# HCL Technologies Chile Spa

Financial Statements

For the year ended 31st December 2022 and 2021

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 Chile Spa.

### Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HCL Technologies Chile Spa. (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 conformity with the 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 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: 2023.06.30 21:47:49 +05'30'

Vimal Chauhan
Partner
Membership No. 511230
ICAI UDIN: 23511230BGZTTJ3255

Place: Gurugram, India
Date: 30 June 2023

**HCL Technologies Chile Spa**
**Balance Sheet as at 31 December 2022**
(All amounts in thousands, except share data and as stated otherwise)

| | | Note No. | As at 31 December 2022 (CLP) | As at 31 December 2021 (CLP) |
|---|---|---|---|---|
| I. | **ASSETS** | | | |
| | **(1) Non-current assets** | | | |
| | (a) Property, plant and equipment | 2.1 | 12,899 | 209,892 |
| | (b) Other intangible assets | 2.2 | - | 155 |
| | (c) Financial assets | | | |
| | (i) Others | 2.3 | 160,535 | 166,752 |
| | (d) Deferred tax assets (net) | 2.10 | 982,115 | 878,795 |
| | (e) Other non-current assets | 2.4 | 6,278 | 351 |
| | **Total non-current assets** | | **1,161,827** | **1,255,945** |
| | **(2) Current assets** | | | |
| | (a) Inventories | 2.5 | 316,861 | 169,192 |
| | (b) Financial assets | | | |
| | (i) Trade receivables | | | |
| | Billed | 2.6 | 3,598,627 | 2,752,106 |
| | Unbilled | 2.6 | 297,013 | 273,505 |
| | (ii) Cash and cash equivalents | 2.7 | 2,879,646 | 5,644,295 |
| | (iii) Others | 2.3 | 348,933 | 344,310 |
| | (c) Other current assets | 2.8 | 196,226 | 92,919 |
| | **Total current assets** | | **7,637,306** | **9,276,327** |
| | **TOTAL ASSETS** | | **8,799,133** | **10,532,272** |
| II. | **EQUITY** | | | |
| | (a) Equity share capital | 2.9 | 602,000 | 602,000 |
| | (b) Other equity | | 4,219,510 | 3,313,283 |
| | **TOTAL EQUITY** | | **4,821,510** | **3,915,283** |
| III. | **LIABILITIES** | | | |
| | **(1) Non - current liabilities** | | | |
| | (a) Financial liabilities | | | |
| | (i) Lease liabilities | 2.20 | 46,352 | 10,180 |
| | **Total non-current liabilities** | | **46,352** | **10,180** |
| | **(2) Current liabilities** | | | |
| | (a) Financial liabilities | | | |
| | (i) Trade payables | | | |
| | Billed | 2.11 | 1,331,523 | 2,739,600 |
| | Unbilled and accruals | 2.11 | 1,738,279 | 2,267,434 |
| | (ii) Lease liabilities | 2.20 | 60,119 | 12,671 |
| | (iii) Others | 2.12 | 2,302 | 1,466 |
| | (b) Contract liabilities | | 45,257 | 89,821 |
| | (c) Other current liabilities | 2.13 | 619,040 | 794,297 |
| | (d) Current tax liabilities (net) | | 134,751 | 701,520 |
| | **Total current liabilities** | | **3,931,271** | **6,606,809** |
| | **TOTAL EQUITY AND LIABILITIES** | | **8,799,133** | **10,532,272** |
| | **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**
ICAI Firm Registration Number : 101248W/W-100022

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

**Vimal Chauhan**
Partner
Membership Number: 511230

**Goutam Rungta**
Director

**Shiv Kumar Walia**
Director

**Gurugram, India**
Date: 30 June 2023

**Ghaziabad, India**
Date: 30 June 2023

**Noida, India**

**HCL Technologies Chile Spa**
**Statement of Profit and Loss for the year ended 31 December 2022**
(All amounts in thousands, except share data and as stated otherwise)

| | | Note No. | Year ended 31 December 2022 (CLP) | Year ended 31 December 2021 (CLP) |
|---|---|---|---|---|
| **I** | **Revenue** | | | |
| | Revenue from operations | **2.14** | 9,380,118 | 7,593,607 |
| | Other income | **2.15** | 176,590 | 452,285 |
| | **Total income** | | **9,556,708** | **8,045,892** |
| **II** | **Expenses** | | | |
| | Purchase of stock in trade | | 692,655 | 146,197 |
| | Changes in inventories of stock in trade | **2.16** | (147,669) | 84,224 |
| | Finance costs | **2.17** | 27,319 | 24,263 |
| | Depreciation and amortization expense | | 81,434 | 137,700 |
| | Outsourcing costs | | 7,706,085 | 6,587,264 |
| | Other expenses | **2.18** | 112,223 | 198,217 |
| | **Total expenses** | | **8,472,047** | **7,177,865** |
| **III** | **Profit before tax** | | **1,084,661** | **868,027** |
| **IV** | **Tax expense** | **2.10** | | |
| | Current tax | | 281,754 | 151,804 |
| | Deferred tax charge (credit) | | (103,320) | 26,134 |
| | Total tax expense | | 178,434 | 177,938 |
| **V** | **Profit for the year** | | **906,227** | **690,089** |
| **VI** | **Other comprehensive income** | | - | - |
| **VII** | **Total Comprehensive Income for the year** | | **906,227** | **690,089** |
| | **Earnings per equity share of no par value** | **2.19** | | |
| | Basic | | 824 | 627 |
| | Diluted | | 824 | 627 |
| | **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**
ICAI Firm Registration Number : 101248W/W-100022

