HCL Latin America Holding, LLC

Financial Statements

For the year ended 31st March 2023 and 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 Latin America Holding, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL Latin America Holding, LLC (the "Company"), which comprise the Balance Sheet as at 31 March 2023, 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 conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its loss and other comprehensive loss, 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 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'). 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 opinion on whether the company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.

- 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 in preparation of financial statements 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

As explained in note 1(a), these financial statements are prepared for the use by 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 another 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

VIMAL CHAUHAN
Digitally signed by VIMAL CHAUHAN
Date: 2023.07.14 19:16:48 +05'30'

Vimal Chauhan
Partner
Membership No. 511230
ICAI UDIN: 23511230BGZTTO7463

Place: Gurugram, India
Date: 14th July 2023

HCL Latin America Holding, LLC
Balance Sheet
(All amounts in thousands of USD except unit data and as stated otherwise)

		Note No.	As at 31 March 2023	As at 31 March 2022
I.	**ASSETS**			
	(1) Non-current assets			
	(a) Property, plant and equipment	**2.1**	183	173
	(b) Financial assets			
	(i) Investments	**2.2**	33,018	33,689
	(ii) Others	**2.3**	18	91
	(c) Deferred tax assets (net)	**2.20**	45	46
	(d) Other non-current assets	**2.4**	24	22
	(2) Current assets			
	(a) Inventories	**2.5**	26	8
	(b) Financial Assets			
	(i) Trade receivables			
	-Billed	**2.6**	3,310	1,949
	-Unbilled	**2.6**	771	251
	(ii) Cash and cash equivalents	**2.7**	1,349	646
	(iii) Loans		-	163
	(iv) Others	**2.3**	119	136
	(c) Other current assets	**2.8**	91	110
	TOTAL ASSETS		**38,954**	**37,284**
II.	**EQUITY**			
	(a) Common Membership Units	**2.9**	41,596	17,496
	(b) Other Equity		(9,701)	(9,286)
	TOTAL EQUITY		**31,895**	**8,210**
III.	**LIABILITIES**			
	(1) Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	**2.10**	2,208	25,833
	(ii) Trade payables			
	-Billed	**2.11**	3,605	1,599
	-Unbilled and accruals	**2.11**	659	631
	(iii) Others	**2.12**	363	609
	(b) Contract liabilities	**2.13**	2	-
	(c) Provisions	**2.14**	23	-
	(d) Current Tax Liabilities (net)		199	402
	TOTAL LIABILITIES		**7,059**	**29,074**
	TOTAL EQUITY AND LIABILITIES		**38,954**	**37,284**
	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 Registration Number : 101248W/W-100022

VIMAL CHAUHAN Digitally signed by VIMAL CHAUHAN Date: 2023.07.14 19:17:47 +05'30'

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 14th July 2023

For and on behalf of the Board of Directors
of HCL Latin America Holding, LLC

VIJAYAKUMAR CHINNASWAMY Digitally signed by VIJAYAKUMAR CHINNASWAMY Date: 2023.07.14 17:36:41 +05'30'

C. Vijayakumar
Director

Noida (UP), India
Date: 14th July 2023

PRATEEK AGGARWAL Digitally signed by PRATEEK AGGARWAL Date: 2023.07.14 17:47:18 +05'30'

Prateek Aggarwal
Director

Noida (UP), India
Date: 14th July 2023

HCL Latin America Holding, LLC
Statement of Profit and Loss
(All amounts in thousands of USD except unit data and as stated otherwise)

		Note No.	Year ended 31 March 2023	Year ended 31 March 2022
I	**Revenue**			
	Revenue from operations	**2.15**	5,679	3,168
	Other income	**2.16**	172	12
	Total income		**5,851**	**3,180**
II	**Expenses**			
	Purchase of stock in trade		705	284
	Changes in inventories of stock in trade	**2.17**	(18)	(4)
	Employee benefits expense	**2.18**	1,013	814
	Finance costs	**2.19**	174	410
	Outsourcing costs		2,984	1,765
	Depreciation and amortization expense	**2.1**	51	38
	Provision for diminution in value of investment	**2.22**	671	6,567
	Other expenses	**2.20**	360	119
	Total expenses		**5,940**	**9,993**
III	**Profit/(Loss) before tax**		**(89)**	**(6,813)**
IV	**Tax expense**			
	Current tax	**2.21**	319	171
	Deferred tax charge (credit)	**2.21**	7	(22)
	Total tax expense		**326**	**149**
V	**(Loss)for the year**		**(415)**	**(6,962)**
VI	**Total Comprehensive Loss for the year**		**(415)**	**(6,962)**
	Earnings per Common membership units of USD 1,000/- each			
	Basic	**2.22**	(12.13)	(397.90)
	Diluted	**2.22**	(12.13)	(397.90)
	Summary of significant accounting policies	**1**		

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Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 14th July 2023

For and on behalf of the Board of Directors
of HCL Latin America Holding, LLC

VIJAYAKUMAR CHINNASWAMY Digitally signed by VIJAYAKUMAR CHINNASWAMY Date: 2023.07.14 17:37:02 +05'30'

