HCL Technologies Morocco Limited

Financial Statements

For the period 30 March 2022 (date of incorporation) to 31 December 2022

HCL Technologies Morocco Limited
Balance Sheet as at 31 December 2022
(All amount in MAD thousands, unless otherwise stated)

	Note No.	As at 31 December 2022
I. ASSETS		
(1) Non-current assets		
(a) Property, plant and equipment	2.1(A)	1,985
(b) Capital work in progress	2.1(B)	3,791
(c) Right-of-use-assets	2.18	2,868
(d) Financial assets		
(i) Others	2.2	170
(e) Deferred tax assets (net)	2.17	72
Total non-current assets		**8,886**
(2) Current Assets		
(a) Financial assets		
(i) Trade receivables		
Billed	2.3	441
Unbilled	2.3	7,854
(ii) Cash and cash equivalents	2.4	5,550
(iii) Others	2.2	50
(b) Other current assets	2.5	1,222
Total current assets		**15,117**
TOTAL ASSETS		**24,003**
II. EQUITY		
a) Equity share capital	2.6	-
b) Other equity		5,494
TOTAL EQUITY		**5,494**
III. LIABILITIES		
(1) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	2.7	10,448
(ii) Lease liabilities		2,007
Total non-current liabilities		**12,455**
(2) Current liabilities		
(a) Financial liabilities		
(i) Lease liabilities		1,140
(ii) Trade payables		
Billed	2.8	1,154
Unbilled and accruals	2.8	831
(iii) Others	2.9	2,116
(b) Other current liabilities	2.10	340
(c) Provisions	2.11	324
(d) Current tax liabilities (net)	2.17	149
Total current liabilities		**6,054**
TOTAL LIABILITIES		**18,509**
TOTAL EQUITY AND LIABILITIES		**24,003**
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 B S R & Co. LLP
ICAI Firm Registration Number : 101248W/W-100022
Chartered Accountants

Rakesh Dewan
Rakesh Dewan (Apr 6, 2023 17:45 GMT+5.5)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 06 April 2023

For and on behalf of the Board of Managers
of HCL Technologies Morocco Limited

Shiv Kumar Walia
Manager

Sundaram Sridharan
Manager

Date: 06 April 2023

HCL Technologies Morocco Limited
Statement of Profit and Loss for the period 30 March 2022 (date of incorporation) to 31 December 2022
(All amount in MAD thousands, unless otherwise stated)

	Note No.	For the period 30 March 2022 to 31 December 2022
I Revenue		
Revenue from operations	2.12	9,002
Other income	2.13	3
Total income		**9,005**
II Expenses		
Employee benefits expense	2.14	5,547
Outsourcing costs		200
Finance cost	2.15	275
Depreciation expense		359
Other expenses	2.16	2,239
Total expenses		**8,620**
III Profit before tax		**385**
IV Tax expense		
Current tax		149
Deferred tax charge (credit)		(72)
Total tax expense	2.17	77
V Profit for the period		**308**
VI Other comprehensive income		-
VII Total Comprehensive loss for the period		**308**
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 B S R & Co. LLP
ICAI Firm Registration Number : 101248W/W-100022
Chartered Accountants

Rakesh Dewan
Rakesh Dewan (Apr 6, 2023 17:45 GMT+5.5)
Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 06 April 2023

For and on behalf of the Board of Managers
of HCL Technologies Morocco Limited

Shiv Kumar Walia
Manager

Sundaram Sridharan
Manager

Date: 06 April 2023

HCL Technologies Morocco Limited
Statement of Changes in Equity for the period 30 March 2022 (date of incorporation) to 31 December 2022
(All amount in MAD thousands, unless otherwise stated)

	Equity share capital	Other Equity
Balance as at beginning of the period	**-**	**-**
Share application money pending allotment	-	5,186
Profit for the period	-	308
Other comprehensive income	-	-
Total comprehensive income for the period	**-**	**5,494**
Dividend	-	-
Balance as at 31 December 2022	**-**	**5,494**

Refer note 1 for summary of significant accounting policies

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

Rakesh Dewan
Rakesh Dewan (Apr 6, 2023 17:45 GMT+5.5)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 06 April 2023

