

HCL (Brazil) Tecnologia da informacao Ltda
Financial Statement

For the year ended 31st December 2017 and 31st December 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL (Brazil) Tecnologia da informacao Ltda.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL (Brazil) Tecnologia da informacao Ltda ("the Company"), which comprise the Balance Sheet as at December 31, 2017, 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 December 31, 2017, its profit 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 December 31, 2017 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: Gurgaon

Date: June 27, 2018

HCL (Brazil) Tecnologia da informacao Ltda
Balance Sheet as at 31 December 2017

	Note No.	As at 31 December 2017 (BRL)	As at 31 December 2016 (BRL)	As at 31 December 2017 Refer Note 1(a) (R)
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	2.1	8,221,915	6,531,591	158,555,509
(b) Other intangible assets	2.2	10,731	17,100	206,938
(c) Financial assets				
(i) Others	2.3	898	234,615	17,317
(d) Deferred tax assets (net)	2.4	7,528,526	-	145,183,856
(e) Other non-current assets	2.5	345,603	440,571	6,664,781
(2) Current assets				
(a) Inventories	2.6	1,175,978	222,542	22,678,148
(b) Financial assets				
(i) Trade receivables	2.7	35,049,433	25,040,882	675,910,791
(ii) Cash and cash equivalents	2.8	538,727	128,666	10,389,081
(iii) Others	2.3	6,526,447	17,368,913	125,859,267
(c) Other current assets	2.9	1,527,094	4,015,283	29,449,244
TOTAL ASSETS		60,925,352	54,000,163	1,174,914,932
II. EQUITY				
(a) Equity share capital	2.10	30,505,266	30,505,266	588,278,802
(b) Other equity		(20,651,904)	(21,679,419)	(398,261,648)
III. LIABILITIES				
(1) Non - current liabilities				
(a) Provisions	2.11	561,330	475,519	10,824,968
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	2.12	27,606,840	6,560,416	532,384,106
(ii) Trade payables	2.13	6,839,540	20,097,173	131,897,109
(iii) Others	2.14	9,868,586	8,677,729	190,310,734
(b) Other current liabilities	2.15	492,125	6,745,549	9,490,385
(c) Provisions	2.11	3,180,869	2,617,930	61,341,468
(d) Current tax liabilities (net)		2,522,700	-	48,649,008
TOTAL EQUITY AND LIABILITIES		60,925,352	54,000,163	1,174,914,932
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



Gurgaon, India

Date: 27 June 2018

For and on behalf of the Board of Directors

of HCL (Brazil) Tecnologia da informacao Ltda

L R R
Raghu Raman Lakshmanan

Representing HCL Latin America Holdings LLC
Quotaholder

Date: 27 June 2018

Shiv Walia
Shiv Walia

Representing HCL Technologies UK Limited
Quotaholder

WV

HCL (Brazil) Tecnologia da informacao Ltda
Statement of Profit and Loss for the year ended 31 December 2017

	Note No.	Year ended 31 December 2017 (BRL)	Year ended 31 December 2016 (BRL)	Year ended 31 December 2017 Refer Note 1(a) (₹)
I Revenue				
Revenue from operations	2.16	82,925,179	72,687,905	1,599,170,615
Other income	2.17	206,172	1,936,870	3,975,924
Total income		83,131,351	74,624,775	1,603,146,539
II Expenses				
Purchase of traded goods		1,150,479	145,008	22,186,421
Changes in inventories of traded goods	2.18	(978,010)	(145,008)	(18,860,443)
Employee benefits expense	2.19	48,183,561	42,768,243	929,195,882
Finance costs	2.20	1,363,444	751,060	26,293,336
Depreciation and amortization expense	2.1 & 2.2	2,733,717	2,382,582	52,718,365
Outsourcing costs		18,731,109	19,754,834	361,220,072
Other expenses	2.21	11,300,105	7,112,927	217,916,876
Total expenses		82,484,405	72,769,646	1,590,670,509
III Profit/(loss) before tax		646,946	1,855,129	12,476,030
IV Tax expense	2.22			
Current tax		7,147,957	157,162	137,844,774
Deferred tax charge (credit)		(7,528,526)	-	(145,183,856)
Total tax expense		(380,569)	157,162	(7,339,082)
V Profit/(loss) for the year		1,027,515	1,697,967	19,815,112
VI Other comprehensive income				
Items that will not be reclassified to profit or loss		-	-	-
Items that will be reclassified subsequently to profit or loss		-	-	-
VII Total Comprehensive Income for the year		1,027,515	1,697,967	19,815,112
Earnings per equity share of BRL 1 each	2.23			
Basic & Diluted		0.03	0.07	0.65
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

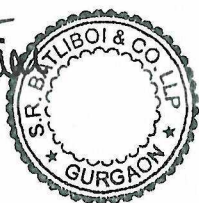
As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814



Gurgaon, India
Date: 27 June 2018

For and on behalf of the Board of Directors
of HCL (Brazil) Tecnologia da informacao Ltda

L. R. R.
Raghu Raman Lakshmanan
Representing HCL Latin America Holdings LLC
Quotaholder

Date: 27 June 2018

Shiv Walia
Shiv Walia
Representing HCL Technologies UK Limited
Quotaholder

WV

HCL (Brazil) Tecnologia da informacao Ltda
Statement of Changes in Equity for the year ended 31 December 2017

	Equity share capital		Other Equity
	Shares	Share capital	
Balance as of January 1, 2016	24,689,566	24,689,566	(23,377,386)
Profit for the year	-	-	1,697,967
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	1,697,967
Issue of equity shares	5,815,700	5,815,700	-
Balance as of December 31, 2016	30,505,266	30,505,266	(21,679,419)
Balance as of January 1, 2017	30,505,266	30,505,266	(21,679,419)
Profit for the year	-	-	1,027,515
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	1,027,515
Balance as of December 31, 2017	30,505,266	30,505,266	(20,651,904)

	Equity share capital		Other Equity
	Shares	Share capital	
Balance as of January 1, 2017	30,505,266	588,278,802	(418,076,760)
Profit for the year	-	-	19,815,112
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	19,815,112
Balance as of December 31, 2017	30,505,266	588,278,802	(398,261,648)

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



Gurgaon, India
Date: 27 June 2018

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HCL (Brazil) Tecnologia da informacao Ltda
Statement of Cash flow for the Year ended 31 December 2017