C. Vijayakumar
Director

Noida (UP), India
Date: 14th July 2023

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Prateek Aggarwal
Director

Noida (UP), India
Date: 14th July 2023

HCL Latin America Holding, LLC
Statement of Changes in Equity
(All amounts in thousands of USD except unit data and as stated otherwise)

	Units		Other Equity		Total other equity
	Units	Common membership units	Other Equity	Retained earnings	
Balance as at April 1, 2021	17,705	17,496	717	(3,041)	(2,324)
Loss for the year	-	-	-	(6,962)	(6,962)
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**(6,962)**	**(6,962)**
Balance as at March 31, 2022	**17,705**	**17,496**	**717**	**(10,003)**	**(9,286)**
Balance as at April 1, 2022	17,705	17,496	717	(10,003)	(9,286)
Loss for the year	-	-	-	(415)	(415)
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**(415)**	**(415)**
Issue of Common membership units during the year	24,100	24,100	-	-	-
Balance as at March 31, 2023	**41,805**	**41,596**	**717**	**(10,418)**	**(9,701)**

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 attached

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Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 14th July 2023

For and on behalf of the Board of Directors
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C. Vijayakumar
Director

Noida (UP), India
Date: 14th July 2023

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Prateek Aggarwal
Director

Noida (UP), India
Date: 14th July 2023

HCL Latin America Holding, LLC

Statement of Cash flows

(All amounts in thousands of USD except unit data and as stated otherwise)

	Year ended 31 March 2023	Year ended 31 March 2022
A. Cash flows from operating activities		
(Loss) before tax	(89)	(6,813)
Adjustment for:		
Depreciation and amortization expense	51	38
Provision for doubtful debts/ bad debts written off(net)	25	-
Interest Income	(3)	(1)
Interest expenses	161	397
Provision for diminution in value of investment	671	6,567
Operating profit before working capital changes	**816**	**187**
Net Change in		
Trade receivables	(1,906)	(1,227)
Inventories	(18)	(4)
Other financial assets and other assets	106	185
Trade payables	2,034	1,283
Other financial liabilities.provisions and other liabilities	(6)	(37)
Cash generated /(used) in operations	**1,026**	**388**
Income taxes paid (net of refunds)	(576)	(112)
Net cash flow from operating activities (A)	**450**	**276**
B. Cash flows from investing activities		
Loan to related parties	-	(249)
Loan repayment received form related parties	163	86
Interest received	3	-
Purchase of property,plant and equipment, including capital work in progress	(38)	(226)
Proceeds from sale of property, plant and equipment	-	148
Net cash flow from/ (used in) investing activities (B)	**128**	**(241)**
C. Cash flows from financing activities		
Proceeds from issue of common membership units	24,100	-
Repayments from long term borrowings	(23,700)	(800)
Proceeds of long term borrowings	-	300
Interest paid	(275)	-
Net cash flow from/ (used in) financing activities (C)	**125**	**(500)**
Net increase in cash and cash equivalents (A+B+C)	703	(465)
Cash and cash equivalents at the beginning of the year	646	1,111
Cash and cash equivalents at the end of the year as per note 2.7	**1,349**	**646**

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 Registration Number : 101248W/W-100022

VIMAL CHAUHAN Digitally signed by VIMAL CHAUHAN Date: 2023.07.14 19:19:09 +05'30'

Vimal Chauhan

Partner

Membership Number: 511230

Gurugram, India

Date: 14th July 2023

For and on behalf of the Board of Directors of HCL Latin America Holding, LLC

VIJAYAKUMAR CHINNASWAMY Digitally signed by VIJAYAKUMAR CHINNASWAMY Date: 2023.07.14 17:37:27 +05'30'

C. Vijayakumar

Director

Noida (UP), India

Date: 14th July 2023

PRATEEK AGGARWAL Digitally signed by PRATEEK AGGARWAL Date: 2023.07.14 17:44:30 +05'30'

Prateek Aggarwal

Director

Noida (UP), India

Date: 14th July 2023

ORGANIZATION AND NATURE OF OPERATIONS

HCL Latin America Holding, LLC (hereinafter referred to as "the Company") was incorporated on March 30, 2009 as Delaware Limited Liability Company. The company is in business of providing software related IT Solutions, infrastructure management services, BPO Services and modernized software products and IP-led offerings

The financial statements for the year ended 31 March 2023 were approved and authorized for issue by the Board of Directors on 14th July 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).

The Company has a net current liabilities position as at 31 March 2023 where its current liabilities exceed its current assets by USD 1,393 thousand. However, the Company has a positive net worth as at 31 March 2023. Further, based on HCL Technologies Limited, the ultimate holding company's commitment to provide continued financial and operational support for a period of not less than 12 months from the date of the financial statements, management believes that the company would be able to continue its business operations and meet its liquidity requirements for next 12 months. Accordingly, no adjustments is required in respect of the carrying value of assets or liabilities and these financial statements have been prepared on a going concern basis.