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

**Vimal Chauhan**
Partner
Membership Number: 511230

**Gurugram, India**
Date: 30 June 2023

**Goutam Rungta**
Director

**Ghaziabad, India**
Date: 30 June 2023

**Shiv Kumar Walia**
Director

**Noida, India**

**HCL Technologies Chile Spa**

**Statement of cash flows for the year ended 31 December 2022**

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

| | | Year ended 31 December 2022 (CLP) | Year ended 31 December 2021 (CLP) |
|---|---|---|---|
| **A. Cash flows from operating activities** | | | |
| Profit before tax | | 1,084,661 | 868,027 |
| **Adjustment for:** | | | |
| Depreciation and amortization expense | | 81,434 | 137,700 |
| Interest income | | (8,081) | (17,553) |
| Provision for doubtful debts/bad debts written back | | (9,145) | (253,947) |
| Interest expenses | | 1,958 | 1,150 |
| | | **1,150,827** | **735,377** |
| **Net change in** | | | |
| Trade receivables | | (860,883) | (141,158) |
| Inventories | | (147,669) | 84,224 |
| Other financial assets and other assets | | (104,201) | 205,880 |
| Trade payables | | (1,937,233) | (4,121,248) |
| Other financial liabilities and other liabilities | | (131,585) | 1,832,793 |
| **Cash generated used in operations** | | **(2,030,744)** | **(1,404,132)** |
| Income taxes paid (net of refunds) | | 848,524 | 212,861 |
| **Net cash flow used in operating activities** | **(A)** | **(2,879,268)** | **(1,616,993)** |
| **B. Cash flows from investing activities** | | | |
| Purchase of property,plant and equipment | | (2,663) | (17,578) |
| Proceeds from sale of property,plant and equipment | | 115,715 | 33,158 |
| Interest received | | 8,081 | 24,155 |
| **Net cash flow from investing activities** | **(B)** | **121,133** | **39,735** |
| **C. Cash flows from financing activities** | | | |
| Payment of lease liabilities including interest | | (6,514) | (7,573) |
| **Net cash flow used in financing activities** | **(C)** | **(6,514)** | **(7,573)** |
| Net decrease in cash and cash equivalents (A+B+C) | | (2,764,649) | (1,584,831) |
| Cash and cash equivalents at the beginning of the year | | 5,644,295 | 7,229,126 |
| **Cash and cash equivalents at the end of the year as per note 2.7** | | **2,879,646** | **5,644,295** |

**Summary of significant accounting policies ( Note 1)**

As per our report of even date attached

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

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

**Vimal Chauhan**
Partner
Membership Number: 511230

**Goutam Rungta**
Director

**Shiv Kumar Walia**
Director

**Gurugram, India**
Date: 30 June 2023

**Ghaziabad, India**
Date: 30 June 2023

**Noida, India**

**HCL Technologies Chile Spa**

**Statement of Changes in Equity for the year ended 31 December 2022**

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

**(Amount in CLP)**

| | Equity share capital | | Other equity |
|---|---|---|---|
| | Number of shares | Share capital | Reserves and Surplus<br>Retained earnings |
| **Balance as at 1 January, 2021** | 1,100,000 | 602,000 | 2,623,194 |
| Profit for the year | - | - | 690,089 |
| Other comprehensive income | - | - | - |
| **Total comprehensive income for the year** | - | - | 690,089 |
| **Balance as at 31 December, 2021** | 1,100,000 | 602,000 | 3,313,283 |
| **Balance as at 1 January, 2022** | 1,100,000 | 602,000 | 3,313,283 |
| Profit for the year | - | - | 906,227 |
| Other comprehensive income | - | - | - |
| **Total comprehensive income for the year** | - | - | 906,227 |
| **Balance as at 31 December, 2022** | 1,100,000 | 602,000 | 4,219,510 |

**Summary of significant accounting policies ( Note 1)**

The accompanying notes are an integral part of the financial statements

As per our report of even date.

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

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

**Vimal Chauhan**
Partner
Membership Number: 511230

**Goutam Rungta**
Director

**Shiv Kumar Walia**
Director

**Gurugram, India**
Date: 30 June 2023

**Ghaziabad, India**
Date: 30 June 2023

**Noida, India**

**ORGANIZATION AND NATURE OF OPERATIONS**

HCL Technologies Chile Spa (hereinafter referred to as the 'Company') is primarily engaged in providing a range of IT and business services, engineering and R&D services and modernized software products and IP-led offerings. The Company was incorporated in Chile in June 2013, having its registered office at EL Golf 40 Piso, Las Condes, Santigo, CP 755-0107, Chile.

The financial statements for the year ended 31st December, 2022 were approved and authorized for issue by the Board of Directors on 30 June 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 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 Chilean Peso (CLP). All amounts are presented in thousands of ` rounded to whole number and amounts less than ` 0.50 thousands 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. Actual results could differ from those estimates. Changes in the estimates are reflected in the financial statement in the year in which the changes are made.

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

i. Accounting for costs expected to be incurred to complete performance under fixed price projects, refer note 1(e)
ii. Allowance for uncollectible accounts receivables, refer note 1(n)(i)

iii. Recognition of income and deferred taxes, refer note 1(g) and note 2.10
iv. Useful lives of property, plant and equipment, refer note 1(h)
v. Lives of intangible assets, refer note 1(i)
vi. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(k) and note 2.20
vii. Provisions and contingent liabilities, refer note 1(m)

***(c) Foreign currency and translation***

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 initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

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

***(d) Fair value measurement***

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

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

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

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

c) Cost approach – Replacement cost method.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

***(e) Revenue recognition***

*Contracts involving provision of services and material*

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

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

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

*Fixed Price contracts*

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, 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 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 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.