	Year ended 31 December 2017 (BRL)	Year ended 31 December 2016 (BRL)	Year ended 31 December 2017 Refer Note 1(a) (R)
A. Cash flows from operating activities			
Profit/(loss) before tax	646,946	1,855,129	12,476,030
Adjustment for:			
Depreciation and amortization	2,733,717	2,382,582	52,718,365
Interest expenses	1,041,508	546,391	20,084,961
Provision for doubtful debts written back	(206,172)	(155,373)	(3,975,924)
Operating profit before working capital changes	4,215,999	4,628,729	81,303,432
Movement in Working Capital			
(Increase)/decrease in trade receivables	(9,802,379)	(10,432,283)	(189,033,985)
(Increase)/decrease in inventories	(953,436)	(145,006)	(18,386,546)
(Increase)/decrease in other financial assets and other assets	11,118,434	(12,341,723)	214,413,438
Increase/ (decrease) in trade payables	(13,257,633)	4,725,217	(253,666,830)
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	(5,194,184)	7,618,072	(100,167,204)
Cash generated from (used in) operations	(13,873,199)	(5,946,994)	(267,537,695)
Direct taxes paid (net of refunds)	(2,084,351)	(157,162)	(40,195,672)
Net cash flow from (used in) operating activities (A)	(15,957,550)	(6,104,156)	(307,733,367)
B. Cash flows from investing activities			
Purchase of property, plant and equipment, including capital work in progress and capital advances	(4,164,512)	(7,057,751)	(80,310,539)
Net cash used in investing activities (B)	(4,164,512)	(7,057,751)	(80,310,539)
C. Cash flows from financing activities			
Proceeds from issue of share capital	-	5,815,700	-
Repayment of short term borrowings	(5,452,776)	-	(105,154,049)
Proceeds from short term borrowings	26,499,200	6,560,416	511,023,822
Interest paid	(514,301)	(546,391)	(9,918,038)
Net cash flow from (used in) financing activities (C)	20,532,123	11,829,725	395,951,735
Net increase / (decrease) in cash and cash equivalents (A+B+C)	410,061	(1,332,182)	7,907,829
Cash and cash equivalents at the beginning of the year	128,666	1,460,848	2,481,252
Cash and cash equivalents at the end of the year as per note 2.8	538,727	128,666	10,389,081
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

per Nilangshu Katriar
Partner
Membership Number: 58814



Gurgaon, India
Date: 27 June 2018

For and on behalf of the Board of Directors
of HCL (Brazil) Tecnologia da informacao Ltda

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Date: 27 June 2018

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HCL (Brazil) Tecnologia da informacao Ltda.

Significant accounting policies and notes to financial statements for the year ended 31 December 2017

Company Overview

HCL (Brazil) Tecnologia da informacao Ltda. (herein after referred to as the "Company") is primarily engaged in providing a range of software services and infrastructure services. The company was incorporated in Brazil on 30 December, 2008.

The financial statements for the year ended 31 December, 2017 were approved and authorized for issue by the Board of Directors on 27 June, 2018.

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.

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 BRL. The translation from BRL to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of BRL 1 = ₹ 19.2845/-, 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, BRL 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, 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. 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) Leases

Where the Company is the lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.



HCL (Brazil) Tecnologia da Informacao Ltda.

Significant accounting policies and notes to financial statements for the year ended 31 December 2017

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the year in which they are earned.

Leases in which the Company transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the leased assets. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the statement of profit and loss.

d) Inventories

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of stock in trade procured for specific projects is assigned by identification of individual costs of each item. Cost of stock in trade, that are interchangeable and not specific to any project and cost of stores and spare parts are determined using the weighted average cost formula.

e) Property, plant and equipment

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

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing fixed assets, including day - to - day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

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

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



HCL (Brazil) Tecnologia da informacao Ltda.

Significant accounting policies and notes to financial statements for the year ended 31 December 2017

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

	Life (in years)
Computer	3-5
Plant and machinery (including office equipment, air conditioner and electrical installations)	10-17
Furniture and fixtures	7
Leasehold Improvements	Over the lease period or useful life of the asset, whichever is lower

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

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

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

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

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

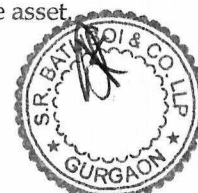
Any other goodwill including that arising on acquisition has tested for impairment at year end.

The management's estimates of the useful lives of software is 3 years.

g) Impairment of non-financial assets

Intangible assets and property, plant and equipment

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



HCL (Brazil) Tecnologia da informacao Ltda.

Significant accounting policies and notes to financial statements for the year ended 31 December 2017

h) Fair value measurement

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

The 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 a 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 nonfinancial 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.

i) Revenue Recognition

Contracts involving provision of services

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Contracts can be primarily categorized as time-and-material or fixed price contracts.

Time-and-material contracts

Revenue with respect to time-and-material contracts is recognized as the related services are performed.



HCL (Brazil) Tecnologia da informacao Ltda.

Significant accounting policies and notes to financial statements for the year ended 31 December 2017

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item is also deferred. Revenue from maintenance services is recognized ratably over the period of the contract.

Revenue is recognized net of discounts and allowances, value-added tax and service tax, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

j) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at its 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.

k) Taxation

Income tax expense comprises current and deferred income tax.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest.

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

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

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

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



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Significant accounting policies and notes to financial statements for the year ended 31 December 2017

1) 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.

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.

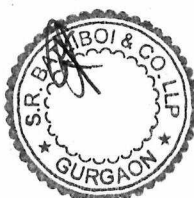
ii) Financial liabilities

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, borrowings including bank overdrafts and other payables.

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

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



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Significant accounting policies and notes to financial statements for the year ended 31 December 2017

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.

m) Earning per share

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

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

n) Provisions

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 at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

o) Retirement and other employee benefits

Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits. The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur.

p) 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.

q) Borrowing costs

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

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



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Significant accounting policies and notes to financial statements for the year ended 31 December 2017

r) Recently issued accounting pronouncements

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending the following standards:

Appendix B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration'

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

Ind AS 115, Revenue from Contract with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.