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 USD. All amounts are presented in thousands of USD rounded to whole number and amounts less than ` 0.50 crores are presented as "-".

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, income taxes, the useful lives of property, plant and equipment, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

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 and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note 1(g)
ii. Allowance for uncollectible accounts receivables, refer note 1(j)
iii. Recognition of income and deferred taxes, refer note 1(i) and note 2.21
iv. Useful lives of property, plant and equipment, refer note 1(f)
v. Provisions and contingent liabilities, refer note 1(n)

c) 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 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.

d) Lease

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.

Where the Company as the lessor

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

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

When arrangements include multiple performance obligations, the Company allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

Where the Company as the lessee

The Company leases office spaces and accommodation for its employees under operating lease agreements. 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.

All leases with a term of more than 12 months are recognized as right-of-use assets along with associated lease liabilities, in the balance sheet.

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. 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.

e) Inventories

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

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

f) Property, plant and equipment

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

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

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

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

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

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

	Life (in years)
Computers	3-5

The useful life as given above best represents 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.

g) 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. A 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, system 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.

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If 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 applicable taxes, 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.

h) Foreign currency transactions

The financial statements of the Company are presented in USD which is also the Company's functional currency. For each foreign operation, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

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.

The translation of foreign operations from respective functional currency into USD (the reporting currency) for assets and liabilities is performed using the exchange rates in effect at the balance sheet date, and for revenue, expenses and cash flows is performed using an appropriate daily weighted average exchange rate for the respective years.

i) Taxation

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the statement of profit or 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 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 year 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 entity and the same taxation authority.

j) 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 assets at amortized cost

A financial asset is measured at the amortized cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Derecognition of financial assets

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

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount

equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in statement of profit and loss.

ii. Financial liabilities

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

The company's financial liabilities include 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.

Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

In the absence of fixed to fixed relationship, the conversion option is also analyzed for classification as embedded derivative financial liability component and is recognized at fair value at each balance sheet date if not closely related to the host financial liability instrument.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

k) Impairment of non-financial assets

Property, plant and equipment

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

l) 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.

m) Earnings per Common membership units

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

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

n) 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.

o) Other income

Other income mainly comprises interest income on bank and other deposits, and net foreign exchange gains

p) Adoption of new accounting principles

Onerous contracts – cost of fulfilling a contract (amendment to Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets)
The amendment clarified that the 'costs of fulfilling a contract' comprise both the incremental costs and allocation

of other direct costs. The Company has adopted this amendment effective 1 April 2022 and the adoption did not have any material impact on its financial statements.

q) **Recently issued accounting pronouncements**

On 31 March 2023, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2023 effective from 1 April 2023. Following is key amended provision which may have an impact on the financial statements of the Company:

Disclosure of accounting policies (amendments to Ind AS 1 - Presentation of Financial Statements)
The amendments intend to assist in deciding which accounting policies to disclose in the financial statements. The amendments to Ind AS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

Definition of accounting estimate (amendments to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)
The amendments distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Deferred tax related to assets and liabilities arising from a single transaction (amendments to Ind AS 12 - Income Taxes)
The amendments specify how to account for deferred tax on transactions such as leases. The amendments clarify that lease transactions give rise to equal and offsetting temporary differences and financial statements should reflect the future tax impacts of these transactions through recognizing deferred tax. The Company is evaluating the impact, if any, in its financial statements.

(All amounts in thousands of USD except unit data and as stated otherwise)

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2023

	Computer
Gross block as at 1 April 2022	184
Additions	68
Deletions	-
Gross block as at 31 March 2023	**252**
Accumulated depreciation as at 1 April 2022	11
Charge for the year	51
Deletions	-
Translation exchange difference	7
Accumulated depreciation as at 31 March 2023	69
Net block as at 31 March 2023	**183**

The changes in the carrying value for the year ended 31 March 2022

	Computer
Gross block as at 1 April 2021	178
Additions	218
Deletions	212
Gross block as at 31 March 2022	**184**
Accumulated depreciation as at 1 April 2021	37
Charge for the year	38
Deletions	64
Accumulated depreciation as at 31 March 2022	11
Net block as at 31 March 2022	**173**

(All amounts in thousands of USD except unit data and as stated otherwise)

2.2 Investments

	As at	
	31 March 2023	31 March 2022
(a) Financial Assets		
Non-current		
Unquoted Investment		
Equity Investment in subsidiary companies carried at cost(fully paid up)		
Fixed and Variable capital in HCL Technologies Mexico S.DE.R.L.DE.C.V., Mexico	13,020	13,020
82,510,266 (previous year 82,510,266) equity shares of Brazelian Reas 1 each, fully paid up, in HCL (Brazil) Technologia da informacao EIRELI	25,750	25,750
2,962,875 (previous year 2,962,875) equity shares of Argentina Peso 1 each, fully paid up, in HCL Argentina S.A.,	2,405	2,405
1,220 (previous year 1220) equity shares of SAR 500 each, fully paid up, in HCL Saudi Arbia LLC, Saudi Arbia	163	163
In HCL Argentina S.A.,Argentina (refer note 1)	933	933
Less: Provision for diminution in value of investment (refer note 2.22)	(9,253)	(8,582)
Aggregate amount of non- current investments	**33,018**	**33,689**

Note 1 : This investment is part of legal reserve of HCL Argentina S.A, hence no share is issued against this.
Note 2 : During the year, Investment in HCL Argentina S.A., has been impaired and accordingly Provision for dimunition in value of investment amounting to USD 671 thousand is created.

