HCL Technologies S.A.C.

Financial Statements

For the year ended 31 December 2022

B S R & Co. LLP
Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase - II,
Gurugram - 122 002, India
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Independent Auditor's Report

To the Board of Directors of HCL Technologies S.A.C

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL Technologies S.A.C (the "Company"), which comprise the Balance Sheet as at 31 December 2022, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (collectively referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Management's and Board of Directors' Responsibilities for the Financial Statements

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter-Restriction on Use

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 are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted, or referred to, in correspondence or discussion, in whole or in part to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Prince Sharma
Digitally signed by Prince Sharma
Date: 2023.04.25 23:08:05 +05'30'

Prince Sharma
Partner
Membership No.: 521307
ICAI UDIN: 23521307BGYFUA7366

Place: Gurugram, India
Date: 25 April 2023

HCL Technologies S.A.C.

Balance Sheet as at 31 December 2022

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

		Note No.	As at 31 December 2022 (PEN)	As at 31 December 2021 (PEN)
I.	**ASSETS**			
	(1) Non-current assets			
	(a) Deferred tax assets (net)	**2.15**	2,626	18
	(b) Other non current assets	**2.1**	103	-
	Total non-current assets		**2,729**	**18**
	(2) Current assets			
	(a) Financial assets			
	(i) Trade receivables	**2.2**		
	Billed		5,698	2,549
	Unbilled		6,603	91
	(ii) Cash and cash equivalents	**2.3**	6,067	768
	(b) Other current assets	**2.4**	29	-
	Total current assets		**18,397**	**3,408**
	TOTAL ASSETS		**21,126**	**3,426**
II.	**EQUITY**			
	(a) Equity share capital	**2.5**	2,677	10
	(b) Other Equity		749	957
	Equity attributable to shareholders of the Company		3,426	967
	TOTAL EQUITY		**3,426**	**967**
III.	**LIABILITIES**			
	(1) Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	**2.6**	1,143	-
	(ii) Trade payables	**2.7**		
	Billed		5,327	1,435
	Unbilled and accruals		7,084	170
	(iii) Others	**2.8**	39	-
	(b) Contract liabilities	**2.9**	962	332
	(c) Other current liabilities	**2.10**	869	396
	(d) Current Tax Liabilities (net)		2,276	126
	Total current liabilities		**17,700**	**2,459**
	TOTAL EQUITY AND LIABILITIES		**21,126**	**3,426**
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

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

Prince Sharma
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Date: 2023.04.25 23:04:29 +05'30'

Prince Sharma
Partner
Membership Number : 521307
Gurugram, India
Date: 25th April 2023

For and on behalf of the Board of Directors
of HCL Technologies S.A.C.

SHV KUMAR WALIA
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Date: 2023.04.25 22:43:39 +05'30'

Shiv Kumar Walia
Director

Berkshire, UK
Date: 25th April 2023

HCL Technologies S.A.C.
Statement of Profit and Loss for the year ended 31 December 2022
(All amounts in hundreds except share data and as stated otherwise)

		Note No.	Year ended 31 December 2022	Year ended 31 December 2021
			(PEN)	(PEN)
I	**Revenue**			
	Revenue from operations	2.11	15,036	629
	Total Revenue		**15,036**	**629**
II	**Expenses**			
	Purchase of stock-in-trade		1,737	-
	Employee benefits expense	2.12	792	-
	Outsourcing Cost		10,447	35
	Finance costs	2.13	67	26
	Other expenses	2.14	1,012	289
	Total expenses		**14,055**	**350**
III	**Profit before tax**		**981**	**279**
IV	**Tax expense**	2.15		
	Current tax		3,010	126
	Deferred tax charge/(credit)		(2,608)	(18)
	Total tax expense		**402**	**108**
V	**Profit for the year**		**579**	**171**
VI	**Other comprehensive income**		**-**	**-**
VII	**Total Comprehensive income for the year**		**579**	**171**
	Earning per equity share of PEN 1 each			
	Basic	2.16	**0.26**	**17.09**
	Diluted	2.16	**0.23**	**1.78**
	Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

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

Prince Sharma
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Date: 2023.04.25 23:05:08 +05'30'

Prince Sharma
Partner
Membership Number : 521307

Gurugram, India
Date: 25th April 2023

For and on behalf of the Board of Directors of HCL Technologies S.A.C.