2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 December 2017

	Leasehold Improvement	Plant and equipment	Computers	Furniture And Fixture	Total	Leasehold Improvement	Plant and equipment	Computers	Furniture And Fixture	Total
	(R)	(R)	(R)	(R)	(R)	(R)	(R)	(R)	(R)	(R)
Gross block as at 1 January 2017	1,273,861	1,175,278	9,363,555	507,349	12,320,042	24,565,774	22,664,648	180,571,470	9,783,965	237,585,857
Additions	109,811	85,497	4,222,421	-	4,417,729	2,117,649	1,648,767	81,427,285	-	85,193,701
Deletions/ Adjustments	-	-	500,766	-	500,766	-	-	9,657,023	-	9,657,023
Gross block as at 31 December 2017	1,383,672	1,260,775	13,085,210	507,349	16,237,006	26,683,423	24,313,415	252,341,732	9,783,965	313,122,535
Accumulated depreciation as at 1 January 2017	1,017,303	853,561	3,419,547	498,041	5,788,452	19,618,189	16,460,498	65,944,254	9,604,467	111,627,409
Charge for the year	92,333	99,628	2,533,241	2,203	2,727,405	1,780,596	1,921,276	48,852,286	42,484	52,596,642
Deletions/ Adjustments	-	-	500,766	-	500,766	-	-	9,657,023	-	9,657,023
Accumulated depreciation as at 31 December 2017	1,109,636	953,189	5,452,022	500,244	8,015,091	21,398,785	18,381,774	105,139,517	9,646,951	154,567,027
Net block as at 31 December 2017	274,036	307,586	7,633,188	7,105	8,221,915	5,284,638	5,931,642	147,202,215	137,014	158,555,509

The changes in the carrying value for the year ended 31 December 2016

	Leasehold Improvement	Plant and equipment	Computers	Furniture And Fixture	Total
	(BRL)	(BRL)	(BRL)	(BRL)	(BRL)
Gross block as at 1 January 2016	1,273,861	776,088	2,213,947	559,660	4,823,556
Additions	-	402,335	7,149,608	-	7,551,943
Deletions/ Adjustments	-	3,145	-	52,312	55,457
Gross block as at 31 December 2016	1,273,861	1,175,278	9,363,555	507,349	12,320,042
Accumulated depreciation as at 1 January 2016	936,001	696,105	1,286,616	548,143	3,466,865
Charge for the year	81,303	160,601	2,132,931	2,209	2,377,044
Deletions/ Adjustments	-	3,145	-	52,312	55,457
Accumulated depreciation as at 31 December 2016	1,017,303	853,561	3,419,547	498,041	5,788,452
Net block as at 31 December 2016	256,558	321,717	5,944,008	9,308	6,531,590



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Notes to financial statement for the year ended 31 December 2017

2.2 Other Intangible Assets

The changes in the carrying value for the year ended 31 December 2017

	Software	Software
	(BRL)	(R)
Gross block as at 1 January 2017	22,637	436,543
Additions	-	-
Deletions/ Adjustments	57	1,099
Gross block as at 31 December 2017	22,580	435,444
Accumulated depreciation as at 1 January 2017	5,537	106,782
Charge for the year	6,312	121,724
Deletions/ Adjustments	-	-
Accumulated depreciation as at 31 December 2017	11,849	228,506
Net block as at 31 December 2017	10,731	206,938

The changes in the carrying value for the year ended 31 December 2016

	Software
	(BRL)
Gross block as at 1 January 2016	-
Additions	22,637
Deletions/ Adjustments	-
Gross block as at 31 December 2016	22,637
Accumulated depreciation as at 1 January 2016	-
Charge for the year	5,537
Deletions/ Adjustments	-
Accumulated depreciation as at 31 December 2016	5,537
Net block as at 31 December 2016	17,100



2.3 Other financial assets

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Non - current			
Finance lease receivables	-	234,615	-
Security deposits	898	-	17,317
	898	234,615	17,317
Current			
Carried at amortized Cost			
Security deposits	66,000	66,898	1,272,777
Finance lease receivables	256,612	227,319	4,948,634
Unbilled revenue	2,446,560	7,854,424	47,180,686
Unbilled revenue-related parties (refer note no. 2.25)	3,757,275	9,220,272	72,457,170
	6,526,447	17,368,913	125,859,267

2.4 Deferred Tax Assets (Net)

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Non Current			
Others (refer note no. 2.22)	7,528,526	-	145,183,856
	7,528,526	-	145,183,856

2.5 Other non- current assets

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Unsecured considered good unless otherwise stated			
Advances other than capital advances			
Security deposits	23,305	23,305	449,425
Others			
Prepaid expenses	173,094	33,575	3,338,031
Deferred cost	149,204	383,691	2,877,325
	345,603	440,571	6,664,781

2.6 Inventories

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Inventories (valued at lower of cost and net realisable value)			
Stock in trade	1,175,978	222,542	22,678,148
	1,175,978	222,542	22,678,148

2.7 Trade Receivable

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Unsecured considered good			
Unsecured considered doubtful	35,049,433	25,040,882	675,910,791
	330,453	142,277	6,372,621
	35,379,886	25,183,159	682,283,412
Provision for doubtful receivables			
	(330,453)	(142,277)	(6,372,621)
	35,049,433	25,040,882	675,910,791

Note:

1. Includes receivables from related parties amounting to BRL 20,082,761/- ₹ 3,875 lacs (31 December 2016, BRL 9,956,108/-) (refer note 2.25)



2.8 Cash and cash equivalent

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Balance with banks			
- in current accounts	538,727	128,666	10,389,081
	538,727	128,666	10,389,081

2.9 Other current assets

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Unsecured, considered good			
Advances other than capital advances			
Advances to employees	250,527	99,957	4,831,288
Advances to suppliers	15,980	-	308,166
Others			
Deferred cost	360,900	424,699	6,959,776
Deferred cost-related parties (refer note no. 2.25)	466,579	250,580	8,997,743
Prepaid expenses	433,108	699,141	8,352,271
Advance tax (refundable)	-	2,540,906	-
	1,527,094	4,015,283	29,449,244

2.10 Share Capital

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Authorized			
30,505,266 equity shares (31 Dec 2016, 30,505,266 equity shares) of BRL 1 each	30,505,266	30,505,266	588,278,802
Issued, subscribed and fully paid up			
30,505,266 equity shares (31 Dec 2016, 30,505,266 equity shares) of BRL 1 each	30,505,266	30,505,266	588,278,802

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of BRL 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 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 shares outstanding at the beginning and at the end of the reporting period

	As at			
	31 December 2017		31 December 2016	
	No. of shares	BRL	No. of shares	BRL
Number of shares at the beginning	30,505,266	30,505,266	24,689,566	24,689,566
Add: Shares issued during the year	-	-	5,815,700	5,815,700
Number of shares at the end	30,505,266	30,505,266	30,505,266	30,505,266

Shares held by holding/ultimate holding company and/or their subsidiaries/associates:-

