

**INDEPENDENT AUDITOR'S REPORT**

To the Members of HCL Bermuda Limited

**Opinion**

We have audited the accompanying special purpose Ind AS financial statements of HCL Bermuda Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the special purpose Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purpose Ind AS financial statements.

**Responsibility of Management for the special purpose Ind AS Financial Statements**

The Company's Board of Directors is responsible for the preparation of these special purpose Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



**Auditor's Responsibilities for the Audit of the special purpose Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the special purpose Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose Ind AS financial statements, including the disclosures, and whether the special purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

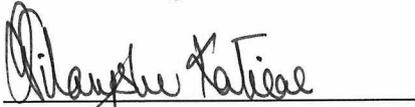
## **Other Matter**

These special purpose Ind AS financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1(a) to the Ind AS financial statements, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. This report covering the financial statements of the Company for the year ended March 31, 2019 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

**For S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



**Per Nilangshu Katriar**

Partner

Membership Number: 58814

Place of Signature: Gurugram

Date: June 28, 2019



**HCL Bermuda Limited**  
**STANDALONE FINANCIAL STATEMENT**  
For the year ended 31st March 2019 and 31st March 2018

HCL Bermuda Limited

Balance Sheet as at 31 March 2019

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

	Note No.	As at 31 March 2019 (USD)	As at 31 March 2018 (USD)	As at 31 March 2019 (₹)
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
<b>(a) Financial assets</b>				
(i) Investments	2.1	731,936	704,166	50,585,037
<b>(2) Current assets</b>				
<b>(a) Financial assets</b>				
(i) Cash and cash equivalents	2.2	238	117	16,480
(ii) Loans	2.3	21,407	15,765	1,479,455
(iii) Others	2.4	974	720	67,201
<b>(b) Other current assets</b>	2.5	-	32	-
<b>TOTAL ASSETS</b>		<b>754,555</b>	<b>720,800</b>	<b>52,148,173</b>
<b>II. EQUITY</b>				
(a) Equity share capital	2.6	445,493	445,493	30,788,566
(b) Other equity		267,081	253,632	18,458,217
<b>III. LIABILITIES</b>				
<b>(1) Current liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings	2.7	41,100	21,500	2,840,474
(ii) Others	2.8	881	175	60,916
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>754,555</b>	<b>720,800</b>	<b>52,148,173</b>
<b>Summary of significant accounting policies</b>	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants

*Nilangshu Katriar*

per Nilangshu Katriar  
Partner

Membership Number: 58814



Gurugram, India

Date: 28 JUNE 2019

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

*L. R. Raman*

Raghu Raman Lakshmanan  
Director

*Robin Abrams*

Robin Abrams  
Director

Date: 28 JUNE 2019

*nr*

HCL Bermuda Limited  
Statement of Profit and Loss for the year ended 31 March 2019  
(All amounts in thousands except share data and as stated otherwise)

	Note No.	Year ended 31 March 2019 (USD)	Year ended 31 March 2018 (USD)	Year ended 31 March 2019 (₹)
<b>I Revenue</b>				
Other income	2.9	15,097	3,175	1,043,312
<b>Total Income</b>		<u>15,097</u>	<u>3,175</u>	<u>1,043,312</u>
<b>II Expenses</b>				
Employee benefits expense	2.10	428	514	29,597
Finance costs	2.11	1,133	12	78,314
Other expenses	2.12	87	92	6,015
<b>Total expenses</b>		<u>1,648</u>	<u>618</u>	<u>113,926</u>
<b>III Profit before tax</b>		<u>13,449</u>	<u>2,557</u>	<u>929,386</u>
<b>IV Tax expense</b>		-	-	-
<b>V Profit for the year</b>		<u>13,449</u>	<u>2,557</u>	<u>929,386</u>
<b>VI Other comprehensive income</b>		-	-	-
<b>VII Total comprehensive income for the year</b>		<u>13,449</u>	<u>2,557</u>	<u>929,386</u>
<b>Earnings per equity share of USD 1 each</b>	2.13			
Basic		0.03	0.01	2.09
Diluted		0.03	0.01	2.09

