

HCL Latin America Holding, LLC

Financial Statements

For the year ended 31st March 2018 and 31st March 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Latin America Holding LLC

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL Latin America Holding LLC ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the accounting and auditing standards We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view 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 financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements 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, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matters

This report covering the financial statements of the Company for the year ended March 31, 2018 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. These 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 financial statements of the company, 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. 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: Gurugram

Date: August 10, 2018

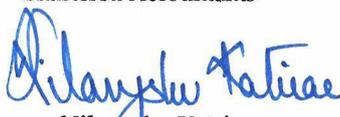
HCL Latin America Holding, LLC
 Balance Sheet as at 31 March 2018
 (All amounts in ₹ thousands except stated otherwise)

	Note No.	As at 31 March 2018	As at 31 March 2017
I. ASSETS			
(1) Non-current assets			
(a) Financial Assets			
(i) Investments	2.1	973,791	864,918
(2) Current assets			
(a) Financial Assets			
(i) Cash and cash equivalents	2.2	6,677	6,737
TOTAL ASSETS		<u>980,468</u>	<u>871,655</u>
II. EQUITY			
(a) Equity Share Capital	2.3	864,998	735,828
(b) Other Equity		12	24,677
III. LIABILITIES			
(1) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.4	115,458	111,150
TOTAL EQUITY AND LIABILITIES		<u>980,468</u>	<u>871,655</u>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

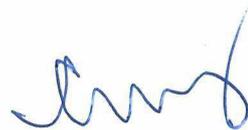
As per our report of even date

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


 per Nilangshu Katriar
 Partner
 Membership Number: 58814



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


 C. Vijayakumar
 Director


 Robin Abrams
 Director

Gurugram, India
 Date: 10 August, 2018

Date: 10 August, 2018 

HCL Latin America Holding, LLC
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in ₹ thousands except stated otherwise)

	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
I Revenue			
Other income	2.5	-	1,185
Total income		<u>-</u>	<u>1,185</u>
II Expenses			
Finance costs	2.6	3,949	3,782
Other expenses	2.7	1,359	-
Total expenses		<u>5,308</u>	<u>3,782</u>
III Loss before tax		(5,308)	(2,597)
IV Tax expense		-	-
V Loss for the year		<u>(5,308)</u>	<u>(2,597)</u>
VI Other comprehensive income		-	-
VII Total Comprehensive Loss for the year		<u>(5,308)</u>	<u>(2,597)</u>
Loss per equity share of USD 1,000/- each			
Basic	2.8	(298)	(183)
Diluted		(298)	(183)

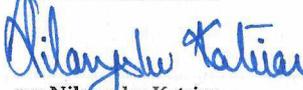
Summary of significant accounting policies

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


per Nilangshu Katriar
Partner
Membership Number: 58814



Gurugram, India
Date: 10 August, 2018

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


C. Vijayakumar
Director


Robin Abrams
Director

Date: 10 August, 2018



HCL Latin America Holding, LLC

Statement of Changes in Equity for the year ended 31 March 2018

(All amounts in ₹ thousands except stated otherwise)

	Units		Other Equity			Total other equity
	Units	Common membership units	Share application money pending allotment	Other Equity	Retained earnings	
Balance as at April 1, 2016	16,005	622,430	-	39,465	(31,548)	7,917
Loss for the year	-	-	-	-	(2,597)	(2,597)
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	-	(2,597)	(2,597)
Issue of membership units	1,700	113,399	-	-	-	-
Membership units pending allotment	-	-	19,357	-	-	19,357
Balance as at March 31, 2017	17,705	735,828	19,357	39,465	(34,145)	24,677
Balance as at April 1, 2017	17,705	735,828	19,357	39,465	(34,145)	24,677
Loss for the year	-	-	-	-	(5,308)	(5,308)
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	-	(5,308)	(5,308)
Issue of membership units	2,000	129,170	(19,357)	-	-	(19,357)
Balance as at March 31, 2018	19,705	864,998	-	39,465	(39,453)	12

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP

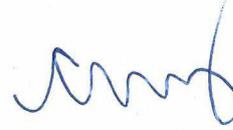
ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants


per Nilangshu Katriar
Partner
Membership Number: 58814



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


C. Vijayakumar
Director


Robin Abrams
Director



Gurugram, India

Date: 10 August, 2018

Date: 10 August, 2018

HCL Latin America Holding, LLC
Statement of Cash flows for the year ended 31 March 2018
(All amounts in ₹ thousands except stated otherwise)

