HCL Technologies Chile Spa

Financial Statements

For the year ended 31st December 2018 and 2017

S.R. BATLIBOI & CO. LLP
Chartered Accountants

Golf View Corporate Tower-B
Sector-42, Sector Road
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INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Technologies Chile SPA

Opinion

We have audited the accompanying special purpose Ind AS financial statements of HCL Technologies Chile SPA ("the Company"), which comprise the Balance sheet as at December 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Responsibility of Management for the special purpose Ind AS Financial Statements

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

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

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

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

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

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

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

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

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

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Other Matter

These special purpose Ind AS financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1(a) to the Ind AS financial statements, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. This report covering the financial statements of the Company for the year ended December 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. 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

Nilangshu Katriar

Per Nilangshu Katriar
Partner
Membership Number: 58814
Place of Signature: Gurugram
Date: June 19, 2019

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

HCL Technologies Chile Spa

Balance Sheet as at 31 December 2018

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

	Note No.	As at 31 December 2018 (CLP)	As at 31 December 2017 (CLP)	As at 31 December 2018 (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	2.1	510,344	101,762	51,315
(b) Financial assets				
(i) Others	2.2	114,579	38,442	11,521
(c) Other non-current assets	2.3	92,878	44,523	9,339
(2) Current assets				
(a) Inventories	2.4	209,634	42,664	21,079
(b) Financial assets				
(i) Trade receivables	2.5	1,377,223	916,259	138,479
(ii) Cash and cash equivalents	2.6	1,518,433	369,947	152,678
(iii) Loans	2.7	658,920	584,165	66,254
(iv) Others	2.2	1,195,580	1,547,821	120,216
(c) Other current assets	2.8	258,095	48,229	25,952
(d) Current tax assets (net)		-	26,454	-
TOTAL ASSETS		5,935,686	3,720,266	596,833
II. EQUITY				
(a) Equity share capital	2.9	602,000	602,000	60,531
(b) Other equity		1,569,037	1,217,142	157,767
III. LIABILITIES				
(1) Non - current liabilities				
(a) Deferred tax liabilities (net)	2.10	1,595	4,827	160
(2) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	2.11	2,275,931	603,094	228,845
(ii) Others	2.12	1,094,382	548,271	110,040
(b) Other current liabilities	2.13	376,626	744,932	37,870
(c) Current tax liabilities (net)		16,115	-	1,620
TOTAL EQUITY AND LIABILITIES		5,935,686	3,720,266	596,833
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: 19 June 2019

S.R. BATLIBOI & CO. LLP GURUGRAM

For and on behalf of the Board of Directors
of HCL Technologies Chile Spa

Raghu Raman Lakshmanan
Director

Subramanian Gopalakrishan
Director

Date: 19 June 2019

HCL Technologies Chile Spa
Statement of Profit and Loss for the year ended 31 December 2018
(All amounts in thousands, except share data and as stated otherwise)

		Note No.	Year ended 31 December 2018 (CLP)	Year ended 31 December 2017 (CLP)	Year ended 31 December 2018 (₹)
I	**Revenue**				
	Revenue from operations	2.14	6,168,670	5,086,355	620,260
	Other income	2.15	176,658	39,237	17,763
	Total income		**6,345,328**	**5,125,592**	**638,023**
II	**Expenses**				
	Cost of materials consumed				
	Purchase of stock in trade		724,773	138,776	72,876
	Changes in inventories of stock in trade	2.16	(148,135)	(15,834)	(14,895)
	Finance costs	2.17	15,918	11,883	1,601
	Depreciation and amortization expense	2.1	66,393	30,267	6,676
	Outsourcing costs		4,801,206	4,392,423	482,761
	Other expenses	2.18	209,081	109,946	21,023
	Total expenses		**5,669,236**	**4,667,461**	**570,042**
III	**Profit before tax**		**676,092**	**458,131**	**67,981**
IV	**Tax expense**	2.10			
	Current tax		327,429	141,607	32,923
	Deferred tax charge (credit)		(3,232)	(5,649)	(325)
	Total tax expense		324,197	135,958	32,598
V	**Profit for the period**		**351,895**	**322,173**	**35,383**
VI	**Other comprehensive income**				
	Items that will not be reclassified to statement of profit and loss		-	-	-
	Items that will be reclassified subsequently statement of profit and loss		-	-	-
VII	**Total Comprehensive Income for the period**		**351,895**	**322,173**	**35,383**
	Earnings per equity share of no par value	2.19			
	Basic		320	293	32
	Diluted		320	293	32
	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: 19 June 2019