For and on behalf of the Board of Managers
of HCL Technologies Morocco Limited

Shiv Kumar Walia
Manager

Sundaram Sridharan
Manager

Date: 06 April 2023

HCL Technologies Morocco Limited
Statement of Changes in Equity for the period 30 March 2022 (date of incorporation) to 31 December 2022
(All amount in MAD thousands, unless otherwise stated)

		For the period 30 March 2022 to 31 December 2022
A. Cash flows from operating activities		
Profit before tax		385
Adjustments for :		
Depreciation expense		359
Interest income		(3)
Interest on lease liability		55
Interest on borrowings		187
		983
Net change in:		
Trade receivables		(8,295)
Trade payables		1,985
Other financial assets and other assets		(1,476)
Other financial liabilities, provisions and other liabilities		2,593
Cash used in operations		**(4,210)**
Income taxes paid (net of refunds)		-
Net cash used in operating activities	**(A)**	**(4,210)**
B. Cash flows from investing activities		
Purchase of property, plant and equipment		(5,874)
Net cash used in investing activities	**(B)**	**(5,874)**
C. Cash from financing activities		
Proceeds from long term borrowings		10,448
Proceeds towards share application money pending allotment		5,186
Net cash flow from financing activities	**(C)**	**15,634**
Net increase in cash and cash equivalents (A+B+C)		**5,550**
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the year		**5,550**
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 B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 101248W/W-100022

Rakesh Dewan
Rakesh Dewan (Apr 6, 2023 17:45 GMT+5.5)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 06 April 2023

For and on behalf of the Board of Managers
of HCL Technologies Morocco Limited

Shiv Kumar Walia
Manager

Sundaram Sridharan
Manager

Date: 06 April 2023

ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies Morocco Limited (hereinafter referred to as the 'Company') is primarily engaged in business of development, installation and implementation of software and management services. The Company was incorporated in Rabat on 30 March 2022, having its registered office at 15 AV AL ABTAL APPT Number 4 AGDAL, Rabat.

The financial statements for the period ended 31 December 2022 were approved and authorized for issue by the Board of Managers on 06 April 2023.

1. SUMMARY OF 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 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 Moroccan Dirhams (MAD).

As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied and accordingly company prepared the financial statement as per IND AS for the first time in current year.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the estimates are reflected in the financial statement in the year in which the changes are made.

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(m)
ii. Allowance for uncollectible accounts receivables, refer note 1(i)(i)
iii. Recognition of income and deferred taxes, refer note 1(h) and note 2.17
iv. Useful lives of property, plant and equipment, refer note 1(d)
v. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(c) and note 2.18
vi. Provisions, refer note 1(j)

Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivable, income taxes, future obligations under employee benefit plans, the useful lives of property, plant and equipment and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

c) Leases

A lease is a contract that contains right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

Company is lessee in case of office accommodation. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in Ind AS 116 effective 1 January 2020.

Right-of-use asset represents the Company's right to control the underlying assets under lease and the lease liability is the obligation to make the lease payments related to the underlying asset under lease. Right-of-use asset is measured initially based on the lease liability adjusted for any initial direct costs, prepaid rent, and lease incentives. Right-of-use asset is depreciated based on straight line method over the lease term or useful life of right-of-use asset, whichever is less. Subsequently, right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of lease liability.

The lease liability is measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow, in the country where the lease was executed. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the Company is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease liability is subsequently measured by increase the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any.

The Company has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the statement of profit and loss. For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the assets as a whole. All other expenses on existing fixed assets, including day - to - day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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.

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

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

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.
The management's estimates of the useful lives of various tangible fixed assets for computing depreciation are as follows:

Category of asset	*Life (in years)*
Laptop	5
Office Equipment	5
Computer	5

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The useful life as given above best represent the period over which the management expects to use these assets, based on technical assessment. Hence, the useful life for the assets is different from the useful life prescribed under Part C of Schedule II of the Companies Act 2013. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Fair value measurement

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

The guidance of fair value specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s assumptions about current market conditions. The fair value hierarchy also requires a company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

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

a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.

c) Cost approach – Replacement cost method.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) 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.

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 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).