*Proprietary Software Products*

Revenue from distinct proprietary perpetual and term license software is recognized at a point in time at the inception of the arrangement when control transfers to the client. Revenue from proprietary term license software is recognized at a point in time for the committed term of the contract. In case of renewals of proprietary term licenses with existing customers, revenue from term license is recognized at a point in time when the renewal is agreed on signing of contracts. Revenue from support and subscription (S&S) is recognized over the contract term on a straight-line basis as the Company is providing a service of standing ready to provide support, when-and-if needed, and is providing unspecified software upgrades on a when-and-if available basis over the contract term. In case software are bundled with support and subscription either for perpetual or term based license, such support and subscription contracts are generally priced as a percentage of the net fees paid by the customer to purchase the license and are generally recognized as revenues ratably over the contractual period that the support services are provided. Revenue from these proprietary software products is classified under sale of services.

*Multiple performance obligations*

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 estimate standalone selling price by using the expected cost plus a margin approach. We 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 group 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 and generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future are considered as contract fulfillment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs and other upfront fee paid to customer are deferred and classified as Deferred contract cost and amortized to revenue or cost, 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 group 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.

The Company recognizes an onerous contract provision when the expected unavoidable costs of meeting the future obligations exceed the expected economic benefits to be received under a contract. Such provision, if any, is recorded in the period in which such losses become probable and is included in cost of revenues.

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

Revenue from sales-type leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client.

Interest attributable to sales-type leases and direct financing leases included therein is recognized on an accrual basis using the effective interest method and is recognized as other income.

***(f) Other Income***

Other income mainly comprises interest income on debt securities, bank and other deposits, other interest income recognized using the effective interest method, profit on sale of property, plant and equipments, debt securities and mutual fund and net foreign exchange gains.

***(g) Income taxes***

Income tax expense comprises current and deferred income tax.
Income tax expense is recognized in the statement of profit and loss. 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.

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.

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.

***(h) 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 asset as a whole.

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

Gains or losses arising from de-recognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

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

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

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

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

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

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

***(i) Intangible assets***

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset 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.

The intangible assets are amortized over the estimated useful life of the assets as mentioned below:

| Asset description | Asset life (in years) |
|---|---|
| Software | 3 |

***(j) Inventory***

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

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

***(k) Leases***

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

*Company as a lessee*

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

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

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

***(l) Impairment of non-financial assets***

*Intangibles and Property, plant and equipment*

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

***(m) 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.

***(n) 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 equivalent*
Cash 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.

*De-recognition 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 at amortized cost are initially recognized at, net of transaction costs and include trade payables, borrowings including bank overdrafts and other payables.

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

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

*De-recognition*

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.

***(o) Earnings per share (EPS)***

Basic EPS amounts are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the year.

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

***(p) 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 clarified 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.

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)***

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)***

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.

HCL Technologies Chile Spa

**Notes to financial statements for the year ended 31 December 2022**

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

**2. Notes to financial statements**

**2.1 Property, plant and equipment**

**The changes in the carrying value for the year ended 31 December 2022**

| | Computers and networking equipment (CLP) |
|---|---|
| **Gross block as at 1 January 2022** | **574,712** |
| Additions | - |
| Disposal | 493,221 |
| **Gross block as at 31 December 2022** | **81,491** |
| **Accumulated depreciation as at 1 January 2022** | **364,820** |
| Charge for the year | 81,278 |
| Disposal | 377,506 |
| **Accumulated depreciation as at 31 December 2022** | **68,592** |
| **Net block as at 31 December 2022** | **12,899** |

**The changes in the carrying value for the year ended 31 December 2021**

| | Computers and networking equipment (CLP) |
|---|---|
| **Gross block as at 1 January 2021** | **812,180** |
| Additions | 13,323 |
| Disposal | 250,791 |
| **Gross block as at 31 December 2021** | **574,712** |
| **Accumulated depreciation as at 1 January 2021** | **450,437** |
| Charge for the year | 132,016 |
| Disposal | 217,633 |
| **Accumulated depreciation as at 31 December 2021** | **364,820** |
| **Net block as at 31 December 2021** | **209,892** |

**2.2 Other intangibles assets**

**The changes in the carrying value for the year ended 31 December 2022**

| | Software (CLP) |
|---|---|
| **Gross block as at 1 January 2022** | **17,050** |
| Additions | - |
| Disposal/Other adjustment | 7,570 |
| **Gross block as at 31 December 2022** | **9,480** |
| **Accumulated depreciation as at 1 January 2022** | **16,895** |
| Charge for the year | 156 |
| Disposal/Other adjustment | 7,570 |
| **Accumulated depreciation as at 31 December 2022** | **9,480** |
| **Net block as at 31 December 2022** | **-** |
| **Estimated remaining useful life (in years)** | **-** |

**The changes in the carrying value for the year ended 31 December 2021**

| | Software (CLP) |
|---|---|
| **Gross block as at 1 January 2021** | **18,012** |
| Additions | - |
| Disposal/ other adjustments | 962 |
| **Gross block as at 31 December 2021** | **17,050** |
| **Accumulated depreciation as at 1 January 2021** | **12,173** |
| Charge for the year | 5,684 |
| Disposal/ other adjustments | 962 |
| **Accumulated depreciation as at 31 December 2021** | **16,895** |
| **Net block as at 31 December 2021** | **155** |
| **Estimated remaining useful life (in years)** | **1** |