Name of the shareholder	As at			
	31 December 2017		31 December 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of BRL 1 each fully paid				
HCL Latin America Holding LLC	30,505,266	100.00%	30,505,266	100.00%

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

Name of the shareholder	As at			
	31 December 2017		31 December 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of BRL 1 each fully paid				
HCL Latin America Holding LLC	30,505,266	100.00%	30,505,266	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 operating cash flows generated



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Notes to financial statement for the year ended 31 December 2017

2.11 Provisions

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Non - Current			
Provision for employee benefits			
Provision for leave benefits	561,330	475,519	10,824,968
	561,330	475,519	10,824,968
Current			
Provision for employee benefits			
Provision for leave benefits	3,180,869	2,617,930	61,341,468
	3,180,869	2,617,930	61,341,468

2.12 Borrowings

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Short term borrowings			
Unsecured			
Bank Overdraft (refer note below)	1,107,640	6,560,416	21,360,284
Loan from related parties (refer note 2.25)	26,499,200	-	511,023,822
	27,606,840	6,560,416	532,384,106

Note:

Current borrowings were primarily on account of bank overdrafts required for management of working capital.

2.13 Trade payables

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Trade payables	329,650	1,263,235	6,357,135
Trade payables-related parties (refer note no. 2.25)	6,509,890	18,833,938	125,539,974
	6,839,540	20,097,173	131,897,109

2.14 Other financial liabilities

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Current			
Carried at amortized Cost			
Capital accounts payables	219,731	472,891	4,237,402
Interest payable -related parties (refer note 2.25)	541,622	-	10,444,909
Accrued salaries and benefits			
Employee bonuses accrued	31,213	443,673	601,927
Other employee costs	4,246,100	4,106,158	81,883,915
Others			
Liabilities for expenses	4,363,386	3,625,466	84,145,706
Liabilities for expenses-related parties (refer note no. 2.25)	466,534	29,541	8,996,875
	9,868,586	8,677,729	190,310,734

2.15 Other current liabilities

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Revenue received in advance	-	259,465	-
Revenue received in advance-related parties (refer note no. 2.25)	-	1,347,232	-
Other Advances			
Advances received from customers	158,522	934,134	3,057,018
Others			
Withholding and other taxes payable	333,603	4,204,718	6,433,367
	492,125	6,745,549	9,490,385



2.16 Revenue from operations

	Year ended		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Sale of services	82,740,487	72,687,905	1,595,608,922
Sale of hardware and software	184,692	-	3,561,693
	82,925,179	72,687,905	1,599,170,615

2.17 Other income

	Year ended		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Exchange differences (net)	-	1,781,497	-
Provisions no longer required written back (net)	206,172	155,373	3,975,924
	206,172	1,936,870	3,975,924

2.18 Changes in inventories of traded goods

	Year ended		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Opening stock	222,542	77,534	4,291,602
Closing stock	1,200,552	222,542	23,152,045
	(978,010)	(145,008)	(18,860,443)

2.19 Employee benefits expense

	Year ended		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Salaries, wages and bonus	39,456,857	34,909,154	760,905,759
Social security contribution	4,955,740	4,451,567	95,568,968
Leave encashment ¹	3,623,815	3,192,826	69,883,460
Staff welfare expenses	147,149	214,696	2,837,695
	48,183,561	42,768,243	929,195,882

2.20 Finance cost

	Year ended		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Interest			
-on loans from banks	514,301	546,391	9,918,038
-others	527,207	-	10,166,923
Bank charges	321,936	204,669	6,208,375
	1,363,444	751,060	26,293,336

2.21 Other expenses

	Year ended		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Rent	1,173,095	1,218,650	22,622,551
Power and fuel	329,819	241,502	6,360,395
Insurance	40,864	61,970	788,042
Repairs and maintenance			
- Plant and machinery	58,573	172,551	1,129,551
- Buildings	188,150	331,146	3,628,379
- Others	455,325	66,086	8,780,715
Communication costs	666,589	414,050	12,854,836
Books and periodicals			-
Travel and conveyance	1,280,285	1,251,852	24,689,656
Business promotion	50,106	(1,140,503)	966,269
Legal and professional charges	1,804,256	3,803,596	34,794,175
Rates and taxes	-	55,571	-
Recruitment, training and development	145,297	51,064	2,801,980
Exchange differences (net)	3,261,200	-	62,890,611
Miscellaneous expenses	1,846,546	585,392	35,609,716
	11,300,105	7,112,927	217,916,876



2.22 Income taxes

	Year ended		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Income tax charged to statement of profit and loss			
Current income tax charge	6,382,484	157,162	123,083,010
Adjustment in respect of prior years	765,473	-	14,761,764
Deferred tax charge (credit)	(7,528,526)	-	(145,183,856)
	(380,569)	157,162	(7,339,082)

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

	Year ended		
	31 December 2017	31 December 2016	31 December 2017
	(BRL)	(BRL)	(R)
Profit before income tax	646,946	1,855,129	12,476,030
Statutory tax rate	34%	34%	34%
Expected tax expense	219,962	630,744	4,241,850
Permanent differences	1,803,487	-	34,779,363
Profit adjusted with carry forward losses	-	(630,744)	-
Adjustment in respect of prior years	765,473	-	14,761,764
Withholding taxes write off	1,668,512	157,162	32,176,418
Adjustment of deferred tax assets of prior years	(4,838,003)	-	(93,298,477)
Total taxes	(380,569)	157,162	(7,339,082)
Effective income tax rate	-59%	8%	-59%

Components of deferred tax assets and liabilities as on 31 December 2017

(Amount in BRL)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Business losses	-	2,392,912	2,392,912
Provision for doubtful debts	-	112,354	112,354
Unrealised foreign exchange loss	-	625,647	625,647
Accrued employee cost	-	1,453,752	1,453,752
Provision for expenses	-	1,336,181	1,336,181
Adjustment for credit notes	-	3,858,990	3,858,990
Deferred tax assets	-	9,779,836	9,779,836
Deferred tax liabilities			
Unbilled receivables	-	2,251,310	2,251,310
Deferred tax liabilities	-	2,251,310	2,251,310
Net deferred tax assets	-	7,528,526	7,528,526

(Amount in R)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Business losses	-	46,146,110	46,146,110
Provision for doubtful debts	-	2,166,693	2,166,693
Unrealised foreign exchange loss	-	12,065,298	12,065,298
Accrued employee cost	-	28,034,871	28,034,871
Provision for expenses	-	25,767,575	25,767,575
Adjustment for credit notes	-	74,418,693	74,418,693
Deferred tax assets	-	188,599,241	188,599,241
Deferred tax liabilities			
Unbilled receivables	-	43,415,385	43,415,385
Deferred tax liabilities	-	43,415,385	43,415,385
Deferred tax assets	-	145,183,856	145,183,856

As at December 31, 2016, the company was having cumulative losses under Brazilian Corporate Income Tax and in the absence of virtual certainty that sufficient future taxable income will be available to utilize Deferred tax assets, accordingly Company had not recognized Deferred tax assets.