S.R. BATLIBOI & CO. LLP GURUGRAM

For and on behalf of the Board of Directors
of HCL Technologies Chile Spa

Raghu Raman Lakshmanan
Director

Subramanian Gopalakrishan
Director

Date: 19 June 2019

HCL Technologies Chile Spa

Statement of cash flows for the year ended 31 December 2018

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

	Year ended 31 December 2018 (CLP)	Year ended 31 December 2017 (CLP)	Year ended 31 December 2018 (₹)
A. Cash flows from operating activities			
Profit before tax	676,092	458,131	67,981
Adjustment for:			
Depreciation and amortization	66,393	30,267	6,676
Interest income	(21,432)	(18,110)	(2,155)
Provision for doubtful debts/bad debts written back/ (written off)	27,423	(13,538)	2,757
Other non cash benefits	(79,617)	48,735	(8,005)
Operating profit before working capital changes	**668,859**	**505,485**	**67,254**
Movement in Working Capital			
(Increase)/decrease in trade receivables	(460,964)	122,773	(46,350)
(Increase)/decrease in inventories	(166,970)	3,001	(16,789)
(Increase)/decrease in other financial assets and other assets	44,174	(888,277)	4,442
Increase/ (decrease) in trade payables	1,672,837	(457,831)	168,204
Increase/ (decrease) in other financial liabilities and other liabilities	(255,403)	414,595	(25,681)
Cash generated from operations	**1,502,533**	**(300,254)**	**151,080**
Direct taxes paid (net of refunds)	284,860	246,841	28,643
Net cash flow from operating activities (A)	**1,217,673**	**(547,095)**	**122,437**
B. Cash flows from investing activities			
Purchase of property,plant and equipment	(69,187)	(106,672)	(6,957)
Interest received	-	1,700	-
Net cash flow used in investing activities (B)	**(69,187)**	**(104,972)**	**(6,957)**
Net increase (decrease) in cash and cash equivalents (A+B)	1,148,486	(652,067)	115,480
Cash and cash equivalents at the beginning of the year	369,947	1,022,014	37,198
Cash and cash equivalents at the end of the year as per note 2.6	**1,518,433**	**369,947**	**152,678**
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

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 19 June 2019

For and on behalf of the Board of Directors
of HCL Technologies Chile Spa

Raghu Raman Lakshmanan
Director

Subramanian Gopalakrishan
Director

Date: 19 June 2019

HCL Technologies Chile Spa

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

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

(Amount in CLP)

	Equity share capital		Other equity
	Shares	Share capital	Reserves and Surplus Retained earnings
Balance as at 1 January, 2017	1,100,000	602,000	894,969
Profit for the period	-	-	322,173
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the period	-	-	322,173
Balance as at 31 December, 2017	1,100,000	602,000	1,217,142
Balance as at 1 January, 2018	1,100,000	602,000	1,217,142
Profit for the period	-	-	351,895
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the period	-	-	351,895
Balance as at 31 December, 2018	1,100,000	602,000	1,569,037
Balance as at 31 December, 2018 (Amounts in ₹)	1,100,000	60,531	157,767

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements

As per our report of even date.