HCL Technologies Chile Spa

**Notes to financial statements for the year ended 31 December 2022**

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

**2.3 Other financial assets**

| | As at | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| | **(CLP)** | **(CLP)** |
| **Non - Current** | | |
| **Carried at amortized cost** | | |
| Finance lease receivables (refer note 2.20) | 160,535 | 166,752 |
| | **160,535** | **166,752** |
| **Current** | | |
| **Carried at amortized cost** | | |
| Finance lease receivables (refer note 2.20) | 348,933 | 344,310 |
| | **348,933** | **344,310** |

**2.4 Other non- current assets**

| | As at | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| | **(CLP)** | **(CLP)** |
| **Unsecured considered good unless otherwise stated** | | |
| Capital advances | 3,493 | 54 |
| Others | | |
| Prepaid expenses | - | 297 |
| Deferred contract cost | 2,785 | - |
| | **6,278** | **351** |

**2.5 Inventories**

| | As at | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| | **(CLP)** | **(CLP)** |
| Stock in trade | 316,861 | 169,192 |
| | **316,861** | **169,192** |

**2.6 Trade receivables**

| | As at | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| | **(CLP)** | **(CLP)** |
| Billed | | |
| Unsecured, considered good (refer note below) | 3,705,722 | 2,845,146 |
| | **3,705,722** | **2,845,146** |
| Impaired allowance for bad and doubtful debts | (107,095) | (93,040) |
| | **3,598,627** | **2,752,106** |
| Unbilled receivables (refer note below) | 297,013 | 273,505 |
| | **3,895,640** | **3,025,611** |

**Note:-**

1. Includes receivables from related parties amounting to CLP 498,343 ( 31 December 2021, CLP 326,620).

HCL Technologies Chile Spa
**Notes to financial statements for the year ended 31 December 2022**
(All amounts in thousands, except share data and as stated otherwise)

### 2.6 Trade receivable (Continued)

| Trade receivables | 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 | 3,060,988 | 231,036 | 203,891 | 45,046 | (114,935) | 206,220 | 3,632,246 |
| Undisputed – which have significant increase in credit risk | - | - | - | 38,531 | 52,159 | (17,214) | 73,476 |
| | | | | | | | 3,705,722 |
| Impairment allowance for bad and doubtful debts | | | | | | | (107,095) |
| | | | | | | | 3,598,627 |
| Unbilled receivables | | | | | | | 297,013 |
| | | | | | | | **3,895,640** |

| Trade receivables | 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 | 2,195,620 | 427,351 | 72,278 | (116,619) | 23,092 | 188,924 | 2,790,647 |
| Undisputed – which have significant increase in credit risk | - | - | - | 54,500 | - | - | 54,500 |
| | | | | | | | 2,845,146 |
| Impairment allowance for bad and doubtful debts | | | | | | | (93,040) |
| | | | | | | | 2,752,107 |
| Unbilled receivables | | | | | | | 273,505 |
| | | | | | | | **3,025,611** |

### 2.7 Cash and cash equivalents

| | As at | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| Balance with banks | | |
| - in current accounts | 2,879,646 | 5,644,295 |
| | **2,879,646** | **5,644,295** |

### 2.8 Other current assets

| | As at | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| **Unsecured , considered good** | | |
| Advances to suppliers - related parties (refer note 2.23) | 23,329 | 23,141 |
| Others | | |
| Prepaid expenses | 2,083 | 16,801 |
| Deferred contract cost-related parties (refer note 2.23) | 166,521 | 44,164 |
| Deferred contract cost-others | 674 | - |
| Other advances | 3,619 | 8,813 |
| | **196,226** | **92,919** |

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

### 2.9 Share Capital

| | As at | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| **Authorized** | | |
| 1,100,000 (31 December 2021, 1,100,000) equity shares with no nominal value | 602,000 | 602,000 |
| **Issued, subscribed and fully paid up** | | |
| 1,100,000 (31 December 2021, 1,100,000) equity shares with no nominal value | 602,000 | 602,000 |

**Terms/ rights attached to equity shares**

The Company has only one class of shares referred to as equity shares having no par value. Each holder of equity shares is entitled to one vote per share.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

| | As at | | | |
|---|---|---|---|---|
| | 31 December 2022 | | 31 December 2021 | |
| | No. of shares | CLP | No. of shares | CLP |
| Number of shares at the beginning | 1,100,000 | 602,000 | 1,100,000 | 602,000 |
| Number of shares at the end | 1,100,000 | 602,000 | 1,100,000 | 602,000 |

**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 in the class | No. of shares | % holding in the class |
| **Equity shares with no nominal value each fully paid up** | | | | |
| Axon Solutions Limited | 1,100,000 | 100% | 1,100,000 | 100% |

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

There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the year ended 31 December 2022.