2.23 Earnings Per Share

The computation of earnings per share is as follows:

	Year ended		
	31 December 2017 (BRL)	31 December 2016 (BRL)	31 December 2017 (R)
Net profit as per Statement of profit and loss for computation of EPS	1,027,515	1,697,967	19,815,112
Weighted average number of equity shares outstanding in calculating Basic and Diluted EPS	30,505,266	25,547,620	30,505,266
Nominal value of equity shares	1	1	19
Earnings per equity share			
- Basic & Diluted	0.03	0.07	0.65

2.24 Leases

i) Operating Leases

The Company leases office spaces and accommodation for its employees under operating lease agreements. The lease rental expense recognised in the statement of profit and loss for the year is BRL 1,173,095 (R 22,622,551), (Previous year BRL 1,218,650). The rent equalization reserve for non-cancellable operating lease payable in future years and accounted for by the company is BRL Nil, (Previous year BRL Nil).

Future minimum lease payments and payment profile of non-cancellable operating leases are as follows:

	Year ended 31 December		
	2017 BRL	2016 BRL	2017 (R)
Not later than one year	943,812	1,101,159	18,200,934
Later than one year but not later than five year	442,621	2,452,446	8,535,719
	1,386,433	3,553,605	26,736,653

ii) Finance Lease: In case of assets given on lease

The Company has given networking equipment to its customers on finance lease basis. The future lease receivables in respect of assets given on finance lease as at 31 Dec 2017 are as follows:

	Total minimum lease payments receivable (BRL)	Interest included in minimum lease payments receivable (BRL)	Present value of minimum lease payments receivable (BRL)
Not later than one year	259,735	3,123	256,612
Later than one year and not later than 5 years	-	-	-
Total	259,735	3,123	256,612

	Total minimum lease payments receivable (R)	Interest included in minimum lease payments receivable (R)	Present value of minimum lease payments receivable (R)
Not later than one year	5,008,852	60,228	4,948,634
Later than one year and not later than 5 years	-	-	-
	5,008,852	60,228	4,948,634

The future lease receivables in respect of assets given on finance lease as at 31 Dec 2016 are as follows:

	Total minimum lease payments receivable (BRL)	Interest included in minimum lease payments receivable (BRL)	Present value of minimum lease payments receivable (BRL)
Not later than one year	238,327	11,008	227,319
Later than one year and not later than 5 years	238,123	3,508	234,615
	476,450	14,516	461,934



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Notes to financial statements for the year ended 31 December 2017

2.25 Related Party Transaction

a) Related Parties where control exists

Ultimate Holding Company

HCL Technologies Limited, India

Holding Company

HCL Latin America Holding, LLC

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

Ultimate Holding Company

HCL Technologies Limited, India

Holding Company

HCL Latin America Holding, LLC

Fellow Subsidiaries

HCL America Inc, USA
HCL (Netherlands) B.V.
HCL Australia Ser Pty Ltd
HCL Technologies UK Ltd.
HCL Axon Technologies Inc
HCL Great Britain Limited
HCL Hong Kong SAR Limited
HCL Singapore Pte Limited
HCL Tech. Finland Oy
HCL Tech Norway AS
HCL Technologies France
HCL Technologies South Africa
HCL Poland Sp.Z O.O.
HCL Technologies Mexico
HCLT (Shanghai) Ltd
HCL Technologies Germany GmbH
HCL Axon Malaysia Sdn Bhd.
HCL Technologies Sweden AB
HCL Technologies Chile SPA
HCL Belgium N.V./S.A.

HCL Technologies Austria G
HCL Technologies Thailand
HCL Technologies B.V.
FILIAL ESPAÑOLA DE HCL SL
HCL (Ireland) Information
HCL (NEWZEALAND) LIMITED
HCL Axon (Pty) Ltd
HCL ARGENTINA S.A.
HCL Axon Tech.(Shanghai)
HCL Istanbul Bilisim Tekn
Axon Solutions Ltd
HCL America Solutions Inc
HCL Hungary Kft
HCL Japan Limited
HCL Tech Denmark ApS
HCL Technologies Greece S
HCL Axon Solutions Shangai
HCL Tech.Romania S.R.L.
HCL Axon Solutions Tianjin



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Notes to financial statements for the year ended 31 December 2017

c) Transactions with related parties during the year in the ordinary course of business

