

Report and Financial Statements

HCL EAS Limited

For the year ended 31 March 2022

Registered number: 06695589

HCL EAS Limited

Company Information

Directors	Mr. Shiv Kumar Walia Mr. Rahul Singh Mr. Ajit Kumar Mr. Goutam Rungta
Registered number	06695589
Registered office	Axon Centre, Church Road, Egham, Surrey, TW20 9QB, United Kingdom
Independent auditor	KNAV Hygeia building, Ground floor 66-68 College road Harrow, Middlesex HA1 1BE, United Kingdom
Banker	Deutsche Bank London Branch Winchester House 1 Great Winchester Street London EC2N 2DB

HCL EAS Limited

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HCL EAS Limited

Strategic report

For the year ended 31 March 2022

Introduction

The directors present their Strategic Report for the year ended 31 March 2022.

Principal activities

The Company's principal activity is to act as a holding company for the investment in the shares of companies providing services associated with IT and business services, engineering and R & D services and services related to products and platforms.

The Company also provides a software license to a fellow group company.

Review of business

The results of the Company and its key performance indicators ("KPI") are as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
	\$000	\$000
Turnover	3,395	3,507
Gross profit	1,246	1,245
Income from shares in group companies	44,099	7,295
Dividend accrued on preference shares to group company	11,741	12,424
Profit for the year	31,940	3,362
Carrying value of investments	696,857	696,857

Turnover represents software license provided to a fellow group company resulting in license fees. The Company has received dividend income of \$44,099k during the year (2021- \$7,295k). The company has recorded an accrual of dividend on preference shares to group company amounting to \$11,741k (2021- \$12,424k).

Principal risks and uncertainties

Aside from investments, the Company principally engages in short term financial instruments and mitigates exposure to the associated risks of these instruments in connection with support from] the enlarged group that it is a member of. The Company also closely monitors the results of its investments to determine whether the carrying values are appropriate.

The UK left the EU on 31st December 2020. Aside from resultant foreign exchange movements this did not have any adverse impact on the Company's business so far and management will further follow up if any measures are necessary to reduce potential business risk.

Financial instruments

The Company's operations expose it to a variety of financial instrument related risks such as foreign exchange risk and liquidity risk. The hedging decisions are managed by the ultimate holding company at group level and there no hedge instruments / contracts entered by the company. The Company has adequate controls in place that seek to minimise the adverse effects of these financial risks on the Company's financial performance.

HCL EAS Limited

Strategic report (continued)

For the year ended 31 March 2022

Principal risks and uncertainties (continued)

Financial instruments (continued)

1. Foreign exchange rate risk

Foreign exchange rate risk arises from future commercial transactions and recognised assets, investments and liabilities that are denominated in a currency which is not the Company's functional currency. Most of the transactions of the company are carried out in its functional currency. The ultimate parent Company takes hedges to minimise the risk at the overall group level. As per ultimate parent company's risk management policy, hedges are predominantly taken by ultimate parent company to hedge foreign currency risk. In certain cases, to address specific risks, hedges may be taken at subsidiary level. However, the Company does not undertake any hedges itself.

2. Credit risk

The Company has policies and procedures in place for the control and monitoring of its exposure to credit risk. The Company has a dedicated team that closely monitors receivable from fellow group company.

3. Liquidity risk

Prudent liquidity risk implies maintaining sufficient cash and short term bank deposits. The directors do not see any significant liquidity risk involved. The Company's liquidity risk is further mitigated through the availability of financing from its ultimate parent undertaking. The Company also has an overdraft facility from its banker which can be used as and when required.

Cash flow performance is monitored on an ongoing basis by the Board.

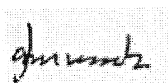
4. Investment impairment risk

The most significant financial instrument held by the Company is its investments in subsidiaries. The directors understanding of the risks associated with the investments held by the entity relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the Company reviews the financial performance of its investments on a regular basis. To date, all investments have had a strong year and are not exhibiting indicators of impairment. This is expected to continue for the foreseeable future.

Impact of Covid

There is no impact of Covid on the operations of the company during the financial year.

This report was approved by the board of directors on 05 July 2022 and signed on its behalf.