**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 S. R. BATLIBOI & CO. LLP  
ICAI Firm Registration Number: 301003E/E300005  
Chartered Accountants

*Nilangshu Katriar*  
per Nilangshu Katriar  
Partner  
Membership Number: 58814



Gurugram, India

Date: 20 JUNE 2019

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

*L. R. Raman*  
Raghu Raman Lakshmanan  
Director

*Robin Abrams*  
Robin Abrams  
Director

Date: 28 JUNE 2019

*Robin Abrams*

HCL Bermuda Limited

Statement of Changes in Equity for the year ended 31 March 2019

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

(Amount in USD)

	Share capital		Other Equity		Total other equity
	Equity shares	Equity share capital	Retained earnings	Securities premium	
Balance as of April 1, 2017	445,492,500	445,493	16,478	234,597	251,075
Profit for the year	-	-	2,557	-	2,557
Other comprehensive income / (loss)	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	2,557	-	2,557
Balance as of March 31, 2018	445,492,500	445,493	19,035	234,597	253,632
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
Other comprehensive income / (loss)	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	13,449	-	13,449
Balance as of March 31, 2019	445,492,500	445,493	32,484	234,597	267,081

(Amount in ₹)

	Share capital		Other Equity		Total other equity
	Equity shares	Equity share capital	Retained earnings	Securities premium	
Balance as of April 1, 2018	445,492,500	30,788,566	1,315,533	16,213,298	17,528,831
Profit for the year	-	-	929,386	-	929,386
Other comprehensive income / (loss)	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	929,386	-	929,386
Balance as of March 31, 2019	445,492,500	30,788,566	2,244,919	16,213,298	18,458,217

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 S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants

*Nilangshu Katriar*  
per Nilangshu Katriar  
Partner

Membership Number: 58814



Gurugram, India

Date: 28 JUNE 2019

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

*L. R. R.*

Raghu Raman Lakshmanan  
Director

*Robin Abrams*

Robin Abrams  
Director

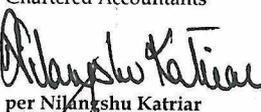
*W.L.*

Date: 28 JUNE 2019

HCL Bermuda Limited  
 9Statement of Cash flows for the year ended 31 March 2019  
 (All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2019 (USD)	Year ended 31 March 2018 (USD)	Year ended 31 March 2019 (₹)
<b>A. Cash flows from operating activities</b>			
Profit before tax	13,449	2,557	929,386
<b>Adjustment for:</b>			
Dividend income	(14,388)	(2,406)	(994,342)
Reversal of excess provision for diminution in value of investment	-	(201)	-
Interest income	(564)	(429)	(38,982)
Interest expenses	1,133	12	78,314
<b>Operating profit before working capital changes</b>	<b>(370)</b>	<b>(467)</b>	<b>(25,624)</b>
<b>Movement in working capital</b>			
(Increase)/ decrease in other financial assets and other assets	179	(5)	12,487
Increase/ (decrease) in other current financial liabilities	(163)	(63)	(11,362)
<b>Cash used in operations</b>	<b>(354)</b>	<b>(535)</b>	<b>(24,499)</b>
Direct taxes paid (net of refunds)	-	-	-
<b>Net cash flow used in operating activities (A)</b>	<b>(354)</b>	<b>(535)</b>	<b>(24,499)</b>
<b>B. Cash flows from investing activities</b>			
Loan to related parties	(13,692)	(681)	(946,294)
Loan repayment received form related parties	8050	4,500	556,346
Interest received	163	350	11,295
Dividend received	14,388	2,406	994,342
Investment in associates	(27,770)	(27,839)	(1,919,184)
<b>Net cash flow used in investing activities (B)</b>	<b>(18,861)</b>	<b>(21,264)</b>	<b>(1,303,495)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from short term borrowings	20,000	21,500	1,382,226
Repayment of short-term borrowings	(400)	-	(27,645)
Interest paid	(264)	-	(18,214)
<b>Net cash flow from financing activities (C)</b>	<b>19,336</b>	<b>21,500</b>	<b>1,336,367</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	121	(299)	8,373
Cash and cash equivalents at the beginning of the year	117	416	8,107
<b>Cash and cash equivalents at the end of the year as per note 2.2</b>	<b>238</b>	<b>117</b>	<b>16,480</b>
<b>Summary of significant accounting policies (refer note 1)</b>			