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.

g) Foreign currency transactions

The financial statements of the company are presented in its functional currency MAD. For each foreign operation, the company determines the functional currency which is its respective local currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date 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. 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, expense 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Income Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in 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.

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

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

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

i) 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, trade and other receivables.

Financial instrument at Fair Value through Profit and Loss

Any financial instrument, which does not meet the criteria for categorization at amortized cost or at fair value through other comprehensive income, is classified at fair value through profit and loss. Financial instruments included in the fair value through profit and loss category are measured at fair value with all changes recognized in the statement of profit and loss.

Financial instrument at Fair Value through Other Comprehensive Income (OCI)

A financial instrument is classified and measured at fair value through OCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent solely payments of principal and interest.

Financial instruments included within the OCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from OCI to statement of profit and loss.

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 the statement of profit and loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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. 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.

j) 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.

k) Retirement and other Employee benefits

The Company has implemented a public insurance scheme for all employees, which includes health insurance, welfare pension insurance and worker's accident compensation insurance.

The contribution to the public insurance scheme, a defined contribution plan, is made in accordance with the local statutory requirements and charged to the statement of profit and loss for every period, when the contribution is due.

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. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur.

l) Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash in banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Contingent liabilities

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.

n) Impairment of non-financial assets

Intangible assets and property, plant and equipment

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

o) Recently issued accounting pronouncements

On 23 March 2022, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2022 effective from annual reporting periods beginning on or after 1 April 2022. Following is the key amended provision which may have an impact on the financial statements of the Company:

Onerous Contracts – Cost of Fulfilling a Contract (Amendment to Ind AS 37)

The amendments clarifies that the 'costs of fulfilling a contract' comprise both the incremental costs and allocation of other direct costs. The Company does not expect the adoption of this update to have a material impact on its financial statements.

Further, on 31 March 2023, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2023 effective for annual reporting periods beginning on or after 1 April 2023, which brought certain amendments to the existing Indian Accounting standards. The Company is currently evaluating the impact of the adoption of these amendments on its financial statements.

HCL Technologies Morocco Limited
Notes to financial statements for the period 30 March 2022 (date of incorporation) to 31 December 2022
(All amount in MAD thousands, unless otherwise stated)

2.1(A) Property, plant and equipment
The changes in the carrying value for the period ended 31 December 2022

	Office Equipment	Computes and networking equipment	Total
Balance as at beginning of the period	**-**	**-**	**-**
Additions during the period	29	2,111	2,140
Gross block as at 31 December 2022	**29**	**2,111**	**2,140**
Balance as at beginning of the period	**-**	**-**	**-**
Additions during the period	-	57	57
Depreciation expense for the period	2	96	98
Accumulated depreciation as at 31 December 2022	**2**	**153**	**155**
Net Block as at 31 December 2022	**27**	**1,958**	**1,985**

2.1(B) Capital work in progress (CWIP)
The following table presents the ageing schedule for Capital-work-in progress:

	Amount in CWIP for a period of	
	Less than 1 year	Total
As at 31 December 2022		
Projects in progress	3,791	3,791
	3,791	**3,791**

	As at 31 December 2022
Balance as at beginning of the period	-
Additions	3,791
Balance as at 31 December 2022	**3,791**

2.2 Financial assets - others

	As at 31 December 2022
Non-current	
Security deposits	170
Current	
Security deposits	50
	220

2.3 Financial assets - Trade receivables

	As at 31 December 2022
Current	
Billed	
Unsecured considered good (refer note 2.23)	441
Unbilled (refer note 2.23)	7,854
	8,295

Trade receivables - current	Not Due	Outstanding as at 31st December 2022 from the due date of payment	
		Less than 6 months	Total
Undisputed – considered good	-	441	441
Unbilled receivables			7,854
			8,295

HCL Technologies Morocco Limited
Notes to financial statements for the period 30 March 2022 (date of incorporation) to 31 December 2022
(All amount in MAD thousands, unless otherwise stated)

2.4 Financial assets - Cash and cash equivalents

	As at 31 December 2022
Balances with banks	5,550
	5,550

2.5 Other current assets

	As at 31 December 2022
Unsecured	
Advances to employees	1
Less: Provision for doubtful advances	(1)
	-
Others	
Other advances	1,222
	1,222

2.6 Share capital

	As at 31 December 2022
Authorized share capital	
1,000 equity shares of 100 each	100
Issued share capital	-

Note: Shares are pending for allotment.