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

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

S.R. BATLIBOI & CO. LLP ★ GURUGRAM ★

Gurugram, India
Date: 19 June 2019

For and on behalf of the Board of Directors
of HCL Technologies Chile Spa

Raghu Raman Lakshmanan
Director

Subramanian Gopalakrishan
Director

Date: 19 June 2019

ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies Chile Spa (hereinafter referred to as the 'Company') is primarily engaged in providing a range of infrastructure services. The Company was incorporated in Chile in June 2013, having its registered office at EL Golf 40 Piso, Las Condes, Santigo, CP 755-0107, Chile.

The financial statements for the year ended 31st December, 2018 were approved and authorized for issue by the Board of Directors on 19 June 2019.

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) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time.) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable to the financial statements. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

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).

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 accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.

The functional currency of the Company is CLP. The translation from CLP to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of CLP 1 = 0.10055 , 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, CLP at that or any other rate.

(b) *Use of estimates*

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, allowance for uncollectible accounts receivable, income taxes, and the useful life of property, plant and equipment. 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) Foreign currency and translation

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 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.

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Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period 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.

(d) Fair value measurement

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

(e) 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 unit-priced contracts.

Time-and-material contracts

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

Revenues from unit-priced contracts are recognized as transactions are processed, based on objective measures of output.

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

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, hardware and software products and licenses, revenue for each element is determined based on its fair value.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

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Revenue from activities in transition services not having standalone value in outsourcing arrangements is deferred and recognized over the period of the arrangement. Direct and incremental costs in relation to such an arrangement are also deferred to the extent of revenue. Certain upfront nonrecurring contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and amortized usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably whether the Company is the primary obligor to the customer, has established its own pricing, and has inventory and credit risks.

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.

Revenue from financing leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client. Revenue from operating leases is accounted on a straight-line basis as service revenue over the rental period. Interest attributable to financing leases included therein is recognized on an accrual basis using the effective interest method.

Interest income

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

*(f) **Income taxes***

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. 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 and penalties.

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.

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.

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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.

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 income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

(g) 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 lifes for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset 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 property, plant and equipment, 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 assets 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 at the period-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 life, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the period.

The management's estimates of the useful life of asset for computing depreciation are as follows:

Asset description	Asset life (in years)
Computers	4-5

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

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

(h) *Inventory*

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

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

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(i) Leases

Company as a lessor

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

(j) Impairment of non-financial assets

Property, plant and equipment

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

(k) 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.

(l) 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 & Cash equivalent
Cash in the balance sheet comprise cash in banks, which is subject to an insignificant risk of changes in value.

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Financial instruments at amortized cost

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

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

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

Derecognition of financial assets

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

Impairment of financial assets

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

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.

Derecognition

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

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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) Earnings per share (EPS)

Basic 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 outstanding during the year.

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

(n) Recently issued accounting pronouncements

1. 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 1 January 2019.

   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. Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 January 2020. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

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

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HCL Technologies Chile Spa
Notes to financial statements for the year ended 31 December 2018
(All amounts in thousands, except share data and as stated otherwise)

2. Notes to financial statements

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 December 2018

	Computers and networking equipment (CLP)	Computers and networking equipment (₹)
Gross block as at 1 January 2018	**140,323**	**14,109**
Additions	474,975	47,759
Gross block as at 31 December 2018	**615,298**	**61,868**
Accumulated depreciation as at 1 January 2018	**38,561**	**3,877**
Charge for the period	66,393	6,676
Accumulated depreciation as at 31 December 2018	**104,954**	**10,553**
Net block as at 31 December 2018	**510,344**	**51,315**

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

	Computers and networking equipment (CLP)
Gross block as at 1 January 2017	**45,084**
Additions	95,239
Gross block as at 31 December 2017	**140,323**
Accumulated depreciation as at 1 January 2017	**8,294**
Charge for the period	30,267
Accumulated depreciation as at 31 December 2017	**38,561**
Net block as at 31 December 2017	**101,762**