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP  
 ICAI Firm Registration Number : 301003E/E300005  
 Chartered Accountants  
  
 per Nilangshu Katriar  
 Partner  
 Membership Number: 58814



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

  
 Raghu Raman Lakshmanan  
 Director

  
 Robin Abrams  
 Director

Gurugram, India  
 Date: 28 JUNE 2019

Date: 28 JUNE 2019

## HCL Bermuda Limited

Significant accounting policies and notes to financial statements for the year ended 31 March 2019

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

### Company Overview

HCL Bermuda Limited (hereinafter referred to as the 'Company') was incorporated in Canon's Court 22, Victoria Street, Hamilton HM Bermuda on December 15, 1997. The company acts as a parent and has invested in subsidiaries 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 2019 were approved and authorized for issue by the Board of Directors on... 28 JUNE 2019

#### 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 financial reporting requirement in India.

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 functional currency of the Company is 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 = ₹ 69.1113/-, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amount represents, 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, revenue, 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, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivable, income taxes, future obligations under employee benefit plans, the useful lives of property, plant and equipment 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.

##### 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



## HCL Bermuda Limited

Significant accounting policies and notes to financial statements for the year ended 31 March 2019

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

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. The assets consist primarily of non-financial assets such as goodwill and intangible assets. Goodwill and intangible assets recognized in business acquisition are measured at fair value initially and subsequently when there is an indicator of impairment, the impairment is recognized.

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) 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.



## HCL Bermuda Limited

Significant accounting policies and notes to financial statements for the year ended 31 March 2019

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

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.

### e) 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 equivalent*

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

##### *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, 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.



## HCL Bermuda Limited

Significant accounting policies and notes to financial statements for the year ended 31 March 2019

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

### 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 trade and 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.

### f) 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. 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.

### g) 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.

### h) Retirement and other employee benefits

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

### i) 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.



## HCL Bermuda Limited

Significant accounting policies and notes to financial statements for the year ended 31 March 2019

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

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

### j) Investment

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises the purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired by the issue of shares or the other securities, the acquisition cost is the fair value of securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried at the lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the long term investments. The reduction in carrying amount is reversed when there is a rise in the value of the investments or if the reasons for reduction no longer exist.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### k) 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.



HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2019

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

2.1 Financial Assets - Investments

	As at		
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (₹)
<b>In subsidiary companies (unquoted), fully paid up</b>			
Investment in Equity Instruments (Unquoted)			
6,089,870 equity shares (31 March 2018: 6,089,870) of USD 1 each, in HCL America Inc., United States of America	53,270	53,270	3,681,561
500,000 equity shares (31 March 2018: 500,000) of AUD 1 each, in HCL Australia Services Pty. Limited, Australia	259	259	17,894
193,167 equity shares (31 March 2018: 193,167) of HKD 1 each, in HCL Hong Kong SAR Limited, Hong Kong	25	25	1,728
10 equity shares (31 March 2018: 10) of NZD 1 each, in HCL (New Zealand) Limited, New Zealand	25	25	1,728
106,070 equity shares (31 March 2018: 106,070) of INR 10 each, in HCL Global Processing Services Limited	14	14	938
Variable shares in HCL Holdings GmbH, Austria	6,460	6,460	446,459
1,001,616 equity shares (31 March 2018: 1,001,616) of Singapore Dollar 1 each, in HCL Singapore Pte. Ltd., Singapore	180	180	12,469
9,999 equity shares (31 March 2018: 9,999) of CAD 20.7316 each, in HCL Axon Technologies Inc.	180	180	12,440
9,000,000 equity shares (31 March 2018: 9,000,000) Hungary of HUF 1 each, in HCL Hungary Kft., Hungary	42	42	2,903
35,328 equity shares (31 March 2018: 35,328) of RON 10 each, in HCL Technologies Romania S.R.L., Romania	117	117	8,086
17,496 units (31 March 2018: 17,496) of USD 1000 each in HCL Latin America Holding, LLC, Delaware	17,496	17,496	1,209,171
1 equity share (31 March 2018: 1) of GBP 1 each, in HCL EAS Limited, United Kingdom.	0	0	0
10,980 equity shares (31 March 2018: 10,980) of SAR 500 each, fully paid up, in HCL Arbia LLC	1,464	1,464	101,182
990,000 equity shares (31 March 2018: 990,000) of Rp 9.074 each, in HCL Technologies Indonesia	1,004	1,004	69,411
73,362,191 (31 March 2018: 46,275,902) Equity Shares of USD 1 in HCL Technologies UK Limited	74,046	46,276	5,117,438
3650 equity shares units (31 March 2018: 3650) of AED 1000 each, in HCL Technologies Middle East FZ-LLC	994	994	68,682
1736 equity shares (31 March 2018: 1736) of OMR 100 each, in HCL Technologies Muscat LLC	452	452	31,217
Investment in Preference Shares (Unquoted)			
573,698,700 preference share (31 March 2018: 573,698,700) of USD 1 each, in HCL EAS Limited, United Kingdom	573,699	573,699	39,649,063
Investment in Preference Membership units (Unquoted)			
2,209 preference units (31 March 2018: 2,209) of USD 1000 each in HCL Latin America Holding LLC	2,209	2,209	152,667
	<b>731,936</b>	<b>704,166</b>	<b>50,585,037</b>
<b>Aggregate amount of unquoted non- current investments</b>	<b>731,936</b>	<b>704,166</b>	<b>50,585,037</b>
<b>Equity instruments carried at cost</b>	<b>731,936</b>	<b>704,166</b>	<b>50,585,037</b>



HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2019

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

2.2 Cash and cash equivalent

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
Balance with banks			
- in current accounts	238	117	16,480
	238	117	16,480

2.3 Financial Assets - Loans

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
Current			
Unsecured, considered good			
Loans to related parties (refer note 2.17)	21,407	15,765	1,479,455
	21,407	15,765	1,479,455

2.4 Other financial assets

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
Current			
Interest receivable - related parties (refer note 2.17)	964	563	66,543
Debtors for expense - related parties (refer note 2.17)	10	157	658
	974	720	67,201

2.5 Other current assets

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
Unsecured, considered good			
Prepaid expenses	-	32	-
	-	32	-



## 2.6 Share Capital

	As at	As at	As at
	31 March 2019 (USD)	31 March 2018 (USD)	31 March 2019 (₹)
<b>Authorized</b> 1,000,000,000 (31 March 2018: 1,000,000,000) shares of USD 1 each	1,000,000	1,000,000	69,111,300
<b>Issued, subscribed and fully paid up</b>			
<b>Equity share capital</b> 445,492,500 (31 March 2018: 445,492,500) equity shares of USD 1 each, fully paid up	445,493	445,493	30,788,566
	445,493	445,493	30,788,566

### 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 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 2019		31 March 2018	
	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	-	-	-	-
Number of shares at the end	445,492,500	445,493	445,492,500	445,493

### Details of shares held by holding/ultimate holding company and/or their subsidiaries/associates:-

Name of the shareholder	As at			
	31 March 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of USD 1 each fully paid up</b> HCL Technologies Limited, the holding company	445,492,500	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 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of USD 1 each fully paid</b> HCL Technologies Limited, the holding company	445,492,500	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.



HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2019

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

2.7 Borrowings

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
<b>Unsecured</b>			
Loan from related party (Refer note 2.17)	41,100	21,500	2,840,474
	<b>41,100</b>	<b>21,500</b>	<b>2,840,474</b>

2.8 Other financial liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
<b>Current</b>			
<b>Carried at amortized cost</b>			
Accrued salaries and benefits			
Salary Payable	-	133	-
Others			
Interest payable - related parties (Refer note 2.17)	881	12	60,916
Liabilities for expenses-related parties (Refer note 2.17)	-	30	-
	<b>881</b>	<b>175</b>	<b>60,916</b>



HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2019

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

2.9 Other income

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
Interest income - Related parties	564	429	38,982
Exchange differences (net)	145	139	9,988
Reversal of Provision for diminution in value of investment	-	201	-
Dividend income on trade investments	14,388	2,406	994,342
	15,097	3,175	1,043,312

2.10 Employee benefits expense

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
Salaries, wages and bonus	428	514	29,597
	428	514	29,597

2.11 Finance cost

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
Interest expenses-related parties	1,133	12	78,314
	1,133	12	78,314

2.12 Other expenses

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
Legal and professional charges	87	92	6,015
	87	92	6,015



**2.13 Earnings Per unit**

The computation of earnings per unit is as follows:

	As at		
	31 March 2019	31 March 2018	31 March 2019
	USD	USD	(₹)
Net Profit as per Statement of Profit and Loss for computation of EPS	13,449	2,557	929,386
Average number of equity shares outstanding in calculating EPS	445,492,500	445,492,500	445,492,500
Weighted average number of equity shares outstanding in calculating EPS	445,492,500	445,492,500	445,492,500
Nominal value of equity shares	1	1	69.11
Earnings per equity share - Basic	0.03	0.01	2.09
Earnings per equity share - Diluted	0.03	0.01	2.09

**2.14 Payment to auditors**

	Year ended	Year ended	Year ended
	31 March 2019	31 March 2018	31 March 2019
	(USD)	(USD)	(₹)
Audit fees	-	31	-
	-	31	-

**2.15 Segment Reporting**

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

**2.16 Financial Instruments****(a) Financial Assets and Liabilities**

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

	Amortised Cost	Total carrying value	Amortised Cost	Total carrying value
	USD	USD	(₹)	(₹)
<b>Financial Assets</b>				
Investment	731,936	731,936	50,585,037	50,585,037
Cash and Cash equivalent	238	238	16,480	16,480
Loans	21,407	21,407	1,479,455	1,479,455
Others (Refer note 2.4)	974	974	67,201	67,201
<b>Total</b>	<b>754,555</b>	<b>754,555</b>	<b>52,148,173</b>	<b>52,148,173</b>
<b>Financial Liabilities</b>				
Borrowings	41,100	41,100	2,840,474	2,840,474
Others (Refer note 2.8)	881	881	60,916	60,916
<b>Total</b>	<b>41,981</b>	<b>41,981</b>	<b>2,901,390</b>	<b>2,901,390</b>

The carrying value of Financial instruments by categories as at 31 March 2018 is as follows:

	Amortised Cost	Total carrying value
	USD	USD
<b>Financial Assets</b>		
Investment	704,166	704,166
Cash and Cash equivalent	117	117
Loans	15,765	15,765
Others (Refer note 2.4)	720	720
<b>Total</b>	<b>720,768</b>	<b>720,768</b>
<b>Financial Liabilities</b>		
Borrowings	21,500	21,500
Others (Refer note 2.8)	175	175
<b>Total</b>	<b>21,675</b>	<b>21,675</b>



2.16 Financial Instruments (continued)

Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments.

Market risk

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

(i) Foreign currency risk

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

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

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 774 thousand for the year ended 31 March, 2019.

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, 2019 and 31 March 2018 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(USD)	(USD)	(USD)	(USD)
INR/USD	55,304	35,484	115,481	46,881
GBP/USD	112,957	2,920	137,997	2,881
SGD/USD	4,776	2,878	4,776	393

(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.

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled revenue, finance lease receivables. 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.



**HCL Bermuda Limited**

Notes to financial statements for the year ended 31 March 2019

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

**2.17 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) Tecnologia da informacao Ltda.

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.P.A.

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 Estonia OU

HCL Technologies (Thailand) Limited

HCL Poland Sp.z.o.o

HCL EAS Limited

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 Zealand) Ltd.

HCL Hong Kong SAR Ltd.

HCL Global Processing Services Ltd. India

HCL Technologies Germany

HCL Japan Ltd.

HCL Australia Services Pty Ltd.

Axon Solution Pty. Ltd.

Butler America Aerospace LLC

PT. HCL Technologies Indonesia Ltd.