SHV KUMAR WALIA
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Date: 2023.04.25 22:43:59 +05'30'

Shiv Kumar Walia
Director

Berkshire, UK
Date: 25th April 2023

HCL Technologies S.A.C.
Statement of Changes in Equity for the year ended 31 December 2022
(All amounts in hundreds except share data and as stated otherwise)

(Amount in PEN)

	Equity share capital		Oher Equity		
	Number of Shares	**Share Capital**	**Share application money**	**Reserves and Surplus**	**Total Equity**
Balance as at 1 January, 2021	**1,000**	**10**	**-**	**(1)**	**(1)**
Share Application money pending allotment	-	-	787	-	787
Profit for the year	-	-	-	171	171
Other comprehensive income / (loss)	-	-		-	
Total comprehensive income for the year	**-**	**-**	**-**	**171**	**171**
Balance as at 31 December, 2021	**1,000**	**10**	**787**	**170**	**957**
Balance as at 1 January, 2022	1,000	10	787	170	957
Issue of equity shares during the year	266,660	2,667	-	-	-
Share Application money pending allotment allotted in current year	-	-	(787)	-	(787)
Profit for the year	-	-	-	579	579
Other comprehensive income / (loss)	-	-		-	
Total comprehensive income for the year	**-**	**-**	**-**	**579**	**579**
Balance as at 31 December, 2022	**267,660**	**2,677**	**-**	**749**	**749**

Note: The share application money pending allotment represents the amount of additional shares amounting to PEN 78,710 to be issued by the company to its shareholder HCL Technologies UK Ltd. These shares have been subsequently issued to the shareholder on 11th January 2022.

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 attached

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

Prince Sharma
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Prince Sharma
Partner
Membership Number : 521307

Gurugram, India
Date: 25th April 2023

For and on behalf of the Board of Directors
of HCL Technologies S.A.C.

SHV KUMAR WALIA
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Date: 2023.04.25 22:44:17 +05'30'

Shiv Kumar Walia
Director

Berkshire, UK
Date: 25th April 2023

HCL Technologies S.A.C.
Statement of Cash flows for the year ended 31 December 2022
(All amounts in hundreds except share data and as stated otherwise)

	Year Ended 31 December 2022 (PEN)	Year Ended 31 December 2021 (PEN)
A. Cash flows from operating activities		
Profit/ (loss) before tax	981	279
Adjustment for:		
Interest expenses	40	-
Other non cash (benefits)/charges	275	-
	1,296	**279**
Net changes in		
Trade receivables	(9,936)	(2,640)
Other financial assets and other assets	(132)	-
Trade payables	10,806	1,605
Other financial liabilities and other current liabilities	1,129	728
Cash generated from/(used in) operations	**3,164**	**(28)**
Direct taxes paid (net of refunds)	(860)	0
Net cash flow from/(used in) operating activities (A)	**2,304**	**(28)**
B. Cash flows from financing activities		
Interest paid	(28)	-
Proceeds from issue of share capital	1,880	-
Proceeds from share application money	-	787
Proceeds from short term borrowings	1,143	-
Net cash flow from financing activities (B)	**2,995**	**787**
C. Cash flows from Investing activities	-	-
Net cash flow from/(used in) investing activities (C)	**-**	**-**
Net increase in cash and cash equivalents (A+B+C)	5,299	759
Cash and cash equivalents at the beginning of the year	768	9
Cash and cash equivalents at the end of the year as per note 2.3	**6,067**	**768**
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 attached

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

Prince Sharma Digitally signed by Prince Sharma Date: 2023.04.25 23:06:19 +05'30'

Prince Sharma
Partner
Membership Number : 521307

Gurugram, India
Date: 25th April 2023

For and on behalf of the Board of Directors of HCL Technologies S.A.C.

SHV KUMAR WALIA Digitally signed by SHV KUMAR WALIA Date: 2023.04.25 22:44:38 +05'30'

Shiv Kumar Walia
Director

Berkshire, UK
Date: 25th April 2023

Company Overview

HCL Technologies S.A.C. (hereinafter referred to as 'Company') is a provider of IT and informatic services, that include but is no limited to application services, infrastructure services, cloud service and tech support to end-users. The Company was incorporated on 11 September 2020 in Peru with registration number 20606586711 having registered office at Av. Emilio Cavenecia 151, Of. 701, Miraflores, Lima, Peru.

Iturrizaga Montoya Jose Francis & Luna Victoria Leon Cesar Alfonso were the shareholders of the company as on 31st December 2020 in the capacity of representatives of the Company to comply with the local laws of the Country. HCL Bermuda Limited & HCL Technologies UK Limited acquired shares of the company on 1st February 2021, thereby HCL Technologies Limited became the ultimate holding company of HCL Technologies S.A.C. with effect from 1st February 2021.