2.3 Other financial assets

	As at	
	31 March 2023	31 March 2022
Non Current		
Carried at amortized Cost		
Finance lease receivables (Refer Note 2.27)	18	91
	18	**91**
Current		
Carried at amortized Cost		
Finance lease receivables (Refer Note 2.27)	118	135
Interest Receivable-Related Parties (Refer Note 2.25)	1	1
	119	**136**

2.4 Other non- current assets

	As at	
	31 March 2023	31 March 2022
Others		
Deferred contract cost (Refer Note 2.15)	24	22
	24	**22**

2.5 Inventories

	As at	
	31 March 2023	31 March 2022
Inventories (valued at lower of cost and net realisable value)		
Stock in trade	26	8
	26	**8**

(All amounts in thousands of USD except unit data and as stated otherwise)

2.6 Trade receivables

	As at	
	31 March 2023	31 March 2022
Current		
Billed		
Unsecured, considered good (refer note below)	3,321	1,950
Significant increase in credit Risk	16	1
Impairment allowance for bad and doubtful debts	(27)	(2)
	3,310	**1,949**
Unbilled receivables		
Unbilled receviable	392	215
Unbilled receviable-related parties (Refer Note 2.25)	379	36
	4,081	**2,200**

Note:
Includes billed receivables from related parties amounting to 1231 USD as on 31 March 2023 (31 March 2022, USD 667) (refer note 2.25).

Trade receivables - current	Not Due	Outstanding as at 31 March 2023 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	1,117	1,544	515	110	-	35	3,321
Undisputed – which have significant increase in credit risk	-	-	-	15	1	-	16
							3,337
Impairment allowance for bad and doubtful debts							(27)
Unbilled receivables							771
							4,081

Trade receivables - current	Not Due	Outstanding as at 31 March 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	1,109	366	11	391	73	-	1,950
Undisputed – which have significant increase in credit risk	-	-	-	1	-	-	1
							1,951
Impairment allowance for bad and doubtful debts							(2)
Unbilled receivables							251
							2,200

2.7 Cash and cash equivalents and other bank balances

	As at	
	31 March 2023	31 March 2022
Balance with banks		
- in current accounts	1,253	646
Remittances in Transit	96	-
	1,349	**646**

(All amounts in thousands of USD except unit data and as stated otherwise)

2.8 Other current assets

	As at	
	31 March 2023	31 March 2022
Unsecured, considered good		
Advances other than capital advances		
Advances to employees	5	8
Advance to related parties (refer note 2.25)	1	-
Loan and Advances -Others	12	-
Others		
Deferred contract cost (Refer Note 2.15)	31	22
Prepaid expenses	11	6
Withholding and other taxes receviable	31	74
	91	**110**

2.9 Common membership units

	As at	
	31 March 2023	31 March 2022
Authorized		
55,000 (31 March 2022, 20,000) Common membership units of USD 1,000/- each	55,000	20,000
Issued, subscribed and fully paid up		
Common membership fund		
41,596 (31 March 2022, 17,496) units of USD 1,000/- each, fully paid up	41,596	17,496
	41,596	**17,496**

Reconciliation of the number of units outstanding at the beginning and at the end of the reporting period:

	As at			
	31 March 2023		31 March 2022	
	No. of Units	Amount	No. of Units	Amount
Number of units at the beginning	17,496	17,496	17,496	17,496
Add: Units issued during the year	24,100	24,100	-	-
Number of units at the end	**41,596**	**41,596**	**17,496**	**17,496**

Details of units held by holding/ultimate holding company and/or their subsidiaries/ associates:

Name of the Unitholder	As at			
	31 March 2023		31 March 2022	
	No. of Units	Amount	No. of Units	Amount
Units of USD 1,000/- each fully paid				
HCL Bermuda Limited, Bermuda, the holding company	41,596	41,596	17,496	17,496

Details of Unitholders holding more than 5 % Units in the company:-

Name of the Unitholder	As at			
	31 March 2023		31 March 2022	
	No. of Units	% of Holding	No. of Units	% of Holding
Units of USD 1,000/- each fully paid				
HCL Bermuda Limited, Bermuda, the holding company	41,596	100%	17,496	100%

As per the records of the Company, including its register of Unitholders/members and other declarations received from Unitholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of Units.

There are no bonus units issued, no units issued for consideration other than cash and no units bought back during five years immediately preceeding the reporting date.

In the event of liquidation of the Company, the holders of Units 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 Units held by the Unitholders.

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the company while maximizing the Unitholder 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.