Particulars	Software Revenue			Outsourcing costs			Business promotion		
	Year ended 31 December			Year ended 31 December			Year ended 31 December		
	2017	2017	2016	2017	2017	2016	2017	2017	2016
	BRL	(R)	BRL	BRL	(R)	BRL	BRL	(R)	BRL
Ultimate Holding Company									
HCL Technologies Limited	8,302,952	160,118,284	3,146,065	1,522,159	29,354,080	1,678,733	-	-	-
Total (A)	8,302,952	160,118,284	3,146,065	1,522,159	29,354,080	1,678,733	-	-	-
Fellow Subsidiaries									
HCL America Inc, USA	7,469,090	144,037,665	7,293,027	63,571	1,225,941	(3,938)	-	-	-
HCL (Netherlands) B.V.	258,443	4,983,944	138,187	-	-	-	-	-	-
HCL Australia Ser Pty Ltd	602,214	11,613,396	196,066	86,454	1,667,222	61,798	-	-	-
HCL Technologies UK Ltd.	247,146	4,766,087	483,697	1,543,790	29,771,217	2,168,782	-	-	-
HCL Axon Technologies Inc	120,668	2,327,022	385,114	42,152	812,886	-	-	-	-
HCL GmbH	-	-	355,631	-	-	809,250	-	-	-
HCL Great Britain Limited	916,563	17,675,450	1,668,622	-	-	335,936	-	-	-
HCL Hong Kong SAR Limited	866,415	16,708,375	351,592	-	-	-	-	-	-
HCL Singapore Pte Limited	1,152,649	22,228,251	954,271	405,827	7,826,176	255,974	-	-	-
HCL Tech. Finland Oy	109,095	2,103,843	-	-	-	80,231	-	-	-
HCL Tech Norway AS	27,133	523,246	-	-	-	-	-	-	-
HCL Technologies France	243,215	4,690,280	3,702	52,299	1,008,561	-	-	-	-
HCL Technologies South Africa	33,621	648,364	133,195	324,423	6,256,337	383,279	-	-	(1,250,046)
HCLT Philippines Inc	-	-	12,384	-	-	42,921	-	-	-
HCL Poland Sp.Z O.O.	197,089	3,800,763	48,811	-	-	83,213	-	-	-
HCL Technologies Mexico	235,650	4,544,392	130,303	94,083	1,814,340	97,504	-	-	-
HCLT (Shanghai) Ltd	10,165	196,027	41,684	6,304	121,569	337,079	-	-	-
HCL Technologies Germany GmbH	195,636	3,772,742	11,573	1,038,858	20,033,865	763,829	-	-	-
HCLT Middle East	-	-	-	-	-	6,522	-	-	-
HCL Axon Malaysia Sdn Bhd.	83,945	1,618,837	-	-	-	124,915	-	-	-
HCL Technologies Sweden AB	15,556,537	300,000,038	7,970,077	4,937	95,209	176,442	-	-	-
HCL SWEDEN AB	-	-	78,184	-	-	-	-	-	-
HCL Technologies Chile SPA	1,436,544	27,703,033	-	-	-	-	-	-	-
HCL Belgium N.V./S.A.	594,027	11,455,522	67,215	77,621	1,496,876	5,096	-	-	-
HCL Technologies Austria G	78,902	1,521,586	-	-	-	-	-	-	-
HCL Technologies Thailand	19,629	378,544	11,906	6,232	120,172	58,377	-	-	-
HCL Tech. Italy S.p.A.	-	-	7,102	-	-	46,110	-	-	-
HCL Tech.Solutions GmbH	-	-	5,363	-	-	-	-	-	-
HCL Technologies B.V.	117,173	2,259,623	35,702	53,604	1,033,728	-	-	-	-
HCL Technologies Colombia	-	-	16,475	-	-	-	-	-	-
FILIAL ESPANOLA DE HCL SL	379,634	7,321,052	240,463	-	-	-	-	-	-
HCL (Ireland) Information	145,689	2,809,540	348,650	-	-	-	-	-	-
HCL (NEWZEALAND) LIMITED	6,939	133,815	28,159	6,178	119,146	-	-	-	-
HCL Axon (Pty) Ltd	14,437	278,410	11,876	-	-	62,867	-	-	-
HCL ARGENTINA S.A.	128,201	2,472,292	3,842	4,621	89,110	-	-	-	-
HCL Axon Tech.(Shanghai)	46,087	888,765	28,929	-	-	18,667	-	-	-
HCL Axon Solutions Shangai	-	-	-	73,290	1,413,356	170,369	-	-	-
HCL Arabia LLC	-	-	-	-	-	32,358	-	-	-
HCL Istanbul Bilisim Tekn	3,280	63,247	14,867	-	-	-	-	-	-
Axon Solutions Ltd	12,468	240,439	-	-	-	-	-	-	-
HCL America Solutions Inc	107,529	2,073,643	-	-	-	-	-	-	-
HCL Hungary Kft	198,637	3,830,615	-	-	-	-	-	-	-
HCL Japan Limited	14,613	281,804	-	-	-	-	-	-	-
HCL Tech Denmark ApS	84,801	1,635,345	-	-	-	-	-	-	-
HCL Tech.Romania S.R.L.	-	-	-	16,988	327,612	-	-	-	-
HCL Technologies Greece S	318,506	6,142,229	-	-	-	-	-	-	-
HCLAxon Solutions Tianjin	-	-	-	320,387	6,178,496	-	-	-	-
Others	3,393	65,428	122,231	-	-	-	-	-	-
Total (B)	32,035,763	617,793,654	21,198,900	4,221,619	81,411,819	6,117,581	-	-	(1,250,046)
Total (A+B)	40,338,715	777,911,938	24,344,965	5,743,778	110,765,899	7,796,314	-	-	(1,250,046)

Particulars	Loan Taken during the year			Interest Expense		
	Year ended 31 December			Year ended 31 December		
	2017	2017	2016	2017	2017	2016
	BRL	(R)	BRL	BRL	(R)	BRL
Ultimate Holding Company						
HCL Technologies Limited	-	-	-	-	-	-
Total (A)	-	-	-	-	-	-
Fellow Subsidiaries						
HCL Axon Technologies Inc	26,499,200	511,023,822	-	527,207	10,166,923	-
Total (B)	26,499,200	511,023,822	-	527,207	10,166,923	-
Total (A+B)	26,499,200	511,023,822	-	527,207	10,166,923	-



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Notes to financial statements for the year ended 31 December 2017

