

**HCL Technologies Costa Rica S.R.L.**

**Financial Statements**

For the period ended 31 December 2021

**HCL Technologies Costa Rica S.R.L.**

**Balance Sheet as at 31 December 2021**

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

	Note No.	As at 31 December 2021 (CRC)
<b>I. ASSETS</b>		
<b>Current assets</b>		
(a) Financial assets		
(i) Trade receivables	2.1	82,508
(ii) Others	2.2	12,159
<b>TOTAL ASSETS</b>		<b>94,667</b>
<b>II. EQUITY</b>		
(a) Equity share capital	2.3	12
(b) Other Equity		8,605
Equity attributable to shareholders of the Company		8,617
<b>TOTAL EQUITY</b>		<b>8,617</b>
<b>III. LIABILITIES</b>		
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	2.4	56,941
(ii) Others	2.5	8,074
(b) Other current liabilities	2.6	18,203
(c) Provisions	2.7	2,832
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>94,667</b>
<b>Summary of significant accounting policies</b>	<b>1</b>	

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

*Anurag Maheshwary*

**Anurag Maheshwary**

**Partner**

Membership Number : 506533

Gurugram, India

Date: 24th May 2022

**For and on behalf of the Board of Directors  
of HCL Technologies Costa Rica S.R.L.**

*Raghu Raman Lakshmanan*

**Raghu Raman Lakshmanan**

**General Manager**

Date: 24th May 2022

HCL Technologies Costa Rica S.R.L.  
Statement of Profit and Loss for the period 23 July 2021 to 31 December 2021  
(All amounts in thousands except share data and as stated otherwise)

	Note No.	For the Period 23 July 2021 to 31 December 2021 (CRC)
<b>I Revenue</b>		
Revenue from operations	2.8	94,656
<b>Total income</b>		<u>94,656</u>
<b>II Expenses</b>		
Employee benefits expense	2.9	85,414
Finance costs	2.10	51
Other expenses	2.11	586
<b>Total expenses</b>		<u>86,051</u>
<b>III Profit before tax</b>		8,605
<b>IV Tax expense</b>		-
<b>V Profit for the period</b>		<u>8,605</u>
<b>VI Other comprehensive income</b>		-
<b>VII Total Comprehensive income for the period</b>		<u><u>8,605</u></u>
<b>Earning per equity share of CRC 100 each</b>		
Basic	2.12	71,708.75
Diluted	2.12	71,708.75
<b>Summary of significant accounting policies</b>	<b>1</b>	

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

*Anurag Maheshwary*

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Membership Number : 506533

Gurugram, India  
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**For and on behalf of the Board of Directors  
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*Raghu Raman Lakshmanan*

**Raghu Raman Lakshmanan**  
**General Manager**

Date: 24th May 2022

HCL Technologies Costa Rica S.R.L.

Statement of Changes in Equity for the period 23 July 2021 to 31 December 2021

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

(Amount in CRC)

	Equity share capital		Other Equity	Total Equity
	Number of Shares	Share Capital	Reserves and Surplus	
Issue of equity shares during the period	120	12	-	-
Profit for the period	-	-	8,605	8,605
<b>Total comprehensive income for the period</b>	-	-	<b>8,605</b>	<b>8,605</b>
<b>Balance as of December 31, 2021</b>	<b>120</b>	<b>12</b>	<b>8,605</b>	<b>8,605</b>

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 B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

*Anurag Maheshwary*

Anurag Maheshwary

Partner

Membership Number : 506533

Gurugram, India

Date: 24th May 2022

For and on behalf of the Board of Directors  
of HCL Technologies Costa Rica S.R.L.

*Raghu Raman Lakshmanan*

Raghu Raman Lakshmanan

General Manager

Date: 24th May 2022

**HCL Technologies Costa Rica S.R.L.**

**Statement of Cash flow for the period 23 July 2021 to 31 December 2021**

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

**For the Period  
23 July 2021 to 31  
December 2021**

**(CRC)**

**A. Cash flows from operating activities**

Profit before tax	8,605
	<b>8,605</b>

**Net changes in**

Trade receivables	(82,508)
Other financial assets	(12,147)
Provisions	2,832
Financial liabilities and other current liabilities	26,277

<b>Cash flow used in operations</b>	<b>(56,941)</b>
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<b>Net cash flow used in operating activities (A)</b>	<b>(56,941)</b>
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**B. Cash flows from financing activities**

