**	**-**

2.10 Finance cost

	Year ended 31 March 2020 (USD)	Year ended 31 March 2019 (USD)	Year ended 31 March 2020 (₹)
Interest expenses-related parties	478	1,133	36,160
Bank charges	0	-	8
	478	**1,133**	**36,168**

2.11 Other expenses

	Year ended 31 March 2020 (USD)	Year ended 31 March 2019 (USD)	Year ended 31 March 2020 (₹)
Legal and professional charges	60	87	4,541
Exchange differences (net)	590	-	44,640
	650	**87**	**49,181**

2.12 Earnings Per Equity Share

The computation of earnings per equity share is as follows:

	As at		
	31 March 2020	31 March 2019	31 March 2020
	USD	USD	(₹)
Net Profit as per Statement of Profit and Loss for computation of EPS	5,410	13,449	409,366
Weighted average number of equity shares outstanding in calculating EPS	447,259,284	445,492,500	447,259,284
Nominal value of equity shares	1	1	75.67
Earnings per equity share - Basic	0.01	0.03	0.92
Earnings per equity share - Diluted	0.01	0.03	0.92

2.13 Segment Reporting

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

2.14 Financial Instruments

(a) Financial Assets and Liabilities

The carrying value of Financial instruments by categories as at 31 March 2020 is as follows:

	Amortised Cost	Total carrying value	Amortised Cost	Total carrying value
	USD	USD	(₹)	(₹)
Financial Assets				
Investments	573,699	573,699	43,408,912	43,408,912
Cash and Cash equivalents	1,695	1,695	128,249	128,249
Others (Refer note 2.4)	196	196	14,865	14,865
Total	**575,590**	**575,590**	**43,552,027**	**43,552,027**
Financial Liabilities				
Borrowings	16,772	16,772	1,269,046	1,269,046
Others (Refer note 2.7)	1,822	1,822	137,933	137,933
Total	**18,594**	**18,594**	**1,406,979**	**1,406,979**

The carrying value of Financial instruments by categories as at 31 March 2019 is as follows:

	Amortised Cost	Total carrying value
	USD	USD
Financial Assets		
Cash and Cash equivalents	238	238
Loans	21,407	21,407
Others (Refer note 2.4)	974	974
Total	**22,619**	**22,619**
Financial Liabilities		
Borrowings	41,100	41,100
Others (Refer note 2.7)	881	881
Total	**41,981**	**41,981**

2.14 Financial Instruments (continued)

(b) Financial risk management

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

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

Market risk

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

(i) Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in curriences other than foreign curreny. An insignificant portion of the Company's revenue is in other foreign currency while a large protion of costs are in USD. The fluctuation in exchnges rates in respect to USD may not have potential impact on the statement fo profit and loss and equity.

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 198 thousand for the year ended 31 March, 2020.

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 presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March, 2020 and 31 March 2019 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	(USD)	(USD)	(USD)	(USD)
INR/USD	162,239	55,304	172,055	115,481
GBP/USD	111,976	112,957	135,581	137,997
SGD/USD	16,951	4,776	10,743	4,776

(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.

Credit risk

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

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 (Current)	Total
	(USD)	(USD)
As at 31 March 2020		
Borrowings	16,772	16,772
Other financial liabilities	1,822	1,822
Total	**18,594**	**18,594**
As at 31 March 2019		
Borrowings	41,100	41,100
Other financial liabilities	881	881
Total	**41,981**	**41,981**