2.2 Other financial assets

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Non - Current			
Carried at amortized cost			
Finance lease receivables (refer note 2.20)	114,579	38,442	11,521
	114,579	**38,442**	**11,521**
Current			
Carried at amortized cost			
Finance lease receivables (refer note 2.20)	185,915	286,582	18,694
Unbilled revenue	942,677	1,235,691	94,786
Unbilled revenue-related parties (refer note 2.23)	15,147	-	1,523
Interest receivable-related party (refer note 2.23)	51,841	25,548	5,213
	1,195,580	**1,547,821**	**120,216**

2.3 Other non- current assets

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Unsecured considered good unless otherwise stated			
Prepaid expenses	92,878	44,523	9,339
	92,878	**44,523**	**9,339**

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Notes to financial statements for the year ended 31 December 2018

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

2.4 Inventories

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Stock in trade	209,634	42,664	21,079
	209,634	**42,664**	**21,079**

2.5 Trade Receivable

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Unsecured, considered good (refer note below)	1,380,520	916,342	138,811
Trade receivables which have significant increase in credit risk	26,402	2,193	2,655
Trade receivables - credit impaired	-	-	-
	1,406,922	**918,535**	**141,466**
Impaired allowance for bad and doubtful debts			
-Unsecured, considered good	(3,297)	(83)	(332)
-Trade receivables which have significant increase in credit risk	(26,402)	(2,193)	(2,655)
-Trade receivables - credit impaired	-	-	-
	1,377,223	**916,259**	**138,479**

Note:-

1. Includes receivables from related parties amounting to CLP 385,659 (₹ 38,778) and previous period ended on 31 December 2017, CLP 718,141.

2.6 Cash and cash equivalent

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Balance with banks			
- in current accounts	1,518,433	369,947	152,678
	1,518,433	**369,947**	**152,678**

2.7 Financial Assets - Loans

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Current			
Carried at amortized cost			
Unsecured , considered good			
Loan to related party (refer note 2.23)	658,920	584,165	66,254
	658,920	**584,165**	**66,254**

2.8 Other current assets

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Unsecured , considered good			
Advances to suppliers	11,256	-	1,132
Others			
Prepaid expenses	224,503	31,247	22,574
Cenvat credit available	17,141	11,788	1,724
Other advances	5,195	5,194	522
	258,095	**48,229**	**25,952**

HCL Technologies Chile Spa
Notes to financial statements for the year ended 31 December 2018
(All amounts in thousands, except share data and as stated otherwise)

2.9 Share Capital

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Authorized			
1,100,000 (31 December 2017, 1,100,000) equity shares with no nominal value	602,000	602,000	60,531
Issued, subscribed and fully paid up			
1,100,000 (31 December 2017, 1,100,000) equity shares with no nominal value	602,000	602,000	60,531

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having no par value. 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 2018		31 December 2017		31 December 2018	
	No. of shares	CLP	No. of shares	CLP	No. of shares	(₹)
Number of shares at the beginning	1,100,000	602,000	1,100,000	602,000	1,100,000	60,531
Add: Shares issued during the year	-	-	-	-	-	-
Number of shares at the end	1,100,000	602,000	1,100,000	602,000	1,100,000	60,531

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

Name of the shareholder	As at			
	31 December 2018		31 December 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares with no nominal value each fully paid up				
Axon Solutions Limited	1,100,000	100%	1,100,000	100%

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, shares issued for consideration other than cash and shares bought back during the year ended 31 December 2018.

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

2.10 Income taxes

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Income tax charged to statement of profit and loss			
Current income tax charge	215,055	141,607	21,624
Adjustment in respect of prior year	112,374	-	11,299
Deferred tax charge (credit)	(426)	(5,649)	(43)
Adjustment in respect of prior year	(2,806)	-	(282)
	324,197	135,958	32,598

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

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Profit before income tax	676,092	458,131	67,981
Statutory tax rate in Chile	27%	25%	27%
Expected tax expense	**182,545**	**114,533**	**18,355**
Permanent difference	21,268	10,437	2,138
Impact of rate change	119	436	12
Adjustment in respect of prior year	109,568	-	11,017
Others	10,697	10,552	1,076
Total taxes	**324,197**	**135,958**	**32,598**
Effective tax rate	48%	30%	48%

