

HCL Technologies Costa Rica S.R.L.
Financial Statements
For the year ended 31 December 2024 and 2023

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 Costa Rica S.R.L.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCL Technologies Costa Rica S.R.L. (the “Company”), which comprise the Balance Sheet as at 31 December 2024, 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 material 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 2024, 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

Place: Gurugram, India
Date: 13 May 2025

Prince Sharma
Partner
Membership No. 521307
ICAI UDIN: 25521307BMNPJX6625

HCL Technologies Costa Rica S.R.L.

Balance Sheet

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

	Note No.	As at 31 December 2024 (CRC)	As at 31 December 2023 (CRC)
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3.1	450,960	547,156
(b) Goodwill	3.2	13,132	-
(c) Right-of-use assets	3.21	351,405	509,714
(d) Financial assets			
(i) Others	3.3	17,711	17,089
(e) Other non-current assets	3.4	14,264	7,318
Total non-current assets		847,472	1,081,277
(2) Current assets			
(a) Inventories	3.5	9,614	7,003
(b) Financial assets			
(i) Trade receivables			
Billed	3.6	769,674	1,008,259
Unbilled	3.6	564,775	-
(ii) Cash and cash equivalents	3.7	594,425	194,081
(c) Other current assets	3.8	98,924	92,948
Total current assets		2,037,412	1,302,291
TOTAL ASSETS		2,884,884	2,383,568
II. EQUITY			
(a) Equity share capital	3.9	651,690	651,690
(b) Other equity		840,127	485,988
TOTAL EQUITY		1,491,817	1,137,678
III. LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	3.21	167,148	298,514
Total non-current liabilities		167,148	298,514
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	3.10	509,050	521,800
(ii) Trade payables			
Billed	3.11	87,493	59,004
Unbilled and accruals	3.11	22,707	72,516
(iii) Lease liabilities	3.21	113,734	106,004
(iv) Others	3.12	163,270	83,801
(b) Other current liabilities	3.13	230,360	52,421
(c) Provisions	3.14	99,305	51,830
Total current liabilities		1,225,919	947,376
TOTAL LIABILITIES		1,393,067	1,245,890
TOTAL EQUITY AND LIABILITIES		2,884,884	2,383,568

Material 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

Signed by:  Registration Number : 101248W/W-100022F37AB8158B20494...
Prince Sharma

Partner

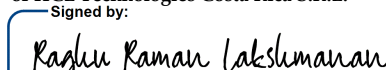
Membership Number : 521307

Place: Gurugram, India

Date: 13 May 2025

For and on behalf of the Board of Directors

of HCL Technologies Costa Rica S.R.L.

Signed by: 379E4ED9DCAA4EF...
Raghu Raman Lakshmanan

General Manager

Place: Texas, USA

Date: 13 May 2025

HCL Technologies Costa Rica S.R.L.
Statement of Profit and Loss
(All amount in CRC thousands except share data and as stated otherwise)

	Note No.	For the year ended 31 December 2024 (CRC)	For the year ended 31 December 2023 (CRC)
I Revenue			
Revenue from operations	3.15	4,396,216	3,171,884
Other income	3.16	916	17,603
Total income		4,397,132	3,189,487
II Expenses			
Purchase of stock in trade		9,614	-
Changes in inventories of stock in trade		(2,611)	-
Employee benefits expense	3.17	3,315,654	2,348,482
Finance costs	3.18	44,880	52,791
Depreciation expense	3.1 and 3.21	268,680	260,236
Outsourcing cost		12,726	12,471
Other expenses	3.19	394,050	241,361
Total expenses		4,042,993	2,915,341
III Profit before tax		354,139	274,146
IV Tax expense		-	-
V Profit for the year		354,139	274,146
VI Other comprehensive income		-	-
VII Total comprehensive income for the year		354,139	274,146
Earning per equity share of par value CRC 100 each			
Basic	3.20	54.34	42.07
Diluted	3.20	54.34	42.07

Material accounting policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

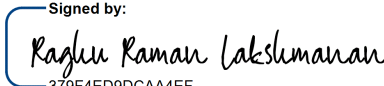
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 101248W/W-100022

Signed by:

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Prince Sharma
Partner
Membership Number : 521307

Place: Gurugram, India
Date: 13 May 2025

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

Signed by:

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Raghu Raman Lakshmanan
General Manager