The financial statements for the year ended 31 December 2022 were approved and authorized for issue by the Board of Directors on 25 April 2023.

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 accounting policy regarding financial instruments).

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

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 Peruvian Sol (PEN).

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.

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 and deferred taxes, refer note 1(f) and note 2.15
iii. Provisions and contingent liabilities, refer note 1(i)

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 the 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

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.

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

Multiple 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 five step 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 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.

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) ***Foreign currency transactions***

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of the transaction. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the year in which the transaction is settled. Revenue, expenses and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

f) ***Taxation***

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.

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.

g) 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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Cash and cash equivalents

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

Financial instruments at amortized cost

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

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

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

Derecognition of financial assets

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

Impairment of financial assets

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

ii. Financial liabilities

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

The Company's financial liabilities include trade payables, borrowings and other payables.

Financial liabilities at fair value through profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such that the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. Changes in fair value of such liability is recognized in the statement of profit or loss.

Financial liabilities at amortized cost

The Company's financial liabilities at amortized cost includes trade payables, borrowings including bank overdrafts and other payables.

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

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

Derecognition

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

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.

h) ***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.

i) 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.

j) 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.

k) 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.

l) 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 S.A.C.
Notes to financial statements for the year ended 31 December 2022
(All amounts in hundreds except share data and as stated otherwise)

2.1 Other Non Current Assets

	As at	
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Unsecured, considered good		
Others		
Deferred contract cost (Refer note 2.11)	103	-
	103	**-**

2.2 Trade Receivables- Current

	As at	
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Billed		
Unsecured considered good (refer note below)	5,698	2,549
Unbilled receivables (refer note below)	6,603	91
	12,301	**2,640**

Note : Includes billed receivables from related parties amounting to PEN 601 as at 31 December 2022 and unbilled receivables from related parties amounting to PEN 129 as at 31 December 2022 (Refer note 2.18)

Trade receivables - current	Not Due	Outstanding as at 31 December 2022 from the due date of payment					
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	3,180	2,518					**5,698**
Unbilled receivables							**6,603**
							12,301

Trade receivables - current	Not Due	Outstanding as at 31 December 2021 from the due date of payment					
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	2,549						**2,549**
Unbilled receivables							**91**
							2,640

2.3 Cash and cash equivalents

	As at	
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Balance with banks		
- in current accounts	6,067	768
	6,067	**768**

2.4 Other Current Assets

	As at	
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Unsecured , considered good		
Others		
Deferred contract cost (Refer Note 2.11)	25	-
Prepaid expenses	4	-
	29	**-**

2.5 Share capital

	As at	
	31 December 2022	**31 December 2021**
	(PEN)	**(PEN)**
Authorized		
267,660 (31 December 2021, 1000) Equity shares of PEN 1 each	2,677	10
Issued, subscribed and fully paid up		
267,660 (31 December 2021, 1000) Equity shares of PEN 1 each	2,677	10

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of PEN 1/-. Each holder of equity shares is entitled to one vote per share.

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

Reconciliation of the number of shares outstanding at the beginning and at the end of the year

	As at		As at	
	31 December 2022		**31 December 2021**	
	No. of shares	**Amount in PEN**	**No. of shares**	**Amount in PEN**
Number of shares at the beginning	1,000	10	1,000	10
Add: Shares issued during the year	266,660	2,667	-	-
Number of shares at the end	**267,660**	**2,677**	**1,000**	**10**

Shares held by holding company :-

Name of the shareholder	As at			
	31 December 2022		**31 December 2021**	
	No. of shares	**% Holding**	**No. of shares**	**% Holding**
Equity shares of PEN 1 each fully paid				
HCL Bermuda Limited	500	0.19%	500	50%
HCL Technologies UK limited	267,160	99.81%	500	50%

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

Name of the shareholder	As at			
	31 December 2022		**31 December 2021**	
	No. of shares	**% Holding**	**No. of shares**	**% Holding**
Equity shares of PEN 1 each fully paid				
HCL Bermuda Limited			500	50%
HCL Technologies UK limited	267,160	99.81%	500	50%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares. There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation

Capital management

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

2.6 Borrowings

	As at	
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Short term borrowings		
Unsecured		
Loan from related parties (Refer note 2.18)	1,143	-
	1,143	**-**