d) Outstanding balances with related parties

Particulars	Trade Debtors			Trade payables			Unbilled receivables		
	As at			As at			As at		
	31 Dec 17	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 17	31 Dec 16
	BRL	(R)	BRL	BRL	(R)	BRL	BRL	(R)	BRL
Ultimate Holding Company									
HCL Technologies Limited	2,793,571	53,872,628	1,412,708	1,331,368	25,674,774	4,382,113	3,669,758	70,769,452	2,965,552
Total (A)	2,793,571	53,872,628	1,412,708	1,331,368	25,674,774	4,382,113	3,669,758	70,769,452	2,965,552
Fellow Subsidiaries									
HCL America Inc, USA	-	-	499,025	365,264	7,043,925	403,179	22,756	438,847	458,006
HCL Poland Sp. Z O.O.	211,914	4,086,656	4,458	4,664	89,936	100,639	-	-	44,576
HCL (Netherlands) B.V.	299,465	5,775,034	27,428	-	-	-	-	-	113,906
HCL GmbH	-	-	-	-	-	1,007,536	-	-	-
HCL Great Britain Limited	25,112	484,271	125,394	8,562	165,108	3,322,922	6,327	122,005	246,998
HCL Hong Kong SAR Limited	1,160,935	22,388,046	244,610	-	-	-	-	-	123,444
HCL Tech Norway AS	-	-	-	280,234	5,404,171	-	-	-	-
HCL Technologies South Africa	168,584	3,251,058	133,195	370,369	7,142,380	862,986	-	-	-
HCL Argentina S.A.	135,564	2,614,283	-	5,315	102,492	1,487	-	-	3,842
HCL Australia Ser Pty Ltd	583,516	11,252,814	97,586	87,666	1,690,591	71,712	-	-	-
HCL Axon Tech, Inc	124,833	2,407,339	375,052	104,438	2,014,037	177,184	-	-	67,796
HCL Singapore Pte Limited	1,278,803	24,661,080	849,064	420,457	8,108,295	588,674	2,174	41,926	60,982
HCL Technologies UK Ltd.	202,672	3,908,428	9,584	1,653,001	31,877,295	2,609,528	-	-	474,592
HCL Technologies Mexico	72,904	1,405,917	152,115	82,969	1,600,012	161,025	-	-	-
HCL Tech, Finland Oy	114,833	2,214,497	-	-	-	130,229	-	-	-
HCLT Middle East	-	-	-	-	-	6,522	-	-	-
HCLT (Shanghai) Ltd	1,241,546	23,942,595	1,190,982	6,304	121,569	573,713	-	-	18,254
HCL Axon Malaysia Sdn Bhd.	88,361	1,703,998	-	-	-	299,949	-	-	-
HCL SWEDEN AB	-	-	82,296	-	-	198,319	-	-	-
HCL Technologies Chile SPA	1,512,106	29,160,208	-	-	-	113,625	-	-	-
HCL Technologies Sweden AB	6,453,280	124,448,285	4,092,934	5,259	101,415	301,846	13,675	263,718	4,081,673
HCL Belgium N.V./S.A.	543,222	10,475,765	45,601	81,525	1,572,175	4,781	42,585	821,222	23,893
HCL Technologies Austria G	83,052	1,601,616	-	-	-	26,772	-	-	-
HCL Technologies France	1,412,352	27,236,503	3,897	-	-	1,571,150	-	-	-
HCL Technologies Germany	227,929	4,395,499	8,353	1,145,701	22,094,262	1,432,964	-	-	3,637
HCL Japan Limited	215,272	4,151,416	197,748	-	-	66,368	-	-	-
PT. HCLT Indonesia	16,337	315,044	12,354	-	-	-	-	-	-
HCL Tech, Italy S.p.A.	7,609	146,728	7,476	-	-	43,771	-	-	-
HCL Tech.Solutions GmbH	5,645	108,861	5,645	-	-	-	-	-	-
HCL Technologies B.V.	150,151	2,895,587	26,815	63,256	1,219,852	-	-	-	3,713
HCL Technologies Colombia	14,346	276,656	15,662	-	-	-	-	-	-
HCL Technologies Thailand	21,112	407,129	5,032	6,232	120,172	58,370	-	-	7,125
HCL Technologies SA	18	355	6,057	-	-	-	-	-	-
HCLT Philippines Inc	13,035	251,373	13,035	-	-	42,238	-	-	-
HCL Tech Denmark ApS	84,088	1,621,595	154,051	-	-	-	-	-	-
HCL Istanbul Bilisim Tekn	-	-	11,961	-	-	-	-	-	3,505
HCL Axon (Pty) Ltd	27,072	522,070	11,876	-	-	63,158	-	-	-
HCL (NEW ZEALAND) LIMITED	3,740	72,124	29,628	6,178	119,146	-	-	-	-
FILIAL ESPANOLA DE HCL SL	-	-	104,486	-	-	-	-	-	141,199
HCL Axon Solutions Shanga	-	-	-	79,773	1,538,373	160,914	-	-	-
HCL Axon Tech.(Shanghai)	78,962	1,522,743	-	-	-	17,906	-	-	28,929
HCL Axon Solutions Tianjin	-	-	-	345,795	6,668,479	-	-	-	-
Axon Solutions Ltd	13,124	253,090	-	-	-	-	-	-	-
HCL Hungary Kft	209,085	4,032,100	-	-	-	-	-	-	-
HCL Technologies Greece S	335,259	6,465,302	-	-	-	-	-	-	-
HCL America Solutions Inc	-	-	-	37,657	726,266	-	-	-	-
HCL Arabia LLC	-	-	-	-	-	32,358	-	-	-
HCL Tech.Romania S.R.L.	-	-	-	17,903	345,249	-	-	-	-
HCL (Ireland) Information	153,352	2,957,317	-	-	-	-	-	-	348,650
Total (B)	17,289,190	333,413,382	8,543,400	5,178,522	99,865,200	14,451,825	87,517	1,687,718	6,254,720
Total (A+B)	20,082,761	387,286,010	9,956,108	6,509,890	125,539,974	18,833,938	3,757,275	72,457,170	9,220,272

Particulars	Liability for expenses			Revenue received in advance			Deferred Cost		
	As at			As at			As at		
	31 Dec 17	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 17	31 Dec 16
	BRL	(R)	BRL	BRL	(R)	BRL	BRL	(R)	BRL
Ultimate Holding Company									
HCL Technologies Limited	466,534	8,996,875	13,355	-	-	-	466,579	8,997,743	250,580
Total (A)	466,534	8,996,875	13,355	-	-	-	466,579	8,997,743	250,580
Fellow Subsidiaries									
HCL Technologies Mexico	-	-	16,186	-	-	-	-	-	-
HCL America Inc, USA	-	-	-	-	-	1,169,467	-	-	-
HCL Tech Norway AS	-	-	-	-	-	177,765	-	-	-
Total (B)	-	-	16,186	-	-	1,347,232	-	-	-
Total (A+B)	466,534	8,996,875	29,541	-	-	1,347,232	466,579	8,997,743	250,580

Particulars	Loan Taken			Interest on Loan		
	As at			As at		
	31 Dec 17	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 17	31 Dec 16
	BRL	(R)	BRL	BRL	(R)	BRL
Ultimate Holding Company						
HCL Technologies Limited	-	-	-	-	-	-
Total (A)	-	-	-	-	-	-
Fellow Subsidiaries						
HCL AXON TECHNOLOGIES INC	26,499,200	511,023,822	-	541,622	10,444,909	-
Total (B)	26,499,200	511,023,822	-	541,622	10,444,909	-
Total (A+B)	26,499,200	511,023,822	-	541,622	10,444,909	-



2.26 Segment reporting

The company operations predominantly relate to providing a range of IT & BPO services. IT services include software services & IT infrastructure management services. Within software services, the company provides application development & maintenance, enterprise application, next generation SAAS (Software As A Service) application services to several customers. Infrastructure management services involve managing customer's IT assets effectively. Business process outsourcing services include the traditional contact centre & help desk services and the next generation services around platform BPO & BPAAS (Business Process As A Service) delivered through a global delivery model.