Place: Texas, USA
Date: 13 May 2025

HCL Technologies Costa Rica S.R.L.
Statement of Changes in Equity
(All amount in CRC thousands except share data and as stated otherwise)

(Amount in CRC)

	Equity share capital		Other equity	Total equity
	Number of shares	Share capital	Reserves and surplus	
Balance as of January 1, 2023	6,516,900	651,690	211,842	863,532
Profit for the year	-	-	274,146	274,146
Total comprehensive income for the year	-	-	274,146	274,146
Balance as of December 31, 2023	6,516,900	651,690	485,988	1,137,678
Balance as of January 1, 2024	6,516,900	651,690	485,988	1,137,678
Profit for the year	-	-	354,139	354,139
Total comprehensive income for the year	-	-	354,139	354,139
Balance as of December 31, 2024	6,516,900	651,690	840,127	1,491,817

Material accounting policies (Note 1)

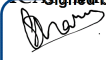
The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022



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Prince Sharma

Partner

Membership Number : 521307

Place: Gurugram, India

Date: 13 May 2025

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

Signed by:



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Raghu Raman Lakshmanan

General Manager

Place: Texas, USA

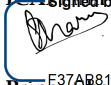
Date: 13 May 2025

HCL Technologies Costa Rica S.R.L.
Statement of Cash flow
 (All amount in CRC thousands except share data and as stated otherwise)

	For the year ended 31 December 2024 (CRC)	For the year ended 31 December 2023 (CRC)
A. Cash flows from operating activities		
Profit before tax	354,139	274,146
Adjustment for:		
Depreciation expense	268,680	260,236
Unrealized forex on short term loan	(12,750)	(69,790)
Interest income	(916)	(916)
Interest expenses	38,817	45,715
	647,970	509,391
Net changes in		
Trade receivables	(326,190)	(175,956)
Inventories	(2,611)	(7,003)
Other financial and other assets	(13,544)	(33,150)
Trade payables	(21,319)	42,506
Provisions	47,475	33,373
Financial liabilities and other current liabilities	262,786	1,994
Net cash flow from operating activities (A)	594,567	371,155
B. Cash flows from investing activities		
Purchase of property, plant and equipment.	(35,931)	(112,775)
Retirement of property, plant and equipment	17,583	-
Acquisition through business combination	(12,337)	-
Interest received	916	916
Net cash used in investing activities (B)	(29,769)	(111,859)
C. Cash flows from financing activities		
Interest paid	(29,978)	(29,154)
Payment of lease liabilities including interest	(134,476)	(189,745)
Net cash used in financing activities (C)	(164,454)	(218,899)
Net increase in cash and cash equivalents (A+B+C)	400,344	40,397
Cash and cash equivalents at the beginning of the year	194,081	153,684
Cash and cash equivalents at the end of the year as per note 3.7	594,425	194,081
Material accounting policies (Note 1)		


The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

 Prince Sharma
 Partner
 Membership Number : 521307

Place: Gurugram, India
 Date: 13 May 2025

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

Signed by:

 Raghuraman Lakshmanan
 General Manager

Place: Texas, USA
 Date: 13 May 2025

HCL Technologies Costa Rica S.R.L.

Notes to financial statements for the year ended 31 December 2024

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

Organization and Nature of Operations

HCL Technologies Costa Rica S.R.L. (herein after referred to as the “Company”) is primarily engaged in providing all kind of IT services, services in cloud, application & infrastructure services and Customer technology support services. The Company was incorporated on 23 July 2021 in Costa Rica with registration number 3102823403 having registered office at Building C10, second floor, America Free Zone Park, Heredia, San Francisco.

The financial statements for the year ended 31 December 2024 were approved and authorized for issue by the Board of Directors on 13 May 2025.

1. Material 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 not incorporated under Companies Act 2013 or under any previous Company law in India. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the requirement in India.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities measured at fair value (refer note 1(h) for accounting policy regarding financial instruments).

All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle of 12 months. The Statement of cash flows has been prepared under indirect method.

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

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon management’s best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made.

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

- i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in contracts involving multiple performance obligations, refer note 1(e).
- ii. Allowance for uncollectible accounts receivables, refer note 1(h)(i).
- iii. Recognition of income taxes, refer note 1(g)
- iv. Useful lives of property, plant and equipment, refer note 1(d)
- v. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(c)
- vi. Provisions and contingent liabilities, refer note 1(n) and note 3.14

HCL Technologies Costa Rica S.R.L.