2.7 Trade payables

	As at	
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Trade payables	1,877	1,435
Trade payables-related parties (Refer Note 2.18)	3,450	-
	5,327	**1,435**
Unbilled and accruals	378	135
Unbilled and accruals-related parties (Refer Note 2.18)	6,706	35
	7,084	**170**
	12,411	**1,605**

Particulars	Not Due	Outstanding as at 31 December 2022 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Others	2,110	3,217	-	-	-	5,327
Unbilled and accruals						7,084
						12,411

Particulars	Not Due	Outstanding as at 31 December 2021 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Others	1,339	96	-	-	-	1,435
Unbilled and accruals						170
						1,605

2.8 Other financial liabilities

	As at	
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Current		
Carried at amortized cost		
Accrued salaries and benefits		
Other employee costs	27	-
Interest payable- related parties (Refer Note 2.18)	12	-
	39	**-**

2.9 Contract liabilities

	As at	
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Current		
Contract liabilities (refer note 2.11)	962	332
	962	**332**

2.10 Other current liabilities

	As at	
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Advances received from customers	542	-
Others		
Withholding and other taxes Payable	327	396
	869	**396**

2.11 Revenue from operations

	As at	
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Sale of services	12,995	91
Sale of hardware and software	2,041	538
	15,036	**629**

Disaggregate Revenue Information

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

	Year ended	Year ended
	31 December 2022	31 December 2021
	(PEN)	(PEN)
Contract type		
Fixed price	15,036	538
Time and material	-	91
Total	15,036	629
Geography wise		
Europe	2,259	-
America	12,167	629
India	13	-
Others	597	-
Total	15,036	629

Remaining performance obligations

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 PEN 11,658 (31 December 2021,Nil) out of which, approximately 52% is expected to be recognized as revenues within one year and the balance beyond one year. 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.

2.11 Revenue from operations (continued)

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 are 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 below table discloses the movement in balances of contract liabilities :

	Year ended 31 December 2022 (PEN)	Year ended 31 December 2021 (PEN)
Balance as at beginning of the year	332	-
Additional amounts billed but not recognized as revenue	962	332
Deduction on account of revenues recognized during the year	(332)	-
Balance as at end of the year	**962**	**332**

Deferred contract cost : Deferred contract cost primarily represents the contract fulfilment cost and cost for obtaining the contract.

The below table discloses the movement in balance of deferred contract cost:

	Year ended 31 December 2022 (PEN)	Year ended 31 December 2021 (PEN)
Balance as at beginning of the year	-	-
Additional cost capitalised during the year	128	-
Deduction on account of cost amortised during the year	-	-
Balance as at end of the year	**128**	**-**

Reconciliation of revenue recognised with the contracted price is as follows:

	Year ended 31 December 2022 (PEN)	Year ended 31 December 2021 (PEN)
Contracted Price	15,036	629
Reduction towards variable consideration components	-	-
Revenue recognised	**15,036**	**629**

2.12 Employee benefits expense

	Year ended 31 December 2022 (PEN)	Year ended 31 December 2021 (PEN)
Salaries, wages and bonus	669	-
Contribution to other employee funds	123	-
	792	**-**

2.13 Finance cost

	Year ended 31 December 2022 (PEN)	Year ended 31 December 2021 (PEN)
Interest		
- On direct taxes	0	-
- On others	40	-
Bank charges	27	26
	67	**26**

2.14 Other expenses

	Year ended 31 December 2022 (PEN)	Year ended 31 December 2021 (PEN)
Legal and professional charges	730	145
Exchange differences (net)	275	56
Employee medical insurance	-	74
Rates and taxes	7	14
Miscellaneous Expenses	0	-
	1,012	**289**

2.15 Income taxes

	Year ended 31 December 2022 (PEN)	Year ended 31 December 2021 (PEN)
Income tax charged to statement of profit and loss		
Current income tax charge	3,010	126
Deferred tax charge/(credit)	(2,608)	(18)
	402	**108**

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

	Year ended 31 December 2022 (PEN)	Year ended 31 December 2021 (PEN)
Profit before income tax	981	279
Statutory tax rate	29.50%	29.50%
Expected tax expense	**289**	**82**
Permanent Difference - Others	73	26
Permanent Difference - Prior period	40	-
Total taxes	**402**	**108**
Effective income tax rate	40.98%	38.71%