Components of deferred tax assets and liabilities as on 31 December 2018 **(Amount in CLP)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Finance lease receivables	75,900	(75,900)	-
Provision for DD	569	(569)	-
Gross deferred tax assets (A)	76,469	(76,469)	-
Deferred tax liabilities			
Finance lease receivables	81,296	(81,296)	-
Written Down Value	-	1,595	1,595
Gross deferred tax liabilities (B)	81,296	(79,701)	1,595
Net deferred tax liabilities (B-A)	4,827	(3,232)	1,595

Components of deferred tax assets and liabilities as on 31 December 2017 **(Amount in CLP)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Depreciation and amortization	95,325	(19,425)	75,900
Provision for DD	-	569	569
Gross deferred tax assets (A)	95,325	(18,856)	76,469
Deferred tax liabilities			
Finance lease receivables	105,801	(24,505)	81,296
Gross deferred tax liabilities (B)	105,801	(24,505)	81,296
Net deferred tax liabilities (B-A)	10,476	(5,649)	4,827

Components of deferred tax assets and liabilities as on 31 December 2018 **(Amount in ₹)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Finance lease receivables	7,632	(7,632)	-
Provision for DD	57	(57)	-
Gross deferred tax assets (A)	7,689	(7,689)	-
Deferred tax liabilities			-
Finance lease receivables	8,174	(8,174)	-
Written Down Value	-	160	160
Gross deferred tax liabilities (B)	8,174	(8,014)	160
Net deferred tax liabilities (B-A)	485	(325)	160

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

2.11 Trade payables

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Trade payables	325,536	178,561	32,733
Trade payables-related parties (refer note 2.23)	1,950,395	424,533	196,112
	2,275,931	**603,094**	**228,845**

2.12 Other financial liabilities

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Current			
Carried at amortized cost			-
Interest accrued but not due on borrowings--related parties (refer note 2.23)	3,166	-	318
Others			
Capital accounts payables	482,726	-	48,538
Liabilities for expenses	608,280	548,271	61,163
Liabilities for expenses-related parties (refer note 2.23)	210	-	21
	1,094,382	**548,271**	**110,040**

2.13 Other current liabilities

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Revenue received in advance	44,164	-	4,441
Others			
Withholding and other taxes payable	332,462	744,932	33,429
	376,626	**744,932**	**37,870**

2.14 Revenue from operations

	Year ended		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Sale of services	5,446,699	4,935,263	547,666
Sale of hardware and software	721,971	151,092	72,594
	6,168,670	**5,086,355**	**620,260**

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

2.15 Other income

	Year ended		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Exchange differences (net)	155,226	-	15,608
Interest income	21,432	18,110	2,155
Miscellaneous income	-	7,589	-
Provision for doubtful/bad debts written back	-	13,538	-
	176,658	**39,237**	**17,763**

2.16 Changes in inventories of stock in trade

	Year ended		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Opening stock	61,499	45,665	6,184
Closing stock	209,634	61,499	21,079
	(148,135)	**(15,834)**	**(14,895)**

2.17 Finance cost

	Year ended		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Bank charges	15,918	11,883	1,601
	15,918	**11,883**	**1,601**

2.18 Other expenses

	Year ended		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Insurance	4,468	3,560	449
Repairs and maintenance			
-Building	677	-	68
-Others	2,067	-	208
Legal and professional charges	63,274	41,966	6,362
Rates and taxes	109,520	41,747	11,012
Provision for doubtful debts / bad debts written off	27,423	-	2,758
Exchange differences net	-	22,673	-
Miscellaneous expenses	1,652	-	166
	209,081	**109,946**	**21,023**

2.19 Earnings Per Share

The computation of earnings per share is as follows:

	Year ended		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Net profit as per statement of profit and loss for computation of EPS	351,895	322,173	35,383
Weighted average number of equity shares outstanding in calculating Basic EPS	1,100,000	1,100,000	1,100,000
Dilutive effect of stock options outstanding			
Weighted average number of equity shares outstanding in calculating dilutive EPS	1,100,000	1,100,000	1,100,000
Nominal value of equity shares *	-	-	-
Earnings per equity share			
- Basic	320	293	32
- Diluted	320	293	32

* As per local laws there is no nominal value of shares.