2.7 Financial liabilities - Borrowings

	As at 31 December 2022
Long term borrowings (refer note 2.23)	10,448
	10,448

Note: The company has taken an unsecured loan from HCL Technologies UK Limited for a tenure of 3 years for its working capital requirement with repayment of interest within 180 days from the date of accrual of interest and repayment of Principal on demand but not later than 3 years from the effective date of agreement. The loan shall carry a mutually agreed simple interest of SOFR+50 bps.

2.8 Financial liabilities - Trade payables

	As at 31 December 2022
Trade payables	307
Trade payables - related parties (refer note 2.23)	847
	1,154
Unbilled and accruals	831
	831
	1,985

Trade payables - current	**Not Due**	**Outstanding as at 31st December 2022 from the due date of payment**	
		Less than 6 months	**Total**
Undisputed	212	942	1,154
Unbilled			831
			1,985

2.9 Financial liabilities - Others

	As at 31 December 2022
Current	
Carried at amortized cost	
Interest accrued but not due on borrowings (refer note 2.23)	168
Accrued salaries and benefits	
Employee bonuses accrued	224
Other employee costs	30
Others	
Other payables	1,694
	2,116

2.10 Other current liabilites

	As at 31 December 2022
Withholding and other taxes payable	340
	340

2.11 Provisions

	As at 31 December 2022
Provsion for employee benefits	324
	324

2.12 Revenue from operations

	For the period 30 March 2022 to 31 December 2022
Sale of services (refer note 2.23)	9,002
	9,002

Disaggregate Revenue Information

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

	For the period 30 March 2022 to 31 December 2022
Time and material	9,002
	9,002

Revenue disaggregation as per geography has been included in segment information (Refer note 2.19).

Remaining performance obligations

Remaining performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (change in currency rates, tax laws, etc.). As at 31 December 2022, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was MAD Nil. This is after exclusions as below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,
b) 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

c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

2.13 Other income

	For the period 30 March 2022 to 31 December 2022
Interest income	3
	3

2.14 Employee benefits expense

	For the period 30 March 2022 to 31 December 2022
Salaries, wages and bonus	4,446
Contribution to provident fund and other employee benefits	1,099
Staff welfare expenses	2
	5,547

2.15 Finance costs

	For the period 30 March 2022 to 31 December 2022
Interest	
-on lease liabilities	55
-borrowings (refer note 2.23)	187
Bank charges	33
	275

2.16 Other expenses

	For the period 30 March 2022 to 31 December 2022
Exchange difference	27
Travel and conveyance	22
Recruitment, training and development	90
Rent	532
Repairs and maintenance	962
Communication costs	325
Printing and stationary	1
Legal and professional charges	256
Fines and penalties	21
Miscellaneous expenses	3
	2,239

2.17 Income taxes

	As at 31 December 2022
Current tax charge	149
Deferred tax charge (credit)	(72)
	77

2.17 Income taxes (continued)

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

	As at 31 December 2022
Profit before income tax	385
Statutory tax rate	20%
Expected tax expense	**77**
Total taxes	**77**
Effective income tax rate	**20%**

Components of deferred tax assets and liabilities as on 31 December 2022

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Depreciation and amortization	-	16	16
Lease assets (net)	-	56	56
Net deferred tax assets (A)			**72**
Gross deferred tax liabilities (B)			**-**
Net deferred tax assets (A-B)			**72**

2.18 Leases

The company's significant leasing arrangements is in respect of leases for office accomodation.

The details of the right-of-use asset held by the company is as follows:

	As at 31 December 2022
Balance as at beginning of the period	-
Addition	3,128
Depreciation	260
Balance as at 31 December 2022	**2,868**

The reconciliation of lease liabilities is as follows:

	As at 31 December 2022
Balance as at beginning of the period	-
Additions	3,093
Amounts recognized in statement of profit and loss as interest expense	55
Balance as at 31 December 2022	**3,148**

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities :

	As at 31 December 2022
Within one year	1,318
One to two years	1,217
Two to three years	913
Three to five years	-
Thereafter	-
Total lease payments	**3,448**
Imputed interest	300
Total lease liabilities	**3,148**

Certain lease agreements include options to terminate or extend the leases. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

2.19 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose 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".