Components of deferred tax assets and liabilities as at 31 December 2022 **Amount in (PEN)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provisions	10	2,613	2,623
Others	8	(5)	3
Net deferred tax assets (A)	**18**	**2,608**	**2,626**
Gross deferred tax liabilities (B)	**-**	**-**	**-**
Net deferred tax assets (A-B)	**18**	**2,608**	**2,626**

Components of deferred tax assets and liabilities as at 31 December 2021 **Amount in (PEN)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provisions	-	10	10
Others	-	8	8
Net deferred tax assets (A)	**-**	**18**	**18**
Gross deferred tax liabilities (B)	-	-	-
Net deferred tax assets (A-B)	**-**	**18**	**18**

2.16 Earnings Per Share

The computation of earnings per equity share (EPS) is as follows:

Particulars	As at 31 December 2022 (PEN)	As at 31 December 2021 (PEN)
Net profit as per statement of profit and loss for computation of EPS	579	171
Weighted average number of equity shares outstanding - Basic	223,279	1,000
Weighted average number of equity shares outstanding - Diluted	255,817	9,626
Nominal value of equity shares	1	1
Earning per equity share		
- Basic	0.26	17.09
- Diluted	0.23	1.78

2.17 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 HCL Software (formerly, known as Products and Platform). 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 2.11

2.18 Related party transactions

a) Related parties where control exists

Ultimate Holding company
HCL Technologies Limited

Holding companies
HCL Technologies UK Limited
HCL Bermuda Limited

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

Ultimate Holding company
HCL Technologies Limited

Holding company
HCL Technologies UK Limited

Fellow subsidiaries
HCL Technologies Belgium BVBA
HCL Technologies Bulgaria EOOD
HCL Technologies (Shanghai) Limited
HCL America Inc.
HCL Technologies (PTY) Limited
HCL (Ireland) Information Systems Limited
HCL Technologies Greece Single Member P.C.
HCL Technologies Malaysia SDN BHD (Fy HCLAxonMalaysiaSDNBHD)
HCL Technologies Middle East FZ-LLC Dubai Branch
HCL Technologies Vietnam Company Limited
HCL Canada Inc.
Telerx Marketing Inc.
HCL Latin America Holding, LLC, Panama Branch
HCL Technologies France SAS

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

Particulars	Ultimate Holding Company		Holding Companies		Fellow Subsidiaries	
	Year ended		Year ended		Year ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Revenue	13	-	-	-	2,524	-
Outsourcing cost	6,543	-	-	-	3,604	35
Interest Expense	-	-	40	-	-	-

d) Outstanding balances with related parties (PEN)

Particulars	Ultimate Holding Company		Holding Companies		Fellow Subsidiaries	
	As at		As at		As at	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Trade receivables	-	-	-	-	601	-
Unbilled receivable	13	-	-	-	116	-
Loan taken	-	-	1,143	-	-	-
Interest on Loan taken	-	-	12	-	-	-
Trade payables	484	-	-	-	2,966	-
Unbilled and accruals	6,047	-	-	-	659	35

2.19 Financial Instruments

(a) Financial assets and liabilities

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

Particulars	Amortized Cost (PEN)	Total Carrying Value (PEN)
Financial Assets		
Trade receivables (including unbilled)	12,301	12,301
Cash and Cash Equivalents	6,067	6,067
Total	**18,368**	**18,368**
Financial Liabilities		
Borrowings	1,143	1,143
Trade payables (including unbilled and accruals)	12,411	12,411
Others	39	39
Total	**13,593**	**13,593**

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

Particulars	Amortized Cost (PEN)	Total Carrying Value (PEN)
Financial Assets		
Trade receivables (including unbilled)	2,640	2,640
Cash and Cash Equivalents	768	768
Total	**3,408**	**3,408**
Financial Liabilities		
Trade payables (including unbilled and accruals)	1,605	1,605
Total	**1,605**	**1,605**

(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. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

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. The allowance for lifetime expected credit loss on customer balances is NIL as on 31st December 2022 and 31st December 2021

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 (Current)	Year 2	Year 3	Year 4-5 and thereafter	Total
	(PEN)	(PEN)	(PEN)	(PEN)	(PEN)
As at 31 December 2022					
Borrowings	1,143				1,143
Trade payables (includes unbilled and accruals)	12,411	-	-	-	12,411
Other financial liabilities	39	-	-	-	39
Total	**13,593**	**-**	**-**	**-**	**13,593**
As at 31 December 2021					
Trade payables (includes unbilled and accruals)	1,605	-	-	-	1,605
Total	**1,605**	-	-	-	**1,605**