**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.

**HCL Technologies Chile Spa**
**Notes to financial statements for the year ended 31 December 2022**
(All amounts in thousands, except share data and as stated otherwise)

**2.10 Income taxes**

| | As at | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| | **(CLP)** | **(CLP)** |
| **Income tax charged to statement of profit and loss** | | |
| Current income tax charge | 281,754 | 151,804 |
| Deferred tax charge (credit) | (103,320) | 26,134 |
| | **178,434** | **177,938** |

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

| | As at | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| | **(CLP)** | **(CLP)** |
| Profit before income tax | 1,084,661 | 868,027 |
| Statutory tax rate in Chile | 27% | 27% |
| **Expected tax expense** | **292,859** | **234,367** |
| Permanent difference | (257,266) | (58,498) |
| Adjustment in respect of prior year | 5,976 | (75,604) |
| Additional Provision for interest and penalties | - | 85,018 |
| Others | 136,865 | (7,345) |
| **Total taxes** | **178,434** | **177,938** |
| Effective tax rate | 16% | 20% |

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

| | **Opening balance** | **Recognized in profit and loss** | **Closing balance** |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Depreciation and amortization | 54,867 | (42,151) | 12,716 |
| WHT not deducted on outsourcing cost | 793,931 | 105,794 | 899,725 |
| Advance from customer | 10,439 | 24,915 | 35,354 |
| Provision for doubtful debts | 25,120 | 3,795 | 28,915 |
| Others | - | 5,406 | 5,406 |
| **Gross deferred tax assets (A)** | 884,357 | 97,759 | 982,116 |
| **Deferred tax liabilities** | | | |
| Adjustment for finance lease receivables | 5,562 | (5,562) | - |
| **Gross deferred tax liabilities (B)** | 5,562 | (5,562) | - |
| **Net deferred tax assets (A-B)** | 878,795 | 103,321 | 982,116 |

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

| | **Opening balance** | **Recognized in profit and loss** | **Closing balance** |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Depreciation and amortization | 20,125 | 34,742 | 54,867 |
| WHT not deducted on outsourcing cost | 788,806 | 5,125 | 793,931 |
| Advance from customer | - | 10,439 | 10,439 |
| Provision for doubtful debts | 95,998 | (70,878) | 25,120 |
| **Gross deferred tax assets (A)** | 904,929 | (20,572) | 884,357 |
| **Deferred tax liabilities** | | | |
| Adjustment for finance lease receivables | - | 5,562 | 5,562 |
| **Gross deferred tax liabilities (B)** | - | 5,562 | 5,562 |
| **Net deferred tax assets (A-B)** | 904,929 | (26,134) | 878,795 |

Note :- Income tax payable includes amount of accrued interest and penalties related to uncertain tax positions.

**HCL Technologies Chile Spa**
**Notes to financial statements for the year ended 31 December 2022**
(All amounts in thousands, except share data and as stated otherwise)

**2.11 Trade payables**

| | As at | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| Trade payables | 1,109,129 | 426,168 |
| Trade payables-related parties (refer note 2.23) | 222,394 | 2,313,432 |
| | 1,331,523 | 2,739,600 |
| Unbilled and accruals | 990,048 | 1,504,178 |
| Unbilled and accruals - related parties (refer note 2.23) | 748,231 | 763,256 |
| | 1,738,279 | 2,267,434 |
| | **3,069,802** | **5,007,034** |

| Particulars | Outstanding as at 31 December 2022 from the due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed | 1,040,888 | 254,544 | 32,712 | 3,379 | - | 1,331,523 |
| Unbilled and accruals | | | | | | 1,738,279 |
| | | | | | | 3,069,802 |

| Particulars | Outstanding as at 31 December 2021 from the due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed | 484,621 | 2,200,903 | 54,076 | - | - | 2,739,600 |
| Unbilled and accruals | | | | | | 2,267,434 |
| | | | | | | 5,007,034 |

**2.12 Other financial liabilities**

| | As at | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| **Current** | | |
| **Carried at amortized cost** | | |
| Others | | |
| Capital accounts payables | 2,242 | 1,466 |
| Liabilities towards customer contracts | 60 | - |
| | **2,302** | **1,466** |

**2.13 Other current liabilities**

| | As at | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| Other advances | | |
| Advances received from customers | 21,686 | 12,289 |
| Others | | |
| Withholding and other taxes payable | 597,354 | 782,008 |
| | **619,040** | **794,297** |

**HCL Technologies Chile Spa**
**Notes to financial statements for the year ended 31 December 2022**
(All amounts in thousands, except share data and as stated otherwise)

**2.14 Revenue from operations**

| | Year ended | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| | **(CLP)** | **(CLP)** |
| Sale of services | 8,788,363 | 7,394,749 |
| Sale of hardware and software | 591,755 | 198,858 |
| | **9,380,118** | **7,593,607** |

**Disaggregate Revenue Information**

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

| | Year ended 31 December 2022 (CLP) | Year ended 31 December 2021 (CLP) |
|---|---|---|
| **Geography wise** | | |
| America | 61,098 | 12,153 |
| Europe | 181,225 | 7,153,428 |
| India* | 721,519 | 337,672 |
| Rest of world | 8,416,276 | 90,355 |
| | **9,380,118** | **7,593,607** |

* includes revenue billed to India based captive of global customers

**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 is CLP 12,400,247. 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**

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

The company does not have any contract assets as on 31 December 2022.

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

**2.14 Revenue from operations (continued)**

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

The below table discloses the significant movement in contract liabilities :

| | Year ended 31 December 2022 (CLP) | Year ended 31 December 2021 (CLP) |
|---|---|---|
| Opening balance | 89,821 | - |
| Additional amount billed but not recognised as revenue | 24,545 | 89,821 |
| Deduction during the year | (69,109) | - |
| **Closing balance** | **45,257** | **89,821** |

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

The below table discloses the significant movement in deferred contract cost :

| | Year ended 31 December 2022 (CLP) | Year ended 31 December 2021 (CLP) |
|---|---|---|
| Balance as at beginning of the year | 44,164 | - |
| Additional cost capitalised during the year | 149,191 | 44,164 |
| Deduction on account of cost amortised during the year | (23,376) | - |
| **Balance as at end of the year** | **169,979** | **44,164** |

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

| | Year ended 31 December 2022 (CLP) | Year ended 31 December 2021 (CLP) |
|---|---|---|
| Contract price | 9,411,796 | 7,649,999 |
| Reduction towards variable consideration components | (31,678) | (56,392) |
| **Revenue recognised** | **9,380,118** | **7,593,607** |

The reduction towards variable consideration comprises of volume discounts, service level credits, etc.