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

Particulars	For the period 30 March 2022 to 31 December 2022
India	4,552
Europe	2,204
America	18
Others	2,228
Total	**9,002**

2.20 Commitments

Particulars	As at 31 December 2022
Capital Commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	229
	229

2.21 Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 December 2022 is as follows:

Particulars	Amortized cost	Total carrying value
Financial assets		
Trade receivables	8,295	8,295
Cash and cash equivalents	5,550	5,550
Others	220	220
Total	**14,065**	**14,065**
Financial liabilities		
Borrowings	10,448	10,448
Trade payables	1,985	1,985
Lease Liabilties	3,147	3,147
Others	2,116	2,116
Total	**17,696**	**17,696**

2.21 Financial assets and liabilities (continued)

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

(i) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's operations.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than foreign currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in MAD. The fluctuation in exchange rates in respect to MAD 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 MAD Nil for the period ended 31 December 2022.

(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,unbilled receivables and trade 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, however there is no credit risk of nonperformance by counterparties as the entire revenue belongs to group company.

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	Year 2-5 and thereafter	Total
As at 31 December 2022			
Borrowings	10,448	-	10,448
Trade payables	1,985	-	1,985
Lease liabilities	1,140	2,007	3,147
Other financial liabilities	2,116	-	2,116
Total	**15,689**	**2,007**	**17,696**

HCL Technologies Morocco Limited
Notes to financial statements for the period 30 March 2022 (date of incorporation) to 31 December 2022
(All amount in MAD thousands, unless otherwise stated)

2.22 Ratio

	Numerator	Denominator	Units	As at 31 December 2022
Current ratio	Current assets	Current liabilities	Times	2.50
Debt equity ratio	Total debts (refer note 1 below)	Total equity	Times	2.47
Debt service coverage ratio	Earning availables for debt service (refer note 2 below)	Debt service (refer note 3 below)	Times	3.76
Return on equity ratio	Profit after tax	Average total equity	%	6%
Inventory turnover ratio	Cost of good sold (refer note 4 below)	Average inventories	Times	NA
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	1.09
Trade payables turnover ratio	Net credit purchases (refer note 5 below)	Average trade payables	Times	1.2
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 6)	Times	0.99
Net profit ratio	Profit after tax	Revenue from operations	%	3%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 7 below)	%	11%
Return on investment	Income generated from invested funds	Time weighted average investments	%	NA

Notes :
(1) Total Debts = Lease liabilities + Borrowings
(2) Earning availables for debt services = Profit after tax + depreciation, amortisation and impairment + interest + provision for doubtful debts + non cash charges
(3) Debt service = Interest + payment for lease liabilities + principal repayments
(4) Cost of goods sold includes purchase of stock in trade and change in inventories of stock in trade
(5) Net credit purchase includes purchase of stock-in-trade , change in inventories of stock-in-trade, outsourcing costs and other expenses
(6) Working capital = current assets - current liabilities
(7) Capital employed = Tangible net worth including intangible assets + total debt

HCL Technologies Morocco Limited
Notes to financial statements for the period 30 March 2022 (date of incorporation) to 31 December 2022
(All amount in MAD thousands, unless otherwise stated)

2.23 Related party transactions

a) Related parties where control exists
HCL Technologies Limited (Ultimate holding company)
HCL Technologies UK Limited (Holding company)

b) Related parties with whom transactions have taken place during the period
HCL Technologies Limited (Ultimate holding company)
HCL Technologies UK Limited (Holding company)

Fellow Subsidiaries
HCL America Inc.
HCL Japan Limited
HCL Technologies Lanka (Private) Limited
HCL Technologies Mexico
HCL Technologies Corporate Services Limited
HCL Technologies Middle East FZ- LLC
HCL Technologies Solutions GmBh (fly Axon Soltns Schz GmbH)

c) Transactions with related parties during the normal course of business

Particulars	Revenue	Interest expense
For the period 30 March 2022 to 31 December 2022		
Ultimate holding company	4,552	-
Holding company	-	187
Fellow Subsidiaries	4,450	-
Total	**9,002**	**187**

d) Outstanding balances

Particulars	Unbilled receivables	Trade receivable	Interest payable on borrowings	Trade payables	Borrowings
As at 31 December 2022					
Ultimate holding company	4,552	-	-	-	-
Holding company	-	-	168	-	10,448
Fellow subsidiary company	3,302	441	-	847	-
Total	**7,854**	**441**	**168**	**847**	**10,448**

2.24 Subsequent events

The Company has evaluated all the subsequent events up until 06 April 2023, 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.