Proceeds from short term borrowings	56,941
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<b>Net cash generated from financing activities (B)</b>	<b>56,941</b>
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Net increase in cash and cash equivalents (A+B)	-
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Cash and cash equivalents at the beginning of the period	-
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<b>Cash and cash equivalents at the end of the period</b>	<b>-</b>
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**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 B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

*Anurag Maheshwary*

**Anurag Maheshwary**

**Partner**

Membership Number : 506533

**For and on behalf of the Board of Directors  
of HCL Technologies Costa Rica S.R.L.**

*Raghu Raman Lakshmanan*

**Raghu Raman Lakshmanan**

**General Manager**

Gurugram, India

Date: 24th May 2022

Date: 24th May 2022

## **HCL Technologies Costa Rica S.R.L.**

### **Notes to financial statements for the period ended 31 December 2021**

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

#### **Company Overview**

HCL Technologies Costa Rica S.R.L. (herein after referred to as the “Company”) is primarily engaged in providing all kind of IT services, services in cloud, application & infrastructure services and Customer technology support services. The Company was incorporated on 23 July 2021 in Costa Rica with registration number 3102823403 having registered office at San Jose-Santa Ana Pozosm Radial Santa Ana San Antonio De Belen, Km Three, Empresarial Center Via Lindora, Building BLP Law.

The financial statements for the period ended 31 December 2021 were approved and authorized for issue by the Board of Directors on 24<sup>th</sup> May 2022.

#### **1. Significant Accounting Policies**

##### *a) Basis of preparation*

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 (‘the Act’) read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the financial statements.

The Company is not domiciled in India and hence was not incorporated under Companies Act, 2013 or under any previous Company law in India. These financial statements do not constitute a set of statutory financial statements in accordance with local laws of the Country in which the Company is incorporated.

These financial statements are prepared for the use of the Company and the ultimate holding Company, HCL Technologies Limited, to comply with the 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 note 1(f) for accounting policy regarding financial instruments).

All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle of 12 months.

The Statement of cash flows has been prepared under indirect method.

The functional currency of the Company is Colones (CRC).

##### *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. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made.

## HCL Technologies Costa Rica S.R.L.

### Notes to financial statements for the period ended 31 December 2021

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

Significant estimates and assumptions are used for, but not limited to,

- i. Accounting for costs expected to be incurred to complete performance under fixed price projects, refer note 1(c)
- ii. Recognition of income, refer note 1(f)
- iii. Provisions and contingent liabilities, refer note 1(l)

In view of pandemic relating to COVID -19, the Company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, impact on revenues and costs, including but not limited to the assessment of liquidity and going concern assumption. However, the actual impact of COVID-19 on the Company's financial statements may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

#### *c) Revenue Recognition*

##### *Contracts involving provision of services and material*

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. Contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

##### *Time-and-material / Volume based / Transaction based contracts*

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

##### *Fixed Price contracts*

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, ERP implementations and Application development are recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified. Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Contract losses are determined to be the amount by which the estimated incremental cost to complete exceeds the estimated future revenues that will be generated by the contract and are included in cost of revenues and recorded in other accrued liabilities

## HCL Technologies Costa Rica S.R.L.

### Notes to financial statements for the period ended 31 December 2021

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

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost-to-cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established.

#### *Multiple performance obligation*

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a fivestep approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which Company would sell a promised good or service separately to the customer. When not directly observable, we typically estimate standalone selling price by using the expected cost plus a margin approach. We typically establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a Company is then allocated to each software obligation and lease deliverable.

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.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract are considered as contract fulfilment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost 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 future 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 being Company control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes



## HCL Technologies Costa Rica S.R.L.

### Notes to financial statements for the period ended 31 December 2021

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

reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our statements of financial position, contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

#### *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.

The guidance of fair value specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity 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.

## **HCL Technologies Costa Rica S.R.L.**

### **Notes to financial statements for the period ended 31 December 2021**

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

- 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.

#### **e) Taxation**

HCL Technologies Costa Rica SRL is operating under Free trade zone and having tax holiday period for 8 years hence no current tax and deferred tax provided in the financial statements.

#### **f) Financial Instruments**

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

##### **i. Financial assets**

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

#### **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

## **HCL Technologies Costa Rica S.R.L.**

### **Notes to financial statements for the period ended 31 December 2021**

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

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 payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables 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.

#### **Offsetting of financial instruments**

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

#### *g) Earnings per share*

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

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

#### *h) Retirement and other employee benefits*

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

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.