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. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in PEN. The fluctuation in exchange rates in respect to PEN 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 is not material for the year ended 31 December, 2022. and 31 December, 2021

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

Non-derivative foreign currency exposure as of 31 December 2022 and 31 December 2021 in major currencies is as below:

	Financial assets		Financial liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(PEN)	(PEN)	(PEN)	(PEN)
USD/PEN	597	2,549	2,721	1,465
EUR/PEN	-	-	408	-
CNY/PEN			1,084	
BGN/PEN	-	-	205	-
AED/PEN	-	-	484	-

2.20 Ratios

Ratio	Numerator	Denominator	Units	Year ended 31 December 2022	31 December 2021	%Variance
Current ratio	Current assets	Current liabilities	Times	1.04	1.39	-25%
Debt equity ratio	Total debt (refer note 1 below)	Total equity	Times	0.33	NA	100%
Debt service coverage ratio	Earning available for debt service (refer note 2 below)	Debt service (refer note 3 below)	Times	15.45	NA	100%
Return on equity ratio	Profit for the year	Average total equity	%	26%	35%	-25%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	2.01	0.48	323%
Trade payables turnover ratio	Net credit purchases (refer note 4 below)	Average trade payables	Times	1.88	0.40	367%
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 5)	Times	21.58	0.66	3159%
Net profit ratio	Profit for the year	Revenue from operations	%	4%	27%	-86%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 6 below)	%	53%	29%	79%

Notes :
(1) Total debts consists of borrowings
(2) Earning available for debt services = Profit for the year + interest + non cash charges
(3) Debt service = Interest + principal repayments
(4) Net credit purchase includes purchase of stock-in-trade , change in inventories of stock-in-trade, outsourcing costs and other expenses
(5) Working capital = current assets - current liabilities
(6) Capital employed = Tangible net worth includes acquired goodwill and other intangibles assets (if any) + total debt - deferred tax assets
(7) Average is calculated based on simple average of opening and closing balances

Explanation where change in the ratio is more than 25%
(1) Debt equity ratio/Debt service coverage ratio : Debt amounting to PEN 1,143 was taken during the year 2022. Thus, ratio cannot be calculated for previous year 2021.
(2) Trade receivables turnover ratio - Trade receivables turnover ratio has been increased mainly on account of increase in revenue due to first full operational year of the entity.
(3) Trade payables turnover ratio - Trade payables turnover ratio has been increased mainly on account of increase in revenue due to first full operational year of the entity.
(4) Net profit ratio - There is increase in revenue in current year, but profit has not increased much during the current year, thus the ratio has declined.
(5) Net capital turnover ratio- Net capital turnover ratio has been increased mainly on account of increase in revenue of the entity in current year.
(6) Return on capital employed- Return on equity ratio has been increased majorly on account of increase in profit earned during current year in comparision to previous year.

HCL Technologies S.A.C.
Notes to financial statements for the year ended 31 December 2022
(All amounts in hundreds except share data and as stated otherwise)

2.21 Change in Classification

1.During the year ended 31 December 2022, the Company revised the presentation of 'contract liabilities' from 'other current liabilities' to face of the Balance Sheet for better presentation. Comparative amounts in the notes to the financial statements were reclassified for consistency.
2. Pursuant to amendment in Schedule III to the Companies Act, 2013, effective from 01 April 2021, the Company has modified the classification of certain assets and liabilities. Comparative amounts in the cash flow statement and notes to the financial statements were reclassified for consistency.

	As earlier reported	Revised classification	Difference
Financial Assets			
Trade Receivables-unbilled (current)	-	91	(91)
Others (current)	91	-	91
Financial liabilities			
Trade Payable	97	1,435	(1,338)
Unbilled and accruals	-	170	(170)
Others	1,508	-	1,508

2.22 Subsequent events
The Company has evaluated all the subsequent events through 25th 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.

3. The Company has presented its financial statements in "PEN in Hundreds" and accordingly, amounts less than PEN 0.50 thousands are rounded off to zero.

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

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

Prince Sharma Digitally signed by Prince Sharma Date: 2023.04.25 23:06:44 +05'30'

Prince Sharma
Partner
Membership Number : 521307

Gurugram, India
Date: 25th April 2023

For and on behalf of the Board of Directors
of HCL Technologies S.A.C.

SHV KUMAR WALIA Digitally signed by SHV KUMAR WALIA Date: 2023.04.25 22:45:10 +05'30'

Shiv Kumar Walia
Director

Berkshire, UK
Date: 25th April 2023