**2.15 Other income**

| | Year ended 31 December 2022 (CLP) | Year ended 31 December 2021 (CLP) |
|---|---|---|
| Interest income | | |
| - On other financial instruments carried at amortized cost | 8,081 | 15,152 |
| - On income tax refund | - | 2,401 |
| Exchange differences (net) | 159,099 | 153,314 |
| Provision for doubtful/bad debts written back | 9,145 | 253,947 |
| Miscellaneous income | 265 | 27,471 |
| | **176,590** | **452,285** |

**HCL Technologies Chile Spa**

**Notes to financial statements for the year ended 31 December 2022**

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

**2.16 Changes in inventories of stock in trade**

| | Year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| Opening stock | 169,192 | 253,416 |
| Less : Closing stock | 316,861 | 169,192 |
| | **(147,669)** | **84,224** |

**2.17 Finance cost**

| | Year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| Interest | | |
| -on direct taxes | 6,746 | - |
| -on loans from banks | 106 | - |
| -on leased assets | 1,958 | 1,150 |
| Bank charges | 18,509 | 23,113 |
| | **27,319** | **24,263** |

**2.18 Other expenses**

| | Year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| Insurance | 8,431 | 7,329 |
| Repairs and maintenance | | |
| -Plant and machinery | 537 | 11,988 |
| -Others | 619 | 12,753 |
| Legal and professional charges | 73,991 | 59,566 |
| Rates and taxes | 724 | - |
| Miscellaneous expenses | 27,921 | 106,581 |
| | **112,223** | **198,217** |

**2.19 Earnings Per Share (EPS)**

The computation of earnings per share is as follows:

| | Year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| Net profit as per statement of profit and loss for computation of EPS | 906,227 | 690,089 |
| Weighted average number of equity shares outstanding in calculating Basic EPS | 1,100,000 | 1,100,000 |
| Weighted average number of equity shares outstanding in calculating Dilutive EPS | 1,100,000 | 1,100,000 |
| Nominal value of equity shares * | - | - |
| Earnings per equity share | | |
| - Basic | 824 | 627 |
| - Diluted | 824 | 627 |

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

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

**2.20 Leases**

**(a) Company as a lessee**

Company's significant leasing arrangements are in respect of IT equipments.

The reconciliation of lease liabilities is as follows:

| | Year ended 31 December 2022 (CLP) | Year ended 31 December 2021 (CLP) |
|---|---|---|
| **Balance as at the begnining** | 22,851 | 7,148 |
| Additions | 88,380 | 23,276 |
| Amounts recognized in statement of profit and loss as interest expense | 1,958 | - |
| Payment of lease liabilities | (6,717) | (7,573) |
| **Balance as at the end** | **106,472** | **22,851** |

The following table present a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31st December 2022 and 31st December 2021 :

| | As at 31 December 2022 (CLP) | As at 31 December 2021 (CLP) |
|---|---|---|
| Within one year | 62,604 | 13,328 |
| One to two year | 32,044 | 9,235 |
| Two to three years | 15,279 | 1,199 |
| Three to five years | 426 | - |
| **Total lease payments** | 110,353 | 23,762 |
| Imputed interest | (3,881) | (911) |
| **Total lease liabilities** | **106,472** | **22,851** |

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

**(b) Company as a lessor**

**Finance Lease: In case of assets given on lease**

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

| | Total minimum lease payments receivable | Interest included in minimum lease payments receivable | Present value of minimum lease payments receivable |
|---|---|---|---|
| **As on 31 December 2022 (CLP)** | | | |
| Not later than one year | 364,144 | 15,211 | 348,933 |
| Later than one year and not later than 5 years | 166,540 | 6,005 | 160,535 |
| | 530,684 | 21,216 | 509,468 |
| **As on 31 December 2021 (CLP)** | | | |
| Not later than one year | 356,138 | 11,828 | 344,310 |
| Later than one year and not later than 5 years | 172,217 | 5,465 | 166,752 |
| | 528,355 | 17,293 | 511,062 |

**2.21 Financial instruments**

**(a) Financial assets and liabilities**

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

| | Amortized cost (CLP) | Total carrying value (CLP) |
|---|---|---|
| **Financial assets** | | |
| Trade receivables | 3,895,639 | 3,895,639 |
| Cash and cash equivalents | 2,879,646 | 2,879,646 |
| Others (refer note 2.3) | 509,468 | 509,468 |
| **Total** | 7,284,753 | 7,284,753 |
| **Financial liabilities** | | |
| Trade payables | 3,069,802 | 3,069,802 |
| Lease liabilities | 106,471 | 106,471 |
| Others (refer note 2.12) | 2,302 | 2,302 |
| **Total** | 3,178,575 | 3,178,574 |

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

| | Amortized cost (CLP) | Total carrying value (CLP) |
|---|---|---|
| **Financial assets** | | |
| Trade receivables | 3,025,611 | 3,025,611 |
| Cash and cash equivalents | 5,644,295 | 5,644,295 |
| Others (refer note 2.3) | 511,062 | 511,062 |
| **Total** | 9,180,968 | 9,180,968 |
| **Financial liabilities** | | |
| Trade payables | 5,007,034 | 5,007,034 |
| Lease liabilities | 22,851 | 22,851 |
| Others (refer note 2.12) | 1,466 | 1,466 |
| **Total** | 5,031,351 | 5,031,351 |

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

**2.21 Financial instruments (continued)**

**(b) Financial risk management**

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

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

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency. A significant portion of the Company revenue is in US Dollar and Euro while a large portion of costs are in CLP. The fluctuation in exchange rates in respect to CLP may not have potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately CLP 7,979 (31 December, 2021, CLP 9,494) for the year ended 31 December, 2022.