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

2.20 Leases

Finance Lease: In case of assets given on lease

The Company has given IT equipments to its customers on a finance lease basis. The future lease receivables in respect of assets given on finance lease are as follows:

	Total minimum lease payments receivable	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
As on 31 December 2018 (CLP)			
Not later than one year	190,670	4,755	185,915
Later than one year and not later than 5 years	121,268	6,689	114,579
	311,938	11,444	300,494
As on 31 December 2017 (CLP)			
Not later than one year	293,176	6,594	286,582
Later than one year and not later than 5 years	42,252	3,810	38,442
	335,428	10,404	325,024
As on 31 December 2018 (₹)			
Not later than one year	19,172	478	18,694
Later than one year and not later than 5 years	12,194	673	11,521
	31,366	1,151	30,215

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

2.21 Financial instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 December, 2018 is as follows:

	Amortized cost (CLP)	Total carrying value (CLP)	Amortized cost (₹)	Total carrying value (₹)
Financial assets				
Trade receivables	1,377,223	1,377,223	138,479	138,480
Cash and cash equivalents	1,518,433	1,518,433	152,678	152,678
Loans	658,920	658,920	66,254	66,254
Others (refer note 2.2)	1,310,159	1,310,159	131,737	131,737
Total	4,864,735	4,864,735	489,148	489,148
Financial liabilities				
Trade payables	2,275,931	2,275,931	228,845	228,845
Others (refer note 2.12)	1,094,382	1,094,382	110,040	110,040
Total	3,370,313	3,370,313	338,885	338,885

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

	Amortized cost (CLP)	Total carrying value (CLP)
Financial assets		
Trade receivables	916,259	916,259
Cash and cash equivalents	369,947	369,947
Loans	584,165	584,165
Others (refer note 2.2)	1,586,263	1,586,263
Total	3,456,634	3,456,634
Financial liabilities		
Trade payables	603,094	603,094
Others (refer note 2.12)	548,271	548,271
Total	1,151,365	1,151,365

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

2.21 Financial instruments (continued)

(b) Financial risk management

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

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 the functional currency. A significant portion of the Company revenue is in US Dollar and Euro while a large portion of costs are in CLP. The fluctuation in exchange rates in respect to CLP 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 CLP 155,032 (₹ 16,112) for the year ended 31 December, 2018.

The rate sensitivity is calculated by aggregation of the net foreign exchange exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 December, 2018, 31 December 2017 in major currencies is as below:

	Net financial assets			Net financial liabilities		
	31 December 2018	31 December 2017	31 December 2018	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)	(CLP)	(CLP)	(₹)
USD / CLP	780,037	709,200	78,433	121,476	21,486	12,214
EUR / CLP	-	-	-	16,006,047	68,641	1,609,408
GBP / CLP	-	-	-	82,380	-	8,283

(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. Hence the Company is not significantly exposed to interest rate risk.

Credit risk
Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled revenue and finance lease receivables. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties.

The customers of the Company are primarily corporations based in Chile and accordingly, trade receivables and finance lease receivables are concentrated in Chile. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables.

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

	As at		
	31 December 2018	31 December 2017	31 December 2018
	(CLP)	(CLP)	(₹)
Balance at the beginning of the year	2,276	15,814	229
Additional provision during the year	27,423	2,276	2,758
Deductions on account of write offs and collections	-	15,814	-
Balance at the end of the year	**29,699**	**2,276**	**2,987**

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.