(All amounts in thousands of USD except unit data and as stated otherwise)

2.10 Borrowings

	As at	
	31 March 2023	31 March 2022
Unsecured		
Current		
7.5% Preference membership units (Refer note 1) (Refer note 2.25)	2,208	2,133
Loan from related parties (refer note 2.25)	-	23,700
	2,208	**25,833**

Note : The preference membership units were issued on 21 February 2013 for the period of 10 years. The preference membership units may be convertible into common membership units before redemption at the option of the holder of the preference membership units to be exercised at any time before the redemption of the preference membership units. Moreover, the tenure of prefrence share units has been extended for further 3 years in year 2023.
The dividend on preference membership units is at the discretion of Board of Directors. If within 6 months after the expiration of financial year of the Company the Board in its discretion have not declared the said dividend on the preference membership units for the financial year then the rights of the holders of the preference members to such dividend for financial year are forfeited.

2.11 Trade payables

	As at	
	31 March 2023	31 March 2022
Billed		
Trade payables	213	33
Trade payables- related parties (refer note 2.25)	3,392	1,566
Unbilled and accruals	120	138
Unbilled and accruals-related parties (refer note 2.25)	539	493
	4,264	**2,230**

Particulars	**Not Due**	**Outstanding as at 31 March 2023 from the due date of payment**				
		Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Others		2,265	1,144	196		3,605
						3,605
Unbilled and accruals						659
						4,264

Particulars	**Not Due**	**Outstanding as at 31 March 2022 from the due date of payment**				
		Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Others	-	1,378	221	-	-	1,599
						1,599
Unbilled and accruals						631
						2,230

2.12 Other financial liabilities

	As at	
	31 March 2023	31 March 2022
Carried at amortized Cost		
Interest payable -related parties (refer note 2.25)	308	553
Employee bonuses accrued	19	14
Other employee costs	6	42
Other Payables	30	-
	363	**609**

(All amounts in thousands of USD except unit data and as stated otherwise)

2.13 Contract Liabilities

	As at	
	31 March 2023	**31 March 2022**
Contract Liablities	2	-
	2	**-**

2.14 Provisions

	As at	
	31 March 2023	**31 March 2022**
Provision for Employee benefits	23	-
	23	**-**

2.15 Revenue from operations

	Year ended	
	31 March 2023	**31 March 2022**
Sale of services	5,093	2,765
Sale of hardware and software	586	403
	5,679	**3,168**

Disaggregate revenue information

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

	Year ended	
	31 March 2023	**31 March 2022**
Geography wise		
America	379	124
Europe	1,234	499
India	565	46
Rest of the world	3,501	2,499
	5,679	**3,168**

Remaining performance obligations

As at 31 March 2023, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was USD 11,984 (31 March,2022 USD 4,202)out of which, approximately 38% (31 March,2022 41%), is expected to be recognized as revenues within one year and the balance beyond one year. This is after exclusions of 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.

Contract balances

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

	Year ended	
	31 March 2023	**31 March 2022**
Balance as at beginning of the year	44	35
Additional cost capitalised during the year	30	22
Deduction on account of cost amortized during the year	(19)	(13)
Balance as at end of the year	**55**	**44**

The contracted price equals the revenue recognized since there is no reduction towards variable consideration component during the year.

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 March 2023	**31 March 2022**
Balance as at beginning of the year	-	-
Additional amounts billed but not recognized as revenue	4	-
Balance as at end of the year	**4**	**-**

(All amounts in thousands of USD except unit data and as stated otherwise)

2.16 Other income

	Year ended	
	31 March 2023	31 March 2022
Interest income		
- Related Party (Refer Note 2.25)	-	1
- On bank and others deposits	3	11
Exchange differences (net)	166	-
Miscellaneous Income	3	-
	172	**12**

2.17 Changes in inventories of stock in trade

	Year ended	
	31 March 2023	31 March 2022
Opening stock	8	4
Less: Closing stock	26	8
	(18)	**(4)**

2.18 Employee benefits expense

	Year ended	
	31 March 2023	31 March 2022
Salaries, wages and bonus	785	662
Social security contribution	169	142
Compensated absences	18	10
Contribution to Provident fund and other employee benefits	41	-
	1,013	**814**

2.19 Finance cost

	Year ended	
	31 March 2023	31 March 2022
Interest on borrowings -related parties (refer note 2.25)	106	397
Interest on direct taxes	56	-
Bank charges	12	13
	174	**410**

2.20 Other expenses

	Year ended	
	31 March 2023	31 March 2022
Rent	4	3
Insurance	-	8
Travel and conveyance	19	5
Repairs and maintenance	5	8
Legal and professional charges	108	53
Exchange differences (net)	-	22
Communication cost	3	2
Provision for doubtful debts/ bad debts written off	25	-
Rates & Taxes	192	17
Miscellaneous expenses	4	1
	360	**119**

(All amounts in thousands of USD except unit data and as stated otherwise)

2.21 Income taxes
The computation of income taxes is as follows:

	Year ended	
	31 March 2023	**31 March 2022**
Income tax charged to statement of profit and loss		
Current income tax charge	319	171
Deferred tax charge	7	(22)
	326	**149**