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

Non-derivative foreign currency exposure as of 31 December, 2022, 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 |
| | (CLP) | (CLP) | (CLP) | (CLP) |
| USD / CLP | 1,166,904 | 1,976,372 | 152,472 | 467,372 |
| EUR / CLP | - | - | 30,929 | 61,024 |
| GBP / CLP | - | - | - | 47,769 |
| JPY / CLP | - | - | - | 7,443 |

**(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 does not have any borrowings therefore, not 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 receivable, contract assets and finance lease receivables. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties.

The customers of the Company are primarily corporations based in Chile and accordingly, trade receivables and finance lease receivables are concentrated in Chile. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of trade receivables, unbilled receivables, contract assets and finance lease receivables. No single customer accounted for more than 10% of trade receivables, unbilled receivables and finance lease receivables.

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

| | As at | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| | (CLP) | (CLP) |
| Balance at the beginning of the year | 93,040 | 355,548 |
| Additional provision during the year | 14,055 | 24,536 |
| Bad debts written off during the year | - | - |
| Deductions on account of write offs and collections | - | 287,044 |
| **Balance at the end of the year** | **107,095** | **93,040** |

**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 statement based on contractual payment is as below :

| | Year 1 (Current) | Year 2 | Year 3 | Year 4-5 and thereafter | Total |
|---|---|---|---|---|---|
| **As at 31 December 2022 (CLP)** | | | | | |
| Trade payables | 3,069,802 | - | - | - | 3,069,802 |
| Lease liabilities | 62,604 | 32,044 | 15,279 | 426 | 110,353 |
| Other financial liabilties | 2,302 | - | - | - | 2,302 |
| **Total** | **3,134,708** | **32,044** | **15,279** | **426** | **3,182,456** |
| | | | | | |
| **As at 31 December 2021 (CLP)** | | | | | |
| Trade payables | 5,007,034 | - | - | - | 5,007,034 |
| Lease liabilities | 13,328 | 9,235 | 1,199 | - | 23,762 |
| Other financial liabilties | 1,466 | - | - | - | 1,466 |
| **Total** | **5,021,828** | **9,235** | **1,199** | | **5,032,262** |

**2.22 Segment Reporting**

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

Revenue disaggregation as per geography is given in note 2.14.

**2.23 Related party transactions**

**a) Related parties where control exists**

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

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

**Ultimate holding Company**
HCL Technologies Limited

**Fellow Subsidiaries**
HCL America Inc.
Axon Solutions (Shanghai) Co. Ltd.
C3i Europe Eood
Filial Espanola De HCL Technoloiges S.L.
H C L Technologies Lanka (Private) Limited
HCL (Brazil) Technologia da informacao EIRELI
HCL America Solutions Inc.
HCL Argentina S.A.
HCL Canada Inc.
HCL Great Britain Limited
HCL Guatemala, Sociedad Anónima
HCL Hong Kong SAR Limited
HCL Technologies Starschema Kft. (Formely known as HCL Hungary Kft)
HCL Istanbul Bilisim Teknolojileri Limited Sirketi
HCL Japan Limited
HCL Latin America Holding LLC
HCL Mexico S. de R.L.
HCL Poland sp. z o.o
HCL Singapore Pte. Ltd.
HCL Technologies (Proprietary) Ltd.
HCL Technologies (Taiwan) Ltd.
HCL Asia Pacific Pte. Ltd

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

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

HCL Technologies (Thailand) Limited
HCL Technologies B.V.
HCL Technologies Belgium BVBA
HCL Technologies Columbia S.A.S.
HCL Technologies Czech Republic S.R.O.
HCL Technologies Denmark Aps
HCL Technologies Egypt Ltd
HCL Technologies France SAS
HCL Technologies Germany GmbH
HCL Technologies Greece Single Member P.C.
HCL Technologies Italy S.P.A.
HCL Technologies Malaysia Sdn. Bhd.
HCL Technologies Middle East FZ-LLC
HCL Technologies Philippines, Inc
HCL Technologies Romania S.R.L
HCL Technologies South Africa (Proprietary) Limited
HCL Technologies Sweden AB
HCL Technologies UK Limited
Telerx Marketing Inc.
HCL Insurance BPO Services Limited
HCL Technologies Finland Oy
HCL Technologies Luxembourg S.a.r.l
HCL Technologies Austria Gmbh
HCL Technologies Corporate Services Limited
HCL Saudi Arabia LLC
PT. HCL Technologies Indonesia
HCL (Ireland) Information Systems Limited
HCL Vietnam Company Limited

| Transactions with related parties during the normal course of business | Sale of materials and services | Outsourcing costs |
|---|---|---|
| **For the Year 2022 (CLP)** | | |
| Ultimate Holding Company | 730,008 | 3,174,986 |
| Fellow Subsidiaries | 333,112 | 729,609 |
| **Total** | **1,063,120** | **3,904,595** |
| **For the Year 2021 (CLP)*** | | |
| Ultimate Holding Company | 347,652 | 2,029,275 |
| Fellow Subsidiaries | 213,366 | 958,275 |
| **Total** | **561,018** | **2,987,550** |

*The "Intermediate Holding Company" balances have been presented in "Fellow Subsidiaries" for better presentation.