As per our report of even date

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

Rakesh Dewan
Rakesh Dewan (Apr 6, 2023 17:45 GMT+5.5)

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 06 April 2023

For and on behalf of the Board of Managers
of HCL Technologies Morocco Limited

Shiv Kumar Walia
Manager

Sundaram Sridharan
Manager

Date: 06 April 2023

April 6, 2023

BSR & Co. LLP
Chartered accountants
Building No. 10, 12th Floor,
Tower C, DLF Cyber City,
Gurugram, Haryana – 122002

Dear Sirs:

We are providing this letter in connection with your audit of the financial statements of HCL Technologies Morocco Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2022 , the Statement of Profit and Loss including comprehensive income, the statement of changes in equity and cash flows for the period 30 March 2022 to 31 December 2022, including a summary of significant accounting policies and other explanatory notes, for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as specified under section 133 of the Companies Act, 2013 including applicable Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India.

We acknowledge our responsibility as set out in the terms of the audit engagement letter dated 7 March 2023 for preparing the financial statements of the Company which give a true and fair view of the state of affairs of the Company as at 31 December 2022, profit and other comprehensive income, changes in equity and cash flows of the Company for the period 30 March 2022 to 31 December 2022 and for the preparation of the standalone financial statements in accordance with Schedule III (Division II) to the Companies Act, 2013.

We confirm, to the best of our knowledge and belief, as of 4 April 2023, the following representations made to you during your audit:

Section A – General Representations

1. We acknowledge that control over and responsibility for the prevention and detection of fraud, irregularities and error remains with us. This responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of financial statements and the Statement in accordance with generally accepted accounting principles in India and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud.

2. We have made available/disclosed to you:

    i. All records, documentation, and information that is relevant to the preparation and fair presentation of the Statement.

    ii. Additional information that you have requested from us for the purpose of the audit.

    iii. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to make inquiries.

iv. All minutes of the meetings of shareholders, managers, and committees of managers, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.

v. All side agreements or other arrangements known to us.

3. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

4. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral except those disclosed in the financial statements.

5. We have disclosed to you all information that we are aware of about fraud, allegations of fraud or suspected fraud affecting the entity involving:

   a. Management,
   b. Employees who have significant roles in internal control, or
   c. Others where the fraud could have a material effect on the financial statements.

6. We have no knowledge of any officer or manager of the Company, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.

7. We confirm that there no uncorrected misstatements.

8. We have disclosed to you the identity of our related parties, related party relationships and transactions of which we are aware, in accordance with Ind AS 24 Related Party Disclosures and such relationships and transactions have been appropriately accounted for and disclosed. We confirm that related party transactions were conducted on terms equivalent to those prevailing in an arm's length transaction and in the ordinary course of business.

9. The following have been properly recorded or disclosed in the Statement.

   a. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with Ind AS 1 Presentation of Financial Statements.
   b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balance, lines of credit, or similar arrangements.
   c. Change in accounting principles affecting consistency.

10. All events, including on account of COVID-19 outbreak having material impact, subsequent to the date of the financial statements and through the date of this letter for which IND AS requires adjustment to or disclosure have been adjusted or disclosed.

11. The Company has evaluated any risk of non-compliance with contracts informed by concerned business teams or claims raised by customers and necessary effects wherever material have been considered in the financial statements.

12. As at and for the period ended December 31, 2022, the Company has measured appropriately any obligations arising from the following, basis which there are no:

- onerous contracts, i.e. those contracts under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received under it, other than contracts for which provision has been made in the books of account;

- losses from known transactions not recognized in the financial statements.