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

	Year ended	
	31 March 2023	**31 March 2022**
Profit / (loss) before income tax	(89)	(6,813)
Statutory tax rate	0%	0%
Expected tax expense	**-**	**-**
Current year tax expense of branches	273	121
Creation/ (reversal) of prior year provision of branches	38	23
Others	15	5
Total taxes	**326**	**149**
Effective income tax rate	**-366%**	**-2%**

Components of deferred tax assets and liabilities as on 31 March 2023

	Opening balance	**Recognized in profit and loss**	**Exchange Difference**	**Closing balance**
Deferred tax assets				
Provision for expenses	33	(23)	9	19
Consulting Charges	-	6	(2)	4
Employee related	-	8	(2)	6
Prov. for obsolete inventory	-	97	(24)	73
Travel Provision	-	13	(4)	9
Provision for doubtful Debt	-	1	(0)	1
Business loss	5	(2)	1	4
Adjustment for foreign exchange	9	(13)	3	(1)
Gross deferred tax assets (A)	**47**	**87**	**(19)**	**115**
Deferred tax liabilities				
Adjustment for Property,Plant & Equipment	1	71	(19)	53
Deferred Cost	-	23	(6)	17
Gross deferred tax liabilities (B)	**1**	**94**	**(25)**	**70**
Net deferred tax assets/(liabilities) (A-B)	**46**	**(7)**	**6**	**45**

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

	Opening balance	**Recognized in profit and loss**	**Exchange Difference**	**Closing balance**
Deferred tax assets				
Provision for expenses	6	31	(4)	33
Business loss	11	(7)	1	5
Adjustment for VAT	38	(44)	6	-
Net deferred revenue	5	(6)	1	-
Adjustment for foreign exchange	-	10	(1)	9
Others	2	(2)	-	-
Gross deferred tax assets (A)	**62**	**(18)**	**3**	**47**
Deferred tax liabilities				
Adjustment for Property,Plant & Equipment	35	(40)	6	1
Gross deferred tax liabilities (B)	**35**	**(40)**	**6**	**1**
Net deferred tax assets/(liabilities) (A-B)	**27**	**22**	**(3)**	**46**

(All amounts in thousands of USD except unit data and as stated otherwise)

2.22 Earnings Per unit

The computation of earnings per unit is as follows:

	Year ended	
	31 March 2023	31 March 2022
Profit / (Loss) as per Statement of profit and loss	(415)	(6,962)
Weighted average number of unit outstanding in calculating Basic EPU	34,201	17,496
Weighted average number of unit outstanding in calculating dilutive EPU	34,201	17,496
Nominal value of unit (in USD)	1,000	1,000
Earnings per unit (in USD)		
- Basic	(12)	(398)
- Diluted	(12)	(398)

Note : For the year ended 31 March 2023: 2,209 (31 March 2022: 2,209) common membership units issuable on conversion of Preference shares, were excluded from the diluted weighted average number of units calculation as their effect would have been anti-dilutive.

We have considered capital contribution account which carries same pari pasu rights w.r.t. common membership units along with the eligibility of dividend rights for computation of basic EPS

2.23 Diminution in value of Investments

	Year ended	
	31 March 2023	31 March 2022
Opening Balance	8,582	2,015
During the year :-		
HCL Argentina S.A., Argentina	671	-
HCL (Brazil) Technologia da informacao EIRELI	-	6,567
	9,253	**8,582**

Impairment of USD 671 thousand is recognized in HCL Argentina S.A. to the extent of its networth basis the book value of HCL Argentina S.A.

Key assumptions used in impairment assessment of HCL (Brazil) Technologia da informacao EIRELI:

1. The company has assumed a WACC of 11.75% (PY 11.70%) on Risk free return, Beta and Equity Risk premium.
2. The company has assumed a revenue growth rate of 10% for FY'23 and 10% - 8% till FY'27 (PY 20% for FY'22 and 10%-8% till FY'26).
3. The company has assumed the terminal revenue growth rate at 2% and EBIT at 6% in both the years.
4. The value in use (based on assumptions as stated above) of HCL (Brazil) Technologia da informacao EIRELI as at 31st March 2023 is $ 70,649 (PY $19,183).

2.24 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 segment. The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

Revenue disaggregation as per geography is given in note 2.15.