The Chief Operating Decision Maker ("CODM") evaluates the company performance by business segment, comprising software services, infrastructure management services and business process outsourcing services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting.

Segment revenue from customers by geographical area based on geographical location of the customer and segment assets are by geographical location of the assets. The principal geographical segments of the company have been classified as America, Europe, India and others.

The CODM assesses the performance of the operating segments based on a measure of segment earnings.

Segment accounting policies

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in note 1 to the financial statements on significant accounting policies. The accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses

Segment revenue is directly attributable to the segment and segment expenses have been allocated to various segments on the basis of specific identification. However, segment revenue does not include other income. Segment expenses do not include finance cost, exchange difference.

b) Segment assets and liabilities

Assets and liabilities are not identified to any reportable segments, since these are increasingly used interchangeably across segments and consequently, the management believes that it is not practicable or meaningful to provide segment disclosures relating to total assets and liabilities.

During the years ended 31 December 2017 and 2016 one customer represent 10% or more of the Company's total revenue and accounted for 12% and 15% respectively.

Financial information about the business segments for the year ended 31 Dec 2017 is as follows

Amount in BRL

	Software Services	Business process outsourcing services	Infrastructure services	Segment Total
Segment Revenue	9,208,298	4,217,471	69,499,410	82,925,179
Segment Results	(2,901,049)	541,757	7,530,865	5,171,573
Exchange difference				3,145,600
Unallocated corporate Expenses				15,583
Finance cost				1,363,444
Profit before taxes				646,946
Tax Expense				(380,569)
Net profit after tax				1,027,515

Amount in ₹

	Software Services	Business process outsourcing services	Infrastructure services	Segment Total
Segment Revenue	177,577,415	81,331,819	1,340,261,381	1,599,170,615
Segment Results	(55,945,274)	10,447,508	145,228,968	99,731,202
Exchange difference				60,661,325
Unallocated corporate Expenses				300,511
Finance cost				26,293,336
Profit before taxes				12,476,030
Tax Expense				(7,339,082)
Net loss after tax				19,815,112

Financial information about the business segments for the year ended 31 Dec 2016 is as follows

Amount in BRL

	Software Services	Business process outsourcing services	Infrastructure services	Segment Total
Segment Revenue	7,902,917	3,999,215	60,785,773	72,687,905
Segment Results	(3,884,911)	331,239	4,537,753	984,081
Other Income				1,781,497
Unallocated corporate Expenses				159,389
Finance cost				751,060
Loss before taxes				1,855,129
Tax Expense				157,162
Net loss after tax				1,697,967

Segment Revenue from customers by geographic area based on location of the customer is as follows:

	Year ended 31 December		
	2017	2016	2017
	BRL	BRL	₹
America	26,638,284	9,518,786	513,705,983
Europe	4,266,630	11,600,092	82,279,829
India	8,302,952	49,822,255	160,118,284
Others	43,717,313	1,746,772	843,066,519
	82,925,179	72,687,905	1,599,170,615

During the years ended 31 December 2017 and 2016 one customer and two customers respectively represent 10% or more of the Company's total revenue and accounted for 15% and 33% respectively.



2.27 Financial Instruments

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 Dec, 2017 is as follows:

	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
	BRL	BRL	(R)	(R)
Financial Assets				
Trade Receivables	35,049,433	35,049,433	675,910,791	675,910,791
Cash and Cash Equivalents	538,727	538,727	10,389,081	10,389,081
Others (refer note 2.3)	6,527,345	6,527,345	125,876,584	125,876,584
Total	42,115,505	42,115,505	812,176,456	812,176,456
Financial Liabilities				
Borrowings	27,606,840	27,606,840	532,384,106	532,384,106
Trade Payables	6,839,540	6,839,540	131,897,109	131,897,109
Others (refer note 2.13)	9,868,586	9,868,586	190,310,734	190,310,734
Total	44,314,966	44,314,966	854,591,949	854,591,949

The carrying value of financial instruments by categories as at 31 Dec, 2016 is as follows:

	As at 31 Dec 2016	
	Amortized Cost	Total Carrying Value
	BRL	BRL
Financial Assets		
Trade Receivables	25,040,882	25,040,882
Cash and Cash Equivalents	128,666	128,666
Others (refer note 2.3)	17,603,528	17,603,528
Total	42,773,076	42,773,076
Financial Liabilities		
Borrowings	6,560,416	6,560,416
Trade Payables	20,097,173	20,097,173
Others (refer note 2.13)	8,677,729	8,677,729
Total	35,335,318	35,335,318

(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 BRL. The fluctuation in exchange rates in respect to BRL 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 BRL 350,893 for the year ended 31 Dec, 2017.

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 December 2017 and 31 December 2016 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	(BRL)	(BRL)	(BRL)	(BRL)
USD/BRL	3,505,361	5,770,172	34,540,026	11,582,000
EUR/BRL	1,270,158	1,049,954	1,885,561	3,981,672
CLP/BRL	2,248,992	2,035,497	3,228,537	2,922,054

(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.



2.27 Financial Instruments (continued)

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.

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

	As at		
	31 Dec 2017	31 Dec 2016	31 Dec 2017
	(BRL)	(BRL)	(R)
Balance at the beginning of the year			
Additional provision during the year	142,277	335,356	2,743,747
Deductions on account of write offs and collections	330,453	154,447	6,372,621
Effect of exchange rates changes	(142,277)	(309,820)	(2,743,747)
Balance at the end of the year	-	(37,706)	-
	330,453	142,277	6,372,621

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.

2.28 Capital and other commitments

	As at		
	31 Dec 2017	31 Dec 2016	31 Dec 2017
	(BRL)	(BRL)	(R)
Capital and other commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3,958,663	479,566	76,340,837
	3,958,663	479,566	76,340,837

3. Previous year comparatives

The current financial year of the company is from 1 January, 2017 to 31 December, 2017. Previous year figures have been regrouped/ reclassified to the current years classification wherever necessary.

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants

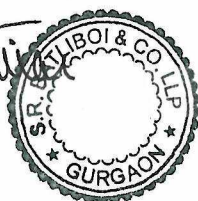
per Nilangshu Katriar

Partner

Membership Number: 58814

Gurgaon, India

Date: 27 June 2018



For and on behalf of the Board of Directors

of HCL (Brazil) Tecnologia da informacao Ltda

Raghu Raman Lakshmanan

Representing HCL Latin America Holdings LLC

Quotaholder

Date: 27 June 2018

Shiv Walia

Representing HCL Technologies UK Limited

Quotaholder

WLB