Notes to financial statements for the year ended 31 December 2024

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

c) Leases

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

Company as a lessee

Company is lessee in case of office space. 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.

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

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

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

d) Property, plant and equipment

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

All other expenses on existing fixed assets, including day - to - day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

Property, plant and equipment under construction and cost of assets not ready for use at the 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 period.

HCL Technologies Costa Rica S.R.L.**Notes to financial statements for the year ended 31 December 2024**

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

d) Property, plant and equipment (continued)

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

Category of asset	Life (in years)
Computers and laptops	5
Office Equipment	10
Furniture and Fittings	10
Leasehold Improvements	5-10
Plant and Machinery	10

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

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

e) Revenue Recognition

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration (Transaction price) to which the Company expects to be entitled in exchange for transferring those products or services (Performance obligation). Revenue is recognized for any contract, once it is approved in writing, is legally enforceable, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable. Revenue is measured based on the Transaction price which is the consideration of the contract and is shown net of applicable taxes and adjusted for any variable consideration like volume discounts, service level allowances, incentive or any other discount. Transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our statements of financial position. Contract assets are recognized when revenue recognized is more than billing and right to consideration is conditional upon factors other than the passage of time. Unbilled receivables are recognized where the right to consideration is unconditional and only the passage of time is required before the payment is due (i.e., only act of invoicing is pending).

Revenue from time-and-material, volume based, and transaction-based contracts is recognized as the related services are performed through efforts expended, units serviced, number of transactions processed, etc. that correspond with value transferred to customer.

Revenue from Time-and-material is recognized on cost plus model when services has been rendered, the fee is determinable and collectability is reasonably assured in terms of master service agreement.

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

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

HCL Technologies Costa Rica S.R.L.

Notes to financial statements for the year ended 31 December 2024

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

e) Revenue Recognition (continued)

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.

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

f) Fair value measurement

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

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

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

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

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

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

- a. Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- b. Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.
- c. Cost approach – Replacement cost method.

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.

g) Income Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties.

HCL Technologies Costa Rica S.R.L.

Notes to financial statements for the year ended 31 December 2024

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

g) Income Taxes (continued)

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

HCL Technologies Costa Rica SRL is Free Trade Zone (FTZ) registered entity enjoying 100% income tax holiday for 8 years starting from November 30, 2021 granted by Ministry of Economy, Costa Rica, and hence, no current tax and deferred tax provided in the financial statements. This tax holiday extends to exemption on VAT for assets that are purchased locally, withholding tax on remittances abroad, including dividends, all import duties on machinery, raw materials, equipment, office furniture and any assets required for the FTZ activities, exemption of Municipal Taxes and Property Transfer Tax for a period of 10 years. These tax benefits are available for the period subject to meeting investment and employment conditions.

h) Financial Instruments

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

i. Financial assets

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

Financial instruments at amortized cost

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

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

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

Derecognition of financial assets

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

HCL Technologies Costa Rica S.R.L.

Notes to financial statements for the year ended 31 December 2024

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

Impairment of financial assets

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

ii. Financial liabilities

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

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit and loss

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

Financial liabilities at amortized cost

The Company's financial liabilities at amortized cost, are initially recognized at net of transaction costs and includes trade payables, borrowings including bank overdrafts and other payables. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method except for deferred consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

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

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

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

Derecognition

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

i) Earnings per share

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

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

HCL Technologies Costa Rica S.R.L.

Notes to financial statements for the year ended 31 December 2024

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

j) Retirement and other employee benefits

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

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

l) Cash and short term deposits

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

m) Foreign currency and translation

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

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

n) Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

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

HCL Technologies Costa Rica S.R.L.

Notes to financial statements for the year ended 31 December 2024

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

o) Inventories

Stock-in-trade, stores and spares are valued at the lower of the cost or net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. 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 and cost of stores and spare parts are determined using the weighted average cost formula.

p) Impairment of non-financial assets

Goodwill

Goodwill is tested annually on December 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. Impairment, if any, is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset. Subsequently if there is a change in the estimates used to determine the recoverable amount, the impairment loss is reversed. Such reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined on the date of reversal, if no impairment loss had been recognized. Such impairment and any subsequent reversal is recognized in the statement of profit and loss.

q) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as financial liability is measured at fair value with changes in fair value recognized in the statement of profit and loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is recognized as capital reserve after reassessing the fair values of the net assets.