2.25 Related Parties

a) Related parties where control exists

Ultimate Holding Company

HCL Technologies Limited

Holding Company

HCL Bermuda Limited, Bermuda

Subsidiaries

HCL (Brazil) Technologia da informacao EIRELI — HCL Argentina S.A.,

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

b) Related parties with whom transactions have taken place

Ultimate Holding Company

HCL Technologies Limited

Holding Company

HCL Bermuda Limited, Bermuda

Subsidiaries

HCL (Brazil) Technologia da informacao EIRELI — HCL Argentina S.A.,

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

HCL Latin America Holding, LLC
Notes to financial statements for the year ended 31 March 2023
(All amounts in thousands of USD except unit data and as stated otherwise)

2.25 Related Parties (Cont.)

Fellow Subsidiaries

HCL America Inc.	HCL Technogies Philippines Inc	HCL Hong Kong SAR Limited
HCL AUSTRALIA SERVICES PT	HCL Technologies Romania s.r.l	HCL Technologies Sollutions GmBh
HCL Axon (Pty) Ltd	PT. HCLT Indonesia	Telerx Marketing, Inc.
FILIAL ESPAÑOLA DE HCL SL	HCL (Newzeland) Ltd	HCL Tech. Belgium BVBA
HCL Technologies Egypt Ltd	HCL Technologies Luxembourg S.a.r.l	HCL Axon Solutions (Shanghai) Co., Limited
HCL Axon Malaysia SDN BHD	HCL Technologies Czech Republic s.r.o	HCL Hungary Kft
HCL Tech Denmark ApS	HCL Technologies Austria GmbH	HCL Technologies B.V.
HCL Technologies Taiwan Ltd	HCL Technologies Germany GmbH	HCL EAS Limited
HCL Canada Inc.	HCL Technologies France	HCL Technologies Middle East FZ- LLC
HCLTechnologies Chile SPA	HCL Technologies UK Ltd.	HCL Istanbul Bilisim Tekn
HCLTechnologies Sweden AB	HCL Tech. Italy S.p.A.	HCL Tecnologies Costa Rica S.R.L
HCL Singapore Pte Limited	C3i Europe Eood	HCL Technologies Corporate Services Limited
HCL Tech Norway AS	HCL Japan Limited	HCL Technologies (Thailand) Limited
HCL POLAND SP.Z O.O.	HCL Ireland Information systems Ltd	HCL Asia Pacific Pte Limited
HCL Technologies Greece Single Member P.C	HCL TECHNOLOGIES S.A.C.	HCL Technologies South Africa(Proprietary) Ltd
HCL Saudi Arabia LLC	HCL Guatemala, Sociedad Anonima	HCL Technologies (Shanghai) Limited
HCL Technologies Bulgaria EOOD	HCL Technologies Beijing Co., Limited	HCL Technologies (Vietnam) Company Limited
HCL Technologies Colombia SAS	HCL Technologies Lithuania UAB	HCL Technologies Lanka (Private) Limited

c) Transactions with the related parties during the year

Particulars	Interest expense		Interest Income	
	Year ended		Year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Holding Company	-	82	-	-
Fellow Subsidiaries	30	315	-	1

Particulars	Sale of Software services		Consulting charges	
	Year ended		Year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Ultimate Holding Company	615	87	758	350
Subsidiaries	53	61	204	30
Fellow Subsidiaries	2179	880	1,755	879

Particulars	Loan extended		Proceeds from Loan extended	
	Year ended		Year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Fellow Subsidiaries	-	249	163	86

Particulars	Loan taken		Repayment of Loan taken	
	Year ended		Year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Fellow Subsidiaries	-	300	23,700	800

d) Outstanding balances with related parties

Particulars	Borrowings		(Unbilled and Accruals)	
	As at		As at	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Ultimate Holding Company	-	-	102	1
Holding Company	2,208	2,133	-	-
Fellow subsidiaries	-	23,700	437	492

(All amounts in thousands of USD except unit data and as stated otherwise)

2.25 Related Parties (Cont.)

d) Outstanding balances with related parties (Cont.)

Particulars	Trade Receivables (Billed) As at		Trade Payable (Billed) As at	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Ultimate Holding Company	592	-	751	513
Subsidiaries	105	80	203	33
Fellow Subsidiaries	534	551	2,438	1,020

Particulars	Unbilled Receivable As at		Interest Payable As at	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Ultimate Holding Company	2	34	-	-
Fellow Subsidiaries	377	2	308	553

Particulars	Short Term Loan (Receivable) As at		Interest Receivable As at	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Fellow Subsidiaries	-	163	1	1

2.26 Financial Instruments

(a) Financial Assets & Liabilities

The carrying value of financial instruments by categories as at 31 March, 2023 & 31 March, 2022 is as follows:-

	As at 31 March 2023		As at 31 March 2022	
	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
Financial Assets				
Investments	33,018	33,018	33,689	33,689
Trade receivables (including unbilled)	4,081	4,081	2,200	2,200
Cash and Cash Equivalents	1,349	1,349	646	646
Others (refer note 2.3)	137	137	227	227
Total	**38,585**	**38,585**	**36,762**	**36,762**
Financial Liabilities				
Borrowings	2,208	2,208	25,833	25,833
Trade Payables(inculding unbilled and accruals)	4,264	4,264	2,230	2,230
Others (refer note 2.12)	363	363	609	609
Total	**6,835**	**6,835**	**28,672**	**28,672**

Trade receivables, unbilled receivables, finance lease receivables and contract assets have been valued after making reserve for allowances based on the expected credit loss method, considering factors like ageing, likelihood of increased credit risk and expected realizability, nature of customer verticals.

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks.

The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

Market risk

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

(All amounts in thousands of USD except unit data and as stated otherwise)

2.26 Financial Instruments (Cont.)

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 than functional currency while a large protion of costs are in USD.