## **HCL Technologies Costa Rica S.R.L.**

### **Notes to financial statements for the period ended 31 December 2021**

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

#### *i) 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.

Further, short term borrowing during the period is against the discharge of payroll liability of the company by its related party HCL Latin America Holding LLC as the company is in process of opening a bank account.

#### *j) Cash and cash equivalents*

There is no cash & cash equivalent in the company as on 31<sup>st</sup> December 2021 as the company is in process of opening a bank account.

#### *k) 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 or loss 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.

#### *l) Provisions and contingent liabilities*

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.

The company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

HCL Technologies Costa Rica S.R.L.  
Notes to Financial Statement for the period ended 31 December 2021  
(All amounts in thousands except share data and as stated otherwise)

**2.1 Trade Receivable**

	As at	
	31 December 2021	
	(CRC)	
Unsecured considered good	82,508	82,508

Note:- Trade Receivable includes receivable from related party amounting to CRC 82,508 (refer note no 2.13).

**2.2 Other Financial Assets**

	As at	
	31 December 2021	
	(CRC)	
<b>Current</b>		
Unbilled receivable-related parties (Refer note no. 2.13)	12,147	
Other receivable- Related party (Refer Note 2.13)	12	
	<b>12,159</b>	

**2.3 Share Capital**

	As at	
	31 December 2021	
	(CRC)	
<b>Authorized</b>		
120 Equity shares of CRC 100 each		12
<b>Issued, subscribed and fully paid up</b>		
120 Equity shares of CRC 100 each		12

**Terms/ rights attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of CRC 100/-. 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 2021	
	No. of shares	Amount in CRC
Add: Shares issued during the period	120	12
Number of shares at the end	<b>120</b>	<b>12</b>

**Note:** Share capital during the period is issued by executing bills of exchange in favor of the Company as the Company is in process of opening bank account.

**Shares held by holding Company and/or their subsidiaries / associates:**

	As at	
	31 December 2021	
	No. of shares	% holding in the class
Equity shares of CRC 100 each fully paid		
HCL Bermuda limited	120	100%

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

	As at	
	31 December 2021	
	No. of shares	% holding in the class
Equity shares of CRC 100 each fully paid		
HCL Bermuda limited	120	100%

**2.3 Share Capital (continued)**

As per the records of the Company, including its register of shareholders/members 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.

**2.4 Borrowings**

	As at
	31 December 2021
	(CRC)
Short term borrowings- related parties (Refer Note 2.13)	56,941
	<b>56,941</b>

**Note:** Short term borrowing is against the discharge of payroll liability of the company by our related party HCL Latin America Holding LLC as the Company is in process of opening a bank account.

**2.5 Other financial liabilities**

	As at
	31 December 2021
	(CRC)
<b>Current</b>	
<b>Carried at amortized cost</b>	
Interest payable- related parties (Refer Note 2.13)	51
<b>Accrued salaries and benefits</b>	
Employee bonuses accrued	8,023
	<b>8,074</b>

**2.6 Other current liabilities**

	As at
	31 December 2021
	(CRC)
Others	
Social security payable	13,716
Other taxes payable	4,487
	<b>18,203</b>

**2.7 Provisions**

	As at
	31 December 2021
	(CRC)
<b>Current</b>	
Provision for employee benefits	
Provision for leave benefits	2,832
	<b>2,832</b>

HCL Technologies Costa Rica S.R.L.

Notes to Financial Statement for the period 23 July 2021 to 31 December 2021

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

**2.8 Revenue from operations**

	For the Period
	23 July 2021 to 31 December 2021
	(CRC)
Sale of services	94,656
	<b>94,656</b>

**Disaggregate Revenue Information**

The disaggregated revenue from contracts with the customers by contract type is as follows:

	For the Period
	23 July 2021 to 31 December 2021
	(CRC)
<b>Contract type</b>	
Fixed price	61,310
Time and material	33,346
<b>Total</b>	<b>94,656</b>
<b>Geography wise</b>	
America	94,656
<b>Total</b>	<b>94,656</b>

**Remaining performance obligations**

As at 31 Decemeber 2021, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was CRC 55,788 out of which, approximately 39% is expected to be recognized as revenues within one year and the balance beyond one year This is after exclusions of below:

- Contracts for which we recognize revenues based on the right to invoice for services performed,
- Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or
- Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

**Contract balances**

Contract assets : A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our consolidated balance sheet. Contract assets primarily relate to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivables represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Contract liabilities : A contract liability arises when there is excess billing over the revenue recognized

The company does not have any contract assets and contact liability as on 31 December 2021.