HCL Technologies Costa Rica S.R.L.

Notes to financial statements for the year ended 31 December 2024

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

r) Recently issued accounting pronouncements

There are no new standards or amendments to the existing standards applicable to the company which has been notified by the Ministry of corporate Affairs.

2. Acquisitions

Acquisition of business related to certain assets (CSS) of Communications Technology Group (CTG) from Hewlett Packard Enterprise (HPE)

On 23 May 2024, HCL Group signed a definitive agreement to carve out and acquire business including certain intellectual property rights (IPs), customer relationships with global Communication Service Providers (CSPs) along with Engineering and R&D talent of Communications Technology Group (CTG) from HPE. The acquisition got consummated, post-regulatory approvals on 1 December 2024.

Out of the overall deal purchase price of \$ 210Mn, the company had paid the purchase price of CRC 12,337 which has been preliminarily allocated based on management estimates to Employee liability of CRC 795 and Goodwill of CRC 13,132.

The Company is in the process of making a final determination of the purchase price and fair value of assets and liabilities acquired. Finalization of such determination may result in certain adjustments to the above allocations.

HCL Technologies Costa Rica S.R.L.

Notes to Financial Statement for the year ended 31 December 2024

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

3.7 Cash and cash equivalents

	As at	
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Balance with banks		
- in current accounts	594,425	194,081
	594,425	194,081

3.8 Other current assets

	As at	
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Unsecured		
Advances to employees	8,224	5,691
Less: Provision for doubtful advances	-	(152)
	8,224	5,539
Others		
Prepaid expenses	53,107	48,620
Deferred contract cost	8,237	4,354
Balance with government authorities	-	33,083
Other advances	29,356	1,352
	98,924	92,948

3.9 Share capital

	As at	
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Authorized		
6,516,900 equity shares of CRC 100 each	651,690	651,690
Issued, subscribed and fully paid up		
6,516,900 equity shares of CRC 100 each	651,690	651,690

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of CRC 100/-. Each holder of equity shares is entitled to one vote per share.

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

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at		As at	
	31 December 2024		31 December 2023	
	No. of shares	Amount in CRC	No. of shares	Amount in CRC
Number of shares at the beginning	6,516,900	651,690	6,516,900	651,690
Number of shares at the end	6,516,900	651,690	6,516,900	651,690

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

	As at		As at	
	31 December 2024		31 December 2023	
	No. of shares	% holding	No. of shares	% holding
Equity shares of CRC 100 each fully paid				
HCL Bermuda limited	6,516,900	100%	6,516,900	100%

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

	As at		As at	
	31 December 2024		31 December 2023	
	No. of shares	% holding	No. of shares	% holding
Equity shares of CRC 100 each fully paid				
HCL Bermuda limited	6,516,900	100%	6,516,900	100%

Details of promoter holding shares in the Company:-

	As at		As at		% change during the year
	31 December 2024		31 December 2023		
	No. of shares	% holding	No. of shares	% holding	
Equity shares of CRC 100 each fully paid					
HCL Bermuda limited, the holding company	6,516,900	100%	6,516,900	100%	0.00%

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

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation.

3.9 Share Capital (continued)**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. The Company have also resorted the borrowing to meet local funding requirements from other group affiliate entity.

3.10 Borrowings

	As at	
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Short term borrowings- related parties (Refer Note 3.22)	509,050	521,800
	509,050	521,800

The Company has availed short term loans of USD 1 million(CRC 638,827) from HCL EAS Limited, at a interest rate of SOFR + 50 bps. The loan is repayable not later than twelve months. Both parties may mutually agree to extend the term of the loan for an additional one year beyond the contractual term.

3.11 Trade payables

	As at	
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Trade payables	62,409	56,164
Trade payables-related parties (Refer Note 3.22)	25,084	2,840
	87,493	59,004
Unbilled and accruals	21,634	72,516
Unbilled and accruals-related parties (Refer Note 3.22)	1,073	-
	22,707	72,516
	110,200	131,520

Particulars	Not Due	Outstanding as at 31 December 2024 from the due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
		(i) Others	48,154	39,336	3	
Unbilled and accruals					22,707	
					110,200	

Particulars	Not Due	Outstanding as at 31 December 2023 from the due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
		(i) Others	56,134	2,870	-	
Unbilled and accruals					72,516	
					131,520	