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 USD 29,105 in absolute amount (31 March,2022 USD 12) for the year ended 31 March, 2023.

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 may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March 2023 and 31 March 2022 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
CRC/USD	126	2,578	21	2,710
CHF/USD	-	-	445	-
PLN/USD	-	-	185	-

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, inter-corporate deposits, trade receivables, finance lease receivables, investment securities and derivative instruments. The cash resources of the company are invested with mutual funds, banks, financial institutions and corporations after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties.

The customers of the Company re primarily corporations based in the United States of America and Europe and accordingly, trade receivables, unbilled receivables and finance lease receivables are concentrated in the respective countries. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of trade receivables, unbilled receivables, contract assets and finance lease receivables. Customer The Procter and Gamble Company accounted for 50% and Customer GlaxoSmithKline Consumer Healthcare accounted for 40% of trade receivables, unbilled receivables and finance lease receivables. The Company also outsourced selected client related credit risks to financial markets through "Non-recourse assignment" of receivables.

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	Year 3	Total
As at 31 March 2023				
Borrowings	2,208	-		2,208
Trade payables	4,264	-	-	4,264
Others financial liabilities	363	-	-	363
	6,835	**-**	**-**	**6,835**
Borrowings	25,833	-	-	25,833
Trade payables	2,230	-	-	2,230
Others financial liabilities	609	-	-	609
	28,672	**-**	**-**	**28,672**

(All amounts in thousands of USD except unit data and as stated otherwise)

2.27 Leases

Company as a Lessor

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

	Total minimum lease payments receivable	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
31 March 2023			
Not later than one year	126	8	118
Later than one year but not later than five years	18	1	18
	144	**9**	**135**
31 March 2022			
Not later than one year	141	6	135
Later than one year but not later than five years	95	4	91
	236	**10**	**226**

2.28 Ratios

Ratio	Numerator	Denominator	Units	Year ended 31 March 2023	Year ended 31 March 2022	Variance
Current ratio	Current assets	Current liabilities	Times	0.80	0.11	615%
Debt equity ratio	Total debts (refer note 1 below)	Total equity	Times	0.07	3.15	-98%
Debt service coverage ratio	Earning availables for debt service	Debt service (refer note 1 below)	Times	0.16	(7.15)	-102%
Return on equity ratio	Profit for the year	Average total equity	%	-2%	-60%	-97%
Inventory turnover ratio	Cost of good sold	Average inventories	Times	40.08	45.28	-11%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	1.81	2.00	-9%
Trade payables turnover ratio	Net credit purchases	Average trade payables	Times	1.24	1.36	-9%
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 2)	Times	-4.08	-0.12	3222%
Net profit ratio	Profit for the year	Revenue from operations	%	-7%	-220%	-97%
Return on capital employ	Earning before interest and taxes	Capital employed (refer note 3 below)	%	0%	-79%	-100%

Notes :

(1) Debt service = Interest + payment for lease liabilities + principal repayments
(2) Working capital = Current assets - current liabilities
(3) Capital employed = Total equity - deferred tax assets
(4) Average is calculated based on simple average of opening and closing balances

Explanation where change in the ratio is more than 25%

Current Ratio : Short term Loan from related parties has been repaid during the current year further, Trade receivables has been increased this year than the last year.
Debt Equity Ratio : Since profit has increased and borrowing has been decreased thus this year resulting in high variance.
Debt service coverage Ratio : Interest Paid in current year only.Thus, there is variance.
Return on equity ratio : Profit in current year and Loss in previous year which caused change in Ratio.
Net profit ratio : There is profit in this year as compare to loss in previous year resulting in high variance.
Return on capital employed : Since profit in this year and Loss in previous year resulting in high variance.

HCL Latin America Holding, LLC

Notes to financial statements for the year ended 31 March 2023

(All amounts in thousands of USD except unit data and as stated otherwise)

2.29 Commitments and Contingent Liablities

	As at	
	31 March 2023	**31 March 2022**
	(USD)	**(USD)**
(i) Capital and other commitments Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	30	46
	30	**46**

2.30 Subsequent events

The Company has evaluated all the subsequent events through 14th July 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 "USD in thousands" and accordingly, amounts less than USD 0.50 thousands are rounded off to zero.

As per our report of even date

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

VIMAL CHAUHAN Digitally signed by VIMAL CHAUHAN Date: 2023.07.14 19:19:41 +05'30'

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date: 14th July 2023

For and on behalf of the Board of Directors
of HCL Latin America Holding, LLC

VIJAYAKUMAR CHINNASWAMY Digitally signed by VIJAYAKUMAR CHINNASWAMY Date: 2023.07.14 17:38:00 +05'30'

C. Vijayakumar
Director

Noida (UP), India
Date: 14th July 2023

PRATEEK AGGARWAL Digitally signed by PRATEEK AGGARWAL Date: 2023.07.14 17:43:30 +05'30'

Prateek Aggarwal
Director

Noida (UP), India
Date: 14th July 2023