	Year ended 31 March 2018	Year ended 31 March 2017
A. Cash flows from operating activities		
Loss before tax	(5,308)	(2,597)
Adjustment for:		
Interest expenses	3,859	3,711
Other non cash (benefits)/charges	448	(2,070)
Operating profit before working capital changes	(1,001)	(956)
Movement in Working Capital		
Increase/ (decrease) in trade payables	-	(21)
Cash generated (Used in) operations	(1,001)	(977)
Direct taxes paid (net of refunds)	-	-
Net cash flow (used in) operating activities (A)	(1,001)	(977)
B. Cash flows from investing activities		
Investment in Subsidiaries (refer note 2.1)	(108,872)	(128,849)
Net cash flow used in investing activities (B)	(108,872)	(128,849)
C. Cash flows from financing activities		
Proceeds from issue of share capital	109,813	132,756
Net cash flow from financing activities (C)	109,813	132,756
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(60)	2,930
Cash and cash equivalents at the beginning of the year	6,737	3,807
Cash and cash equivalents at the end of the year as per note 2.2	6,677	6,737

Summary of significant accounting policies (Note 1)

As per our report of even date.

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

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


per Nilangshu Katriar
Partner
Membership Number: 58814




C. Vijayakumar
Director


Robin Abrams
Director

Gurugram, India

Date: 10 August, 2018


Date: 10 August, 2018

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31st March 2018

(All amounts in ₹ thousands except stated otherwise)

ORGANIZATION AND NATURE OF OPERATIONS

HCL Latin America Holding, LLC (hereinafter referred to as “the Company”) was incorporated on March 30, 2009 as Delaware Limited Liability Company. The company 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 2018 were approved and authorized for issue by the Board of Directors on.....

1. Summary of 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.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except certain assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

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.

The functional currency of the Company is INR.

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, costs, 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.

c) Fair value measurement

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

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

- a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.
- c) Cost approach – Replacement cost method.

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



HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31st March 2018

(All amounts in ₹ thousands except stated otherwise)

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.

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) Taxation

The company was incorporated in Delaware which is a tax free zone. The company is not liable to pay any tax on its income. Hence no provision for taxation has been made in the financial statements.

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 equivalent

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

Financial instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Derecognition of financial assets

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



HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31st March 2018

(All amounts in ₹ thousands except stated otherwise)

Impairment of financial assets

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

ii. Financial liabilities

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

The company's financial liabilities include trade payables.

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

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

Derecognition

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

Offsetting of financial instruments

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

g) 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.

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.



HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2018

(All amounts in ₹ thousands except stated otherwise)

2.1 Financial Assets - Investments

	As at	
	31 March 2018	31 March 2017
Non-current investments - at amortized cost		
In subsidiary companies trade (unquoted), fully paid up		
Equity Instruments		
Fixed and Variable capital in HCL Technologies Mexico S.DE.R.L.DE.C.V., Mexico	168,367	59,494
30,505,265 (previous year 30,505,265) equity shares of Brazelian Reas 1 each, fully paid up, in HCL (Brazil) Tecnologia Da Informacao LTDA., Brazil	765,293	765,293
2,199,855 (previous year 2,199,855) equity shares of Argentina Peso 1 each, fully paid up, in HCL Argentina S.A., Argentina	22,146	22,146
1320 (previous year 1320) equity shares of SAR 500 each, fully paid up, in HCL Saudi Arbia LLC, Saudi Arbia	10,788	10,788
In HCL Argentina S.A., Argentina (refer note 1)	16,227	16,227
Less: Provision for diminution in value of investment (refer note 2.9)	(9,030)	(9,030)
Aggregate amount of non- current investments	973,791	864,918

Note 1 :

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

2.2 Cash and cash equivalent

	As at	
	31 March 2018	31 March 2017
Balance with banks		
- in current accounts	6,677	6,737
	6,677	6,737



2.3 Share Capital

	As at	
	31 March 2018	31 March 2017
Authorized 20,000 (31 March 2017, 20,000) Common membership units of USD 1,000/- each	893,900	893,900
Issued, subscribed and fully paid up Common membership fund 17,496 (31 March 2017, 15,496) units of USD 1,000/- each, fully paid up	864,998	735,828
	864,998	735,828

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

	As at			
	31 March 2018		31 March 2017	
	No. of Units	(₹)	No. of Units	(₹)
Number of units at the beginning	15,496	735,828	13,796	622,430
Add: Units issued during the year	2,000	129,170	1,700	113,399
Number of units at the end	17,496	864,998	15,496	735,828

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

Name of the Unitholder	As at			
	31 March 2018		31 March 2017	
	No. of Units	(₹)	No. of Units	(₹)
Units of USD 1,000/- each fully paid HCL Bermuda Limited, Bermuda, the holding company	17,496	864,998	15,496	735,828