HCL Axon Technologies Inc.

HCL Sweden AB

HCL GMBH Germany

HCL Technologies Solutions Ltd.

HCL Italy SLR

HCL (Netherlands) BV

HCL Belgium NV

HCL America Solution Inc.

HCL Technologies (Taiwan) Ltd.

HCL Technologies Lithuania UAB

Concept2Silicon Systems Private Ltd.

HCL Muscat Technologies LLC

Powerteam LLC

Point to Point Limited

Point to Point Products Limited

Celeritifintech Limited

Celeritifintech Australia Pty Ltd

Celeritifintech USA Inc

Celeritifintech Italy SRL \*

HCL Technologies Czech Republic S.R.O.

Celeritifintech Germany GMBH

Celeritifintech Services Ltd. \*

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 Solutions GMBH

Anzospa Investments (Pty) Limited

HCL Axon (Proprietary) Limited

HCL Technologies Belgium BVBA

HCL Insurance BPO Services Ltd.

ETL Factory Limited

HCL Technologies Corporate Services Limited

HCL Mortgage Holdings LLC \*

Urban Fulfillment Services LLC

HCL Guatemala, Sociedad Anonima #

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

HCL Latin America Holding

HCL Technologies UK Ltd.

HCL Technologies Middle East FZ-LLC

HCL Muscat Technologies LLC

HCL Singapore Pte Limited

HCL EAS Limited

HCL Technologies Germany GMBH

HCL Great Britain Ltd.

HCL (New Zealand) Limited

HCL Technologies limited

HCL Technologies Austria GmbH

HCL Technologies S.A.

HCL Technologies Colombia

\* These entities are got dissolved during the year.

# These entities are acquired/incorporated during the year.



HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2019

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

c) Transactions with related parties during the year

(USD)

	Holding company		Subsidiaries	
	Year ended		Year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Interest income	-	-	564	429
Dividend income	-	-	14,388	2,406
Interest expenses	-	-	1,133	12
Short term loan received	-	-	20,000	21,500
Short term loan paid back	-	-	400	-
Investments made	-	-	27,770	5,366
Reversal of Prov for diminution in value of investment	-	-	-	17,321
Short term loan given	-	-	13,692	681
Short term loan received back	-	-	8,050	4,500

c) Transactions with related parties during the year

(₹)

	Holding company	Subsidiaries
	Year ended	
	31 March 2019	31 March 2019
Interest income	-	38,982
Dividend income	-	994,342
Interest expenses	-	78,314
Short term loan received	-	1,382,226
Short term loan paid back	-	27,645
Investments made	-	1,919,184
Reversal of Prov for diminution in value of investment	-	-
Short term loan given	-	946,294
Short term loan received back	-	556,346

d) Outstanding balances with related parties

(USD)

	Holding company		Subsidiaries	
	Year ended		Year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loan and advances given	-	-	21,407	15,765
Interest receivable	-	-	964	563
Liabilities for expenses	-	30	-	-
Debtors for Expenses	-	-	10	157
Short term loan received	-	-	41,100	21,500
Interest payable	-	-	881	12

d) Outstanding balances with related parties

(₹)

	Holding company	Subsidiaries
	Year ended	
	31 March 2019	31 March 2019
Loan and advances given	-	1,479,455
Interest receivable	-	66,543
Liabilities for expenses	-	-
Debtors for Expenses	-	658
Short term loan received	-	2,840,474
Interest payable	-	60,916



HCL Bermuda Limited

Notes to financial statements for the year ended 31 March 2019

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

**3 Previous period / year comparatives**

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.

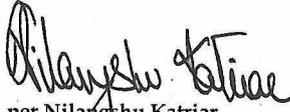
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As per our report of even date

**FOR S. R. BATLIBOI & CO. LLP**

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants



per Nilangshu Katriar  
Partner

Membership Number: 58814



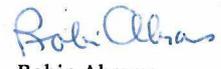
Gurugram, India

Date: 28 JUNE 2019

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



Raghu Raman Lakshmanan  
Director



Robin Abrams  
Director



Date: 28 JUNE 2019