13. The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities other than disclosed to you.

14. We confirm that all scanned/digitized/filmed/electronic documents provided by us to the audit team are 'True Copies' of the original documents which are in the possession of the Company

15. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and have been properly recorded or disclosed in the financial statements. Financial projections used for all processes where forecasts are relevant, e.g. taxes and long term incentive plans etc. are based on internal forecasts and business approved projections that reflect management's best estimates and factors in expectation and information available till date.

Going concern

16. We have made an assessment of the Company's ability to continue as a going concern, taking into account all available information about the future, which under Ind AS 1 Presentation of Financial Statements is at least, but is not limited to, twelve months from the end of the reporting period. We confirm that we have not identified events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Cyber Security

17. We confirm that there are no cyber security incidents during the period ended 31 December 2022.

Section B – Additional specific representations

Property, Plant and Equipment and Capital work in progress

18. The Company has appropriately grouped long-lived assets together for purposes of assessing impairment triggers in accordance with IND AS 16, Property, Plant and Equipment and IND AS 36, Impairment of Assets, and has reviewed for indicators of impairment of long-lived assets, including amortizable intangible assets, to be held and used, for impairment. No material adjustments or impairment to long-lived assets including amortizable intangible assets, were identified.

19. We confirm that the ageing of capital work in progress including bifurcation of the projects that are in progress or are temporarily suspended, as disclosed under 2.1 (B) to standalone financial statements, is appropriate.

20. The Company has adopted the useful lives prescribed under Schedule II of the Companies Act, 2013 to determine the useful lives of its Property, Plant and Equipment.

21. We have identified all leases where the Company is a lessee or a lessor, including having regard to the definition of a lease in Ind AS 116 Leases, and accounted for them in accordance with Ind AS 116. On the basis of the process established by us, we are satisfied that the assumptions applied in determining the lease term, lease payments and discount rate are appropriate.

22. Most of the leases entered by the Company are long term in nature and the underlying leased properties are being used as offices. The Company doesn't foresee any major changes in lease terms or the leases in the foreseeable future as per current business projections after considering the impact of COVID - 19.

Taxation

23. The calculations of current and deferred tax expense (benefit) and the measurement of the related current and deferred tax assets and liabilities have been determined based on appropriate provisions of applicable enacted tax laws and regulations and in accordance with Ind AS 12 and also include the impact of any restructuring of entities and enacted changes in tax laws

24. We are not aware of any tax exposures, which require any accrual in the financial statements.

25. We acknowledge our responsibility for the tax accounting methods adopted by the Company, which have been consistently applied in the current period, and for the current year income tax provision calculation.

Cash and Bank

26. We confirm that the Company has not made any transactions in cash during the period and does not have any cash in hand as at December 31, 2022.

Revenue

27. We confirm that revenue from sale of goods / services is recognised when (or as) the performance obligation is satisfied by transferring a promised good or service (i.e., an asset) to a customer.

28. All revenue transactions are final and there are no side agreements with customers or other terms.

Trade Receivables and Other Assets

29. Receivables reported in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date.

30. Management confirms that accounts receivables, unbilled receivables and contract assets are valued after making reserve for allowances based on factors like ageing, likelihood of increased credit risk and expected realizability, nature of customer verticals. The Company has reviewed all information available with us subsequent to balance sheet date and believes risk on receivables do not exceed the provision already made in the books.

31. We believe that all material expenditures that have been deferred to future periods will berecoverable.

32. We confirm that the ageing of trade receivables and the bifurcation of such receivables between disputed trade receivables and undisputed trade receivables, current vs non-current classification and whether considered good, credit impaired or have significant increase in credit risk, disclosed in Note No. 2.3 to the financial statements are appropriate.

Employee benefit expenses

33. Management has re-evaluated the actuarial assumptions used for the purpose of valuing employee benefit obligations in light of the COVID-19 outbreak and concluded that the assumptions on salary growth rates, attrition rates/withdrawal rates, discount rate and other key assumptions are reasonable.

Borrowings

34. We confirm that the Company has complied with all the debt covenants for all the borrowings as at December 31, 2022.

Financial liabilities- Trade payables

35. We confirm that the ageing of trade payables and bifurcation of such payables disputed and undisputed payables, disclosed in Note No. 2.8 to the financial statements are appropriate.