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

Name of the Unitholder	As at			
	31 March 2018		31 March 2017	
	No. of Units	% holding in the class	No. of Units	% holding in the class
Units of USD 1,000/- each fully paid HCL Bermuda Limited, Bermuda, the holding company	17,496	100%	15,496	100%

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

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

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

Capital management

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



HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2018

(All amounts in ₹ thousands except stated otherwise)

2.4 Borrowings

	As at	
	31 March 2018	31 March 2017
Unsecured		
7.5% Preference membership fund (Refer note 1) (Refer note 2.11)	115,458	111,150
	115,458	111,150

Note 1:

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

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



HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2018

(All amounts in ₹ thousands except stated otherwise)

2.5 Other income

	Year ended	Year ended
	31 March 2018	31 March 2017
Exchange differences (net)	-	1,185
	-	1,185

2.6 Finance cost

	Year ended	Year ended
	31 March 2018	31 March 2017
Interest		
-on borrowings	3,859	3,711
Bank charges	90	71
	3,949	3,782

2.7 Other expenses

	Year ended	Year ended
	31 March 2018	31 March 2017
Exchange differences (net)	1,359	-
	1,359	-

2.8 Earnings Per unit

The computation of earnings per unit is as follows:

	Year ended	Year ended
	31 March 2018	31 March 2017
(Loss) as per Statement of profit and loss	(5,308)	(2,597)
Weighted average number of unit outstanding in calculating Basic EPU	17,796	14,178
Weighted average number of unit outstanding in calculating dilutive EPU	17,796	14,178
Nominal value of unit (in USD)	1,000	1,000
Loss per unit (in INR)		
- Basic	(298)	(183)
- Diluted	(298)	(183)

Note:-

For the year ended 31 March 2018: 2209 (31 March 2017: 2209) equity shares issuable on conversion of Preference shares, were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

2.9 Disclosure Diminution in Investments

	Year ended	Year ended
	31 March 2018	31 March 2017
HCL Argentina S.A., Argentina	9,030	9,030
	9,030	9,030



HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2018

(All amounts in ₹ thousands except stated otherwise)

2.10 Segment Reporting

In the opinion of the management 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.

2.11 Related Parties

a) Related parties where control exists

Ultimate Holding Company

HCL Technologies Limited

Holding Company

HCL Bermuda Limited, Bermuda

Subsidiaries

HCL (Brazil) Tecnologia da informacao Ltd., Brazil

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

HCL Argentina S.A., Argentina

HCL Saudi Arabia LLC

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

Subsidiaries

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

HCL Bermuda Limited

c) Transactions with the related parties during the year

Particulars	Interest expense		Investments	
	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Subsidiaries				
HCL Technologies Mexico S.DE.R.L.DE.C.V.	-	-	108,873	-
HCL (Brazil) Tecnologia Da Informacao LTDA., Brazil	-	-	-	112,621
HCL Bermuda Limited	3,859	3,711	-	-
HCL Argentina S.A., Argentina	-	-	-	16,227
Total	3,859	3,711	108,873	128,848

d) Outstanding balances with related parties

Particulars	Borrowings	
	As at	As at
	31 March 2018	31 March 2017
Holding		
HCL Bermuda Limited	115,458	111,150
Total	115,458	111,150



HCL Latin America Holding, LLC
 Notes to financial statements for the year ended 31 March 2018
 (All amounts in ₹ thousands except stated otherwise)

2.12 Financial Instruments

Financial Assets & Liabilities

The carrying value of financial instruments by categories as at 31 March, 2018 & 31 March, 2017 is as follows:-

	As at 31 March 2018		As at 31 March 2017	
	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
Financial Assets				
Investments	973,791	973,791	864,918	864,918
Cash and Cash Equivalents	6,677	6,677	6,737	6,737
Total	980,468	980,468	871,655	871,655
Financial Liabilities				
Borrowings	115,458	115,458	111,150	111,150
Total	115,458	115,458	111,150	111,150

(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's exposure to the risk of changes in exchange rates relates primarily to the Company's operations.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than foreign currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in ₹. The fluctuation in exchange rates in respect to ₹ 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 ₹ 1,089 thousand for the year ended 31 March, 2018.

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 2018 and 31 March 2017 in major currencies is as below:

USD/INR	Net financial assets		Net financial liabilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	6,530	6,737	115,462	111,150

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

Liquidity risk

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

3. Previous year comparatives

Previous year figures have been regrouped/ reclassified to the current year's classification wherever necessary.

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
 Chartered Accountants

per Nilangshu Katriar
 Partner

Membership Number: 58814

Gurugram, India

Date: 10 August, 2018



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

C. Vijayakumar
 Director

Robin Abrams
 Director

Date: 10 August, 2018