2.15 Related parties

a) Related parties where control exists

Holding company
HCL Technologies Limited, India

Subsidiaries Company

HCL Technologies Middle East FZ-LLC
HCL America Inc.
HCL Technologies Romania S.R.L
HCL Hungry Kft.
HCL Technologies Austria GMBH
HCL Arabia LLC
HCL Technologies UK Ltd.
HCL Latin America Holding LLC
HCL Mexico de R.L.De
HCL Argentina s.a.
HCL (Brazil) Technologia da infformacao EIRELI
HCL Technologies Finland Oy
HCL Technologies B.V.
HCL Technologies Germany GmbH
HCL Ireland Information Systems Ltd.
HCL Technologies Sweden AB
HCL Technologies Columbia S.A.S
HCL Technologies Italy S.PA.
HCL Istanbul Bilisim Teknolojileri Limited Sirketi
HCL Technologies Greece
HCL Technologies SA
HCL Technologies Luxembourg SARL
HCL Technologies Beijing Co. Ltd.
HCL Technologies Egypt Limited
HCL Technologies (Thailand) Limited
HCL EAS Limited
Concept2Silicon Systems Private Ltd.
HCL Muscat Technologies LLC
Powerteam LLC
Point to Point Limited
Point to Point Products Limited
HCL Technologies Czech Republic S.R.O.
HCL Great Britain Ltd.
HCL Technologies Denmark Aps
HCL Technologies Norway AS
HCL Technologies France
Axon Group Ltd. UK
HCL Technologies Philippines Inc.
Fillal Espanoina De HCL Technologies S.L
HCL Technologies South Africa (Proprietary) Limited
HCL Axon Malaysia Sdn. Bhd.
Axon Solutions (Shanghai) Co. Ltd.
Axon Solutions Ltd.
HCL Technologies Chile Spa.
HCL Investments (UK) Ltd.
State Street HCL Holdings (UK) Ltd.
State Street HCL Services Philippines Inc.
State Street HCL Services India Pvt. Ltd.
HCL (New Zeland) Ltd.
HCL Hong Kong SAR Ltd.
HCL Software Products Limited
HCL Japan Ltd.
HCL Australia Services Pty Ltd.
Axon Solution Pty. Ltd.
Butler America Aerospace LLC
PT. HCL Technologies Indonesia Ltd.
HCL Canada Inc.
HCL Sweden AB
HCL GMBH Germany
HCL Technologies Solutions Ltd.
HCL (Netherland) BV
HCL Belgium NV
HCL America Solution Inc.
HCL Technologies Lithuania UAB
HCL Poland Sp.z.o.o
HCL Technologies Solutions GMBH
Anzospan Investments (Pty) Limited
HCL Axon (Proprietary) Limited
HCL Technologies Belgium BVBA
HCL Insurance BPO Services Ltd.
Datawave (An HCL Technologies Company) Limited
HCL Technologies Corporate Services Limited
Urban Fulfillment Services LLC
HCL Guatemala, Sociedad Anónima
HCL Technologies Estonia OU
HCL Technologies (Taiwan) Ltd.
HCL Technologies Azerbaijan LLC #

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Notes to financial statements for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

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

HCL Technologies Azerbaijan LLC #
HCL Technologies UK Ltd.
HCL Technologies Middle East FZ-LLC
HCL Guatemala, Sociedad Anónima
HCL Singapore Pte Limited
HCL EAS Limited
HCL Technologies Germany GMBH
HCL Technologies Austria GmbH

These entities are acquired/incorporated during the year.

c) Transactions with related parties during the year **(USD)**

	Subsidiaries	
	Year ended	
	31 March 2020	31 March 2019
Interest income	-	564
Dividend income	6,538	14,388
Interest expenses	478	1,133
Short term loan received	9,456	20,000
Short term loan paid back	12,900	400
Investments made	32,751	27,770
Short term loan given	-	13,692
Short term loan received back	-	8,050

c) Transactions with related parties during the year **(₹)**

	Subsidiaries
	Year ended
	31 March 2020
Dividend income	494,715
Interest expenses	36,160
Short term loan received	715,490
Short term loan paid back	976,079
Investments made	2,478,114

d) Outstanding balances with related parties **(USD)**

	Subsidiaries	
	As at	
	31 March 2020	31 March 2019
Loan and advances given	-	21,407
Interest receivable	70	964
Other payables	463	-
Other receivable	126	10
Short term loan received	16,772	41,100
Interest payable	1,359	881

HCL Bermuda Limited
Notes to financial statements for the year ended 31 March 2020
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d) Outstanding balances with related parties **(₹)**

	Subsidiaries
	As at
	31 March 2020
Interest receivable	5,309
Other payables	35,075
Other receivable	9,557
Short term loan received	1,269,046
Interest payable	102,855

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

Rakesh Dewan

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 07 October 2020

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

Raghu Raman Lakshmanan prbansal

Raghu Raman Lakshmanan **Prahlad Rai Bansal**
Director Director

Date: 07 October 2020