Provisions, Contingent Liabilities and Commitments

36. We confirm that there is no material non-compliance with laws and regulations. We further confirm that effects and disclosure of these have been considered when preparing the financial statements in accordance with IND AS 37, Provisions, Contingent Liabilities and Contingent Assets.

Others

37. We confirm that all the ratios disclosed in Note No. 2.22 of Financial Statements are accurate.

Very truly yours,
HCL Technologies Morocco Limited.

____

Managers' Report for the period ended 31 December 2022

To the Members

The Managers of your Company have pleasure in presenting the Annual Report of the Company together with the Audited Accounts for the period ended 31 December 2022.

Financial Results

The Financial results of your company for the period ended 31 December 2022 are summarized as follows:

Amount in MAD '000'

	For the period 30 March 2022 to 31 December 2022
Total Revenue	9,005
Total Expenditure	8,620
Profit before tax	385
Provision for tax	77
Profit for the year	308

Dividend

In order to conserve resources, the managers did not recommend any dividend for the financial year ended on 31 December 2022.

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

Your company's primary business is development, installation and implementation of software and management services.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There were no major changes affecting the financial position of the Company between the end of the financial year and the date of the report.

CHANGE IN NATURE OF BUSINESS

There was no change in the nature of business of the company during the period under review.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Your company does not have any subsidiary, joint venture or associate company.

MANAGERS

As on 31 December 2022, the Board consisted of two managers, two of them are non-executive.
During the year, the two non-executive managers of the Company had no pecuniary relationship or transactions with the Company.

POLICY ON MANAGERS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company does not have a Nomination and Remuneration Committee ("NRC").

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Company has a proper and adequate system of internal financial controls. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and the transactions are authorised, recorded and reported correctly. The internal financial control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The parent company has an Internal Audit Department headed by an Internal Auditor.

WHISTLE BLOWER/VIGILANCE POLICY

The whistle blower policy/vigil mechanism to report any wrong doing occurring within the Company has been established. Adequate safeguards against victimization of whistleblowers who express their concerns against such wrongdoings has also been established. The whistleblower mechanism operates at the level of the parent company and it covers all the subsidiaries including your Company.

STATUTORY AUDITORS'

M/s. B.S.R & CO. LLP, Chartered Accountants, were appointed as statutory auditors of the Company to hold office for the period 30 March 2022 to 31 December 2022. Your board recommends the appointment of M/s. B.S.R. & CO. LLP, Chartered Accountants, as statutory auditors of the Company for the next financial year ended 31 December 2023.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS' OR THE SECRETARIAL AUDITORS' IN THEIR REPORT

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The provisions relating to Loans and Guarantees and investments covered under Section 186 of the Companies Act 2013 and/or erstwhile Section 372A of Companies Act 1956 is not applicable to the company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The Company has entered into any contracts or arrangements with related parties on arms' length price and in ordinary course of business.

EXTRACT OF ANNUAL RETURN

The Company being a body corporate incorporated outside India the provisions of Section 92(3) of Companies Act, 2013, being the extract of annual return (Form MGT-9), need not form part of this report.

DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

FRAUD

Your company is a very well-managed company and neither the Auditors nor the Internal Auditors have brought to the notice of the Board of Managers the occurrence or brewing of any fraud in the Company.

HUMAN RESOURCE MANAGEMENT

Your Company believes that human capital is one of the key elements that would give the Company a sustainable competitive advantage in the market. Your Managers record their sincere appreciation for the dedicated efforts of the employees. Given the expected growth in the Information Technology industry and the growth that your Company envisages for itself, human resource investment will increase significantly in the near future.

MANAGERS' RESPONSIBILITY STATEMENT

The board of managers, to the best of their knowledge and ability, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis;

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Managers also thank the customers, vendors, bankers, and all the stakeholders associated with the company. The success of your company would be incomplete without the commendable effort put in by the past and present employees of the Company.

On behalf of the board of managers
HCL TECHNOLOGIES MOROCCO LIMITED

Date: **06 April 2023**

Shiv Kumar Walia
Manager

Sundaram Sridharan
Manager