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2.22 Segment Reporting

In the opinion of management the Company has only one business segment and the Company operates majorly in a single geographical segment and hence there are no reportable segments as envisaged in Ind AS -108 'Operating Segments'. Accordingly, no disclosures for segment reporting have been included in the financial statements.

2.23 Related party transactions

a) Related parties where control exists

HCL Technologies Limited (Ultimate holding company)
Axon Solutions Limited (Holding Company)

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

Ultimate holding Company
HCL Technologies Limited

Fellow Subsidiaries
HCL America Inc.
HCL (Brazil) Tecnologia Da Informaco Ltda.
HCL Argentina S.A.
HCL Australia Services Pty Limited
HCL Technologies Mexico, S. de R.L.
HCL Axon (Pty) Ltd
HCL Great Britain Limited
FILIAL ESPAÑOLA DE HCL TEC.S.L
HCL Poland s p.z o.o.
HCL Technologies B.V.
HCL Technologies Austria GmbH
HCL Technologies UK Limited
HCL Technologies Begium N.V.
HCL (Ireland) Information Systems Limited
HCL Technologies Middle East
HCL GmbH
HCL Italy S.R.L.
HCL Technologies Italy S.P.A.
HCL Technologies Norway AS
HCL Technologies France SAS
HCL Technologies Denmark Apps
HCL Technologies Corporate Services
HCL Singapore PTE Limited
HCL Japan Ltd
HCL (New Zealand) Limited
HCL Technologies Phillipines Inc.
HCL Technologies South Africa
HCL Axon Malaysia SDN. BHD.-SD
HCL Axon Solutions (Shanghai) Co. Limited
HCL Technologies Beijing Co Limited

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Transactions with related parties during the normal course of business	Sale of materials and services	Outsourcing costs	Insurance	Interest income
For the Year 2018 (CLP)				
Ultimate Holding Company	68	2,243,303	-	-
Fellow Subsidiaries	429,665	698,999	210	21,432
Total	**429,733**	**2,942,302**	**210**	**21,432**
For the Year 2017 (CLP)				
Ultimate Holding Company	2,721	496,903	-	-
Fellow Subsidiaries	783,379	2,017,788	-	18,110
Total	**786,100**	**2,514,691**	**-**	**18,110**
For the Year 2018 (₹)				
Ultimate Holding Company	7	225,564	-	-
Fellow Subsidiaries	43,203	70,284	21	2,155
Total	43,210	295,848	21	2,155

c) Outstanding balances

Outstanding balances	Trade receivables	Trade Payables and Other Current Liability	Interest Payable	Loan advanced	Unbilled Revenue	Interest Receivable
As on 31st December, 2018 (CLP)						
Ultimate Holding Company	68	1,427,593	-	-	-	-
Holding Company	-	-	3,166	-	-	-
Fellow Subsidiaries	385,591	523,012	-	658,920	15,147	51,841
Total	**385,659**	**1,950,605**	**3,166**	**658,920**	**15,147**	**51,841**
As on 31st December, 2017 (CLP)						
Ultimate Holding Company	-	66,623	-	-	-	-
Fellow Subsidiaries	718,141	357,910	-	584,165	-	25,548
Total	**718,141**	**424,533**	**-**	**584,165**	**-**	**25,548**
As on 31st December, 2018 (₹)						
Ultimate Holding Company	7	143,544	-	-	-	-
Holding Company	-	-	318	-	-	-
Fellow Subsidiaries	38,771	52,589	-	66,254	1,523	5,213
Total	**38,778**	**196,133**	**318**	**66,254**	**1,523**	**5,213**

3. Previous year comparatives

The Company has changed its presentation from " in absolute" to " in thousand" and accordingly, amounts less than 0.50 thousands are rounded off to Nil. The figures of previous year have been re-arranged to conform to current year presentation.

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

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date : 19 June 2019

For and on behalf of the Board of Directors
of HCL Technologies Chile Spa

Raghu Raman Lakshmanan
Director

Subramanian Gopalakrishnan
Director

Date : 19 June 2019