3.12 Other financial liabilities

	As at	
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Current		
Interest payable on borrowings- related parties (Refer Note 3.22)	6,252	8,254
Employee bonuses accrued	110,786	36,967
Other employee costs	17,483	5,658
Capital accounts payables	28,749	32,922
	163,270	83,801

3.13 Other current liabilities

	As at	
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Advances received from customers- related parties (Refer Note 3.22)	-	3,374
Others		
Withholding and other payable	230,360	49,047
	230,360	52,421

3.14 Provisions

	As at	
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Current		
Provision for employee benefits		
Provision for leave benefits	99,305	51,830
	99,305	51,830

HCL Technologies Costa Rica S.R.L.**Notes to Financial Statement for the year ended 31 December 2024**

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

3.15 Revenue from operations

	For the year ended	For the year ended
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Sale of services (Refer note 3.22)	4,396,216	3,171,884
	4,396,216	3,171,884

Disaggregate Revenue Information

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

	For the year ended	For the year ended
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Geography wise		
America	355,902	109,304
Europe	3,464,314	2,717,845
Costa Rica	517,162	-
India	46,583	26,221
Others	12,255	318,514
Total	4,396,216	3,171,884

Remaining performance obligations

Remaining performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, economic factors (change in currency rates, tax laws, etc.). As at 31 December 2024, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was CRC Nil. This is after exclusions of below:

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

Contract balances

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

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

The company does not have any contract assets and contract liability as on 31 December 2024.

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

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

	For the year ended	For the year ended
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Balance as at beginning of the year	11,672	7,975
Additional cost capitalised during the year	14,199	5,035
Deduction on account of cost amortised during the year	(3,370)	(1,338)
Balance as at end of the year	22,501	11,672

3.16 Other income

	For the year ended	For the year ended
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Interest income on financial instruments carried at amortized cost	916	916
Exchange differences (net)	-	16,687
	916	17,603

3.17 Employee benefits expense

	For the year ended	For the year ended
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Salaries, wages and bonus	2,544,195	1,781,742
Contribution to legal welfare and other funds	695,160	501,357
Leave encashment	74,328	62,286
Staff welfare expenses	1,971	3,097
	3,315,654	2,348,482

3.18 Finance cost

	For the year ended	For the year ended
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Interest		
-on lease liability	10,840	14,851
-on loans from related party (Refer note-3.22)	27,977	30,864
-others	28	
Bank charges	6,035	7,076
	44,880	52,791

3.19 Other expenses

	For the year ended	For the year ended
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Power and fuel	68,800	68,499
Repairs and maintenance		
- Plant and machinery	2,985	4,554
- Others	114,865	75,577
Communication costs	10,718	10,574
Business promotion	549	-
Legal and professional charges	63,734	25,535
Printing and stationary	5,129	13,277
Insurance	237	-
Rates and taxes	24,264	8
Recruitment, training and development	-	779
Travel and conveyance	26,375	37,119
Software license fees	339	-
Miscellaneous expenses	168	5,439
Exchange differences (net)	75,887	-
	394,050	241,361

HCL Technologies Costa Rica S.R.L.**Notes to Financial Statement for the year ended 31 December 2024****(All amount in CRC thousands except share data and as stated otherwise)****3.20 The computation of earnings per equity share (EPS) is as follows:**

Particulars	As at	As at
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Net profit as per statement of profit and loss for computation of EPS	354,139	274,146
Weighted average number of equity shares outstanding - Basic	6,516,900	6,516,900
Weighted average number of equity shares outstanding - Diluted	6,516,900	6,516,900
Nominal value of equity shares	100	100
Earning per equity share		
- Basic	54.34	42.07
- Diluted	54.34	42.07

3.21 Leases**(a) Company as a lessee**

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

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

	For the year ended	For the year ended
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Balance as at 1 January	509,714	621,599
Additions	-	43,632
Depreciation charge for the year	(158,309)	(155,517)
Balance as at 31 December	351,405	509,714

The reconciliation of lease liabilities is as follows:

	For the year ended	For the year ended
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Balance as at beginning of the year	404,518	535,780
Additions	-	43,632
Amounts recognized in statement of profit and loss as interest expense	10,840	14,851
Payment of lease liabilities	(134,476)	(189,745)
Balance as at end of the year	280,882	404,518