**2.9 Employee benefits expense**

	For the Period
	23 July 2021 to 31 December 2021
	(CRC)
Salaries, wages and bonus	67,754
Social Security Contribution	14,828
Leave encashment	2,832
	<b>85,414</b>

**2.10 Finance cost**

	For the Period
	23 July 2021 to 31 December 2021
	(CRC)
Interest expense- related parties (Refer Note 2.13)	51
	<b>51</b>

**2.11 Other expenses**

	For the Period
	23 July 2021 to 31 December 2021
	(CRC)
Travel and conveyance	574
Miscellaneous expenses	12
	<b>586</b>

**HCL Technologies Costa Rica S.R.L.****Notes to Financial Statement for the period ended 31 December 2021****(All amounts in thousands except share data and as stated otherwise)****2.12 The computation of earnings per equity share (EPS) is as follows:**

Particulars	As at
	31 December 2021
	(CRC)
Net profit as per statement of profit and loss for computation of EPS	8,605
Weighted average number of equity shares outstanding - Basic	120
Weighted average number of equity shares outstanding - Diluted	120
Nominal value of equity shares	100
<b>Earning per equity share</b>	
- Basic	71,708.75
- Diluted	71,708.75

**2.13 Related party transaction****a) Related parties where control exists****Ultimate Holding company**

HCL Technologies limited

**Holding company**

HCL Bermuda Limited

**b) Related Parties where transactions have taken place during the period****Holding company**

HCL Bermuda Limited

**Fellow Subsidiary**

HCL Technologies Mexico S.De.R.L.De.C.V.

HCL Technologies Corporate Services Limited

HCL Latin America Holding, LLC

HCL Technologies Malaysia SDN BHD (Fy HCL Axon Malaysia SDN BHD)

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

	Holding company	Fellow subsidiaries
	For the Period	
	23 July 2021 to 31 December 2021	
Revenue from operations	-	94,656
Short term borrowings during the period	-	56,941
Issue of share capital	12	-
Interest expense	-	51

**d) Outstanding balances of related parties as at 31st December 2021:**

	Holding company	Fellow subsidiaries
	As at	
	31 December 2021	
Trade Receivables	-	82,508
Other receivable	12	-
Unbilled receivables	-	12,147
Short term borrowings	-	56,941
Interest payable	-	51



## HCL Technologies Costa Rica S.R.L.

### Notes to Financial Statement for the period ended 31 December 2021

#### 2.14 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance.

The Company's ultimate holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and Products & Platforms segment. The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

Revenue disaggregation as per geography is given in note 2.8.

#### 2.15 Financial Instruments

##### (a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 December 2021 is as follows:

	Amortized Cost	Total Carrying Value
	(CRC)	(CRC)
<b>Financial Assets</b>		
Trade Receivables	82,508	82,508
Others	12,159	12,159
<b>Total</b>	<b>94,667</b>	<b>94,667</b>
<b>Financial Liabilities</b>		
Short term Borrowings	56,941	56,941
Others	8,074	8,074
<b>Total</b>	<b>65,015</b>	<b>65,015</b>

##### (b) Financial risk management

The Company is exposed to market 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.

##### 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 functional currency.

##### 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 has not invested in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

##### Credit risk

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

**HCL Technologies Costa Rica S.R.L.****Notes to Financial Statement for the period ended 31 December 2021**

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

**2.15 Financial Instruments (continued)****Liquidity risk**

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

Maturity profile of the Company's financial liabilities based on contractual payments is as below:

	Year 1	Total
<b>As at 31 December 2021 (CRC)</b>		
Short term borrowings	56,941	56,941
Other financial liabilities	8,074	8,074
<b>Total</b>	<b>65,015</b>	<b>65,015</b>

**2.16 Capital and other commitments**

	As at 31 December 2021 (CRC)
<b>Capital and other commitments</b>	
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	226,470
	<b>226,470</b>

**2.17 Subsequent event**

The Company has evaluated all the subsequent events through 24th May 2022, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

**2.18.** The Company has presented its financial statements in "CRC in Thousands" and accordingly, amounts less than CRC 0.50 thousands are rounded off to zero.

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As per our report of even date

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

*Anurag Maheshwary*

**Anurag Maheshwary**  
Partner  
Membership Number : 506533

Gurugram, India  
Date: 24th May 2022

**For and on behalf of the Board of Directors  
of HCL Technologies Costa Rica S.R.L.**

*Raghu Raman Lakshmanan*

**Raghu Raman Lakshmanan**  
General Manager

Date: 24th May 2022