**c) Outstanding balances**

| Outstanding balances | Trade receivables , other financial assets and other assets | Trade payables, other financial liabilities and other liability |
|---|---|---|
| **As on 31st December, 2022 (CLP)** | | |
| Ultimate Holding Company | 388,201 | 736,115 |
| Fellow Subsidiaries | 299,992 | 234,510 |
| **Total** | **688,193** | **970,625** |
| **As on 31st December, 2021 (CLP)** | | |
| Ultimate Holding Company | 163,971 | 1,922,326 |
| Fellow Subsidiaries | 229,954 | 1,154,362 |
| **Total** | **393,925** | **3,076,688** |

*The "Intermediate Holding Company" balances have been presented in "Fellow Subsidiaries" for better presentation.

**HCL Technologies Chile Spa**
**Notes to financial statements for the year ended 31 December 2022**
(All amounts in thousands, except share data and as stated otherwise)

**2.24 Ratio**

| Ratio | Numerator | Denominator | Units | Year ended | | % Variance |
|---|---|---|---|---|---|---|
| | | | | 31 December 2022 | 31 December 2021 | |
| Current ratio | Current assets | Current liabilities | Times | 1.94 | 1.40 | 38% |
| Debt equity ratio | Total debts (refer note 1 below) | Total equity | Times | 0.02 | 0.01 | 278% |
| Debt service coverage ratio | Earning availables for debt service (refer note 2 below) | Debt service (refer note 3 below) | Times | 64 | 66 | -2% |
| Return on equity ratio | Profit for the year | Average total equity | % | 21% | 19% | 7% |
| Inventory turnover ratio | Cost of good sold (refer note 4 below) | Average Inventories | Times | 2.24 | 1.10 | 104% |
| Trade receivables turnover ratio | Revenue from operations | Average trade receivables | Times | 2.71 | 2.77 | -2% |
| Trade payables turnover ratio | Net credit purchases (refer note 5 below) | Average trade payables | Times | 2.07 | 1.07 | 93% |
| Net capital turnover ratio | Revenue from operations | Working capital (refer note 6 below) | Times | 2.53 | 2.84 | -11% |
| Net profit ratio | Profit for the year | Revenue from operations | % | 10% | 9% | 6% |
| Return on capital employed | Earning before interest and taxes | Capital employed (refer note 7 below) | % | 27% | 28% | -4% |

**Notes :**

(1) Total debt consists of lease liabilities
(2) Earning availables for debt services = Profit for the year + depreciation and amortisation + interest + provision for doubtful debts + non cash charges
(3) Debt service = Interest + payment for lease liabilities + principal repayments
(4) Cost of goods sold includes purchase of stock-in-trade and change in inventories of stock-in-trade
(5) Net credit purchase includes purchase of stock-in-trade , change in inventories of stock-in-trade, outsourcing costs and other expenses
(6) Working capital = current assets - current liabilities
(7) Capital employed = Tangible net worth including intangible assets + total debt
(8) Average is calculated based on simple average of opening and closing balances

**Explanation where change in the ratio is more than 25%**

**1) Current ratio:** Primarily on account of significant decrease in trade payable- related parties on account of payment made during the year
**2) Debt Equity ratio:** Primarily on account of significant increase in lease liability.
**3) Inventory turnover ratio:** Primarily on account of significant increase in purchase of stock in trade during the year.
**4) Trade payables turnover ratio:** Primarily on account of significant decrease in trade payable- related parties on account of payment made during the year

HCL Technologies Chile Spa
**Notes to financial statements for the year ended 31 December 2022**
(All amounts in thousands, except share data and as stated otherwise)

**2.25 Commitments and contingent liabilities**

| | As at | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| | **(CLP)** | **(CLP)** |
| **i) Capital and other commitments** | | |
| **Capital commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 5,449 | 5,486 |
| **ii) Contingent liabilities** | | |
| Others | - | - |
| | **5,449** | **5,486** |

**2.26 Change in classification**

1) The Company has modified the classification of certain assets and liabilities. Comparative amounts in the notes to the financial statements were reclassified for consistency.

| | As earlier reported | Revised classification | Difference |
|---|---|---|---|
| Assets | | | |
| Financial assets | | | |
| Trade receivables - unbilled | - | 273,505 | (273,505) |
| Others | 617,815 | 344,310 | 273,505 |
| Liabilities | | | |
| Financial liabilities | | | |
| Trade payables-Unbilled and accruals | - | 1,504,178 | (1,504,178) |
| Trade payables-Unbilled and accruals - related parties | - | 763,256 | (763,256) |
| Others | 2,268,900 | 1,466 | 2,267,434 |

2. During the year ended 31 December 2022, the Company has revised the presentation of ‘contract liabilities’ from ‘other liabilities’ to face of the balance sheet for better presentation. Comparative amounts in the notes to the financial statements were reclassified for consistency.

As per our report of even date attached

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

**Vimal Chauhan**
Partner
Membership Number: 511230

Gurugram, India
Date: 30 June 2023

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

**Goutam Rungta**
Director

**Shiv Kumar Walia**
Director

**Ghaziabad, India**
Date: 30 June 2023

**Noida, India**