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

	For the year ended	For the year ended
	31 December 2024	31 December 2023
	(CRC)	(CRC)
Within one year	120,731	116,978
One to two years	136,003	134,358
Two to three years	34,213	136,416
Three to five years	-	38,065
Total lease payments	290,947	425,817
Imputed interest	(10,065)	(21,299)
Total lease liabilities	280,882	404,518

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

HCL Technologies Costa Rica S.R.L.
Notes to Financial Statement for the year ended 31 December 2024
 (All amount in CRC thousands except share data and as stated otherwise)

3.22 Related party transaction

a) Related parties where control exists

Ultimate Holding company

HCL Technologies limited

Holding company

HCL Bermuda Limited

b) Related Parties where transactions have taken place during the year

HCL Technologies Limited (Ultimate holding company)

HCL Bermuda Limited (Holding company)

Fellow Subsidiaries

Filial Espanola De HCL Technoloiges, S.L.(HCL Spain)

HCL (Brazil) Technologia Da Informacao EIRELI

HCL (New Zealand) Limited

HCL America Inc.

HCL Axon Solutions (Shanghai) Co., Limited

HCL Canada Inc. (Fy HCL Axon Technologies Inc.)

HCL EAS Limited

HCL Hungary Kft

HCL Japan Limited

HCL Latin America Holding LLC

HCL Saudi Arabia LLC

HCL Singapore Pte. Limited.

HCL Technologies (Taiwan) Limited.

HCL Technologies (Thailand) Limited.

HCL Technologies BV

HCL Technologies Colombia SAS

HCL Technologies Corporate Services Limited

HCL Technologies Czech Republic s.r.o.

HCL Technologies Denmark ApS

HCL Technologies Egypt Limited

HCL Technologies Vietnam Company

HCL Hong Kong SAR Limited

HCL Asia Pacific Pte. Ltd

HCL Technologies France

HCL Technologies Greece Single Member P.C.

HCL Technologies Italy S.p.A.

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

HCL Technologies Mexico S DE RL DE CV

HCL Technologies Norway AS

HCL Technologies Philippines Inc

HCL Technologies Romania s.r.l.

HCL Technologies South Africa (Proprietary) Limited

HCL Technologies Columbia

HCL Technologies (PTY) Ltd

HCL Technologies Germany GmbH

HCL Technologies UK Limited

HCL (Ireland) Infor. Syst LTD.

HCL Technologies Belgium BVBA

Axon Solutions Schweiz GmbH

HCL Technologies Sweden AB

Hcl Istanbul Bilisim Teknoloji

Hcl Technologies Austria GmbH

HCL Technologies Middle East FZ-LLC

PT. HCL Technologies Indonesia

HCLT Lanka Pvt Ltd

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

	Revenue	Interest Expense
For the year ended 31 December 2024		
Ultimate Holding company	171,757	-
Fellow subsidiary companies	4,224,459	27,977
Total	4,396,216	27,977
For the year ended 31 December 2023		
Ultimate Holding company	60,988	-
Fellow subsidiary companies	3,110,896	30,864
Total	3,171,884	30,864

d) Outstanding balances

	Unbilled receivables	Trade receivables	Interest payable on borrowings	Unbilled and accruals	Trade payables	Advance received	Borrowings
For the year ended 31 December 2024							
Ultimate Holding company	9,560	115,120	-	-	41	-	-
Fellow subsidiary companies	555,215	654,554	6,252	1,073	25,043	-	509,050
Total	564,775	769,674	6,252	1,073	25,084	-	509,050
For the year ended 31 December 2023							
Ultimate Holding company	-	9,859	-	-	2,840	3,374	-
Fellow subsidiary companies	-	998,400	8,254	-	-	-	521,800
Total	-	1,008,259	8,254	-	2,840	3,374	521,800

HCL Technologies Costa Rica S.R.L.**Notes to Financial Statement for the year ended 31 December 2024****(All amount in CRC thousands except share data and as stated otherwise)****3.23 Segment Reporting**

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

The Company's ultimate holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and HCL Software. 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 3.15.

3.24 Financial Instruments**(a) Financial assets and liabilities**

The carrying value of financial instruments by categories as at 31 December 2024 is as follows:

	Amortized Cost	Total Carrying Value
	(CRC)	(CRC)
Financial Assets		
Trade receivables	1,334,449	1,334,449
Cash and cash equivalents	594,425	594,425
Others	17,711	17,711
Total	1,946,585	1,946,585
Financial Liabilities		
Short term borrowings	509,050	509,050
Trade payables	110,200	110,200
Lease liabilities	280,882	280,882
Others	163,270	163,270
Total	1,063,402	1,063,402

The carrying value of financial instruments by categories as at 31 December 2023 is as follows:

	Amortized Cost	Total Carrying Value
	(CRC)	(CRC)
Financial Assets		
Trade receivables	1,008,259	1,008,259
Cash and cash equivalents	194,081	194,081
Others	17,089	17,089
Total	1,219,429	1,219,429
Financial Liabilities		
Short term borrowings	521,800	521,800
Trade payables	131,520	131,520
Lease liabilities	404,518	404,518
Others	83,801	83,801
Total	1,141,639	1,141,639

HCL Technologies Costa Rica S.R.L.**Notes to Financial Statement for the year ended 31 December 2024****(All amount in CRC thousands except share data and as stated otherwise)****3.24 Financial Instruments (continued)****(b) Financial risk management**

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

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk.

Foreign currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than functional currency.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than functional currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in CRC. The fluctuation in exchange rates in respect to CRC 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 CRC 6,540 (PY 2023: CRC 8,443) for the year ended 31 December 2024.

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

Non-derivative foreign currency exposure as of 31 December 2024 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	(CRC)	(CRC)	(CRC)	(CRC)
USD/CRC	843,324	675,745	1,484,414	1,516,518

Interest rate risk

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

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled revenue. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties as the entire revenue belongs to intercompany. The allowance for lifetime expected credit loss on customer balances is Nil as on 31 December 2024 and 31st December 2023.

Liquidity risk

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

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

	Year 1 Current	Year 2	Year 3	Year 4-5 and thereafter	Total
As at 31 December 2024 (CRC)					
Borrowings	509,050	-	-	-	509,050
Trade payables	110,200	-	-	-	110,200
Lease liabilities	120,731	136,003	34,213	-	290,947
Other financial liabilities	163,270	-	-	-	163,270
Total	903,251	136,003	34,213	-	1,073,467
As at 31 December 2023 (CRC)					
Borrowings	521,800	-	-	-	521,800
Trade payables	131,520	-	-	-	131,520
Lease liabilities	116,978	134,358	136,416	38,065	425,817
Other financial liabilities	83,801	-	-	-	83,801
Total	854,099	134,358	136,416	38,065	1,162,938

3.25 Ratio

	Numerator	Denominator	Units	Year ended		% Variance
				31 December 2024	31 December 2023	
Current ratio	Current assets	Current liabilities	Times	1.7	1.4	21 %
Debt equity ratio	Total debt (refer note 1 below)	Total equity	Times	0.5	0.8	(35)%
Debt service coverage ratio	Earning available for debt service (refer note 2 below)	Debt service (refer note 3 below)	Times	4.0	2.7	52 %
Return on equity ratio	Profit for the year	Average total equity	%	26.9%	27%	(2)%
Inventory turnover ratio	Cost of good sold (refer note 4 below)	Average inventories	Times	0.8	-	NA
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	3.8	3.4	9 %
Trade payables turnover ratio	Net credit purchases (refer note 5 below)	Average trade payables	Times	3.4	2.3	46 %
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 6)	Times	5.4	8.9	(39)%
Net profit ratio	Profit for the year	Revenue from operations	%	8.0%	8.6%	(7)%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 7 below)	%	17.2%	15.5%	11 %

Notes :

- (1) Total Debt = Borrowing + Lease liabilities
- (2) Earning available for debt services = Profit for the year + depreciation expense + interest
- (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 = Purchase of stock in trade+change in inventories of stock in trade+outsourcing cost+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) Debt equity ratio has been reduced majorly on account of increase in profitability of the entity.
- (2) Debt service coverage ratio has been increased on account of increase in operating income of the entity.
- (3) Trade payables turnover ratio has increased due to increase in net credit purchases during the year.
- (4) Net capital turnover ratio has been decreased mainly on account of increase in trade receivables due to increase in intercompany revenue as compared to previous period.

3.26 Subsequent event

The Company has evaluated all the subsequent events through 13th May 2025, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

3.27 Round off

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

Signed by:



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Prince Sharma

Partner

Membership Number : 521307

Gurugram, India

Date: 13 May 2025

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

Signed by:



379E4ED9DCAA4EF
Raghu Raman Lakshmanan

General Manager

Place: Texas, USA

Date: 13 May 2025