Shiv Kumar Walia
Director



Goutam Rungta
Director

HCL EAS Limited

Directors' report

For the year ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Results and dividends

The Profit for the year, after taxation, amounted to \$31,940k (2021: Profit-\$3,362k).

The Company has not made any political and charitable contribution during the year.

During the year, the Company did not declare any dividend on ordinary shares. (2021- Nil).

Preference shares carry a fixed coupon rate of 2.2% with effect from 31-03-2020 and are classified as financial liabilities. The dividends on these preference shares are recognized in the "Statement of profit and loss and other comprehensive income"

Directors

The directors who served during the year and to the date of approving the financial statements were

Mr. Shiv Kumar Walia

Mr. Rahul Singh

Mr. Ajit Kumar

Mr. Subramanian Gopalakrishnan (Resigned with effect from 20 January 2022)

Mr. Goutam Rungta (Appointed with effect from 20 January 2022)

Future Developments

The Company has generated good business, and the future growth opportunities are expected from its existing customer.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have made an assessment of future cash flows for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, either through its operations or funding from its ultimate parent company, HCL Technologies Limited, to meet its liabilities as they fall due for that period. HCL Technologies Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Financial instruments

Details of financial instruments are provided in the strategic report.

HCL EAS Limited

Directors' report (continued)

For the year ended 31 March 2022

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Reappointment of auditor

The Auditor, KNAV are deemed to be reappointed under section 487(2) of Companies Act 2006.

This report was approved by the board of directors on 05 July 2022 and signed on its behalf.



Shiv Kumar Walia
Director



Goutam Rungta
Director

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

For the year ended 31 March 2022

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

HCL EAS Limited
Independent Auditor's Report to the Members of HCL EAS Limited

Opinion

We have audited the financial statements of HCL EAS Limited (the 'company') for the year ended 31 March 2022, which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

HCL EAS Limited
Independent Auditor's Report to the Members of HCL EAS Limited
(continued)

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 ISAs (UK) 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.

HCL EAS Limited
Independent Auditor's Report to the Members of HCL EAS Limited
(continued)

Extent to which the audit is capable of detecting irregularities, including fraud

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations – this responsibility lies with management with the oversight of the Directors.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, Financial Reporting Standard 102 and UK taxation legislation as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors minutes;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- enquiry of management of any legal matters;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- review of accounting estimates for biases

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

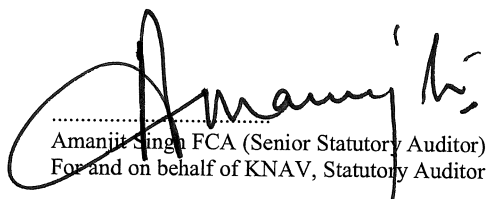
The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

HCL EAS Limited
Independent Auditor's Report to the Members of HCL EAS Limited
(continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Amanjit Singh FCA (Senior Statutory Auditor)
For and on behalf of KNAV, Statutory Auditor

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Date: 05 July 2022

HCL EAS Limited

Statement of profit and loss and other comprehensive income

For the year ended 31 March 2022

		Year ended 31 March 2022	Year ended 31 March 2021
	Note	\$000	\$000
Turnover	4	3,395	3,507
Cost of sales		(2,149)	(2,262)
Gross profit		1,246	1,245
Administrative expenses		(15)	(16)
Operating foreign exchange (expense) / income		(1,814)	6,835
Operating (loss) / profit	5	(583)	8,064
Income from shares in group companies		44,099	7,295
Interest receivable and similar income	8	416	806
Interest payable and similar charges	9	(59)	(366)
Dividend accrued on preference shares to group company		(11,741)	(12,424)
Profit before tax		32,132	3,375
Tax on profit	10	(192)	(13)
Profit for the year		31,940	3,362
Other comprehensive income		-	-
Total comprehensive income for the year		31,940	3,362

The notes on pages 13 to 23 form part of these financial statements.

All amounts relate to continuing operations

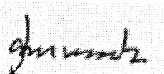
HCL EAS Limited

Statement of financial position

As at 31 March 2022

	Note	31 March 2022 \$000	31 March 2021 \$000
Fixed assets			
Investments	11	<u>696,857</u>	<u>696,857</u>
Current assets			
Debtors: amounts falling due within one year	12	18,439	55,272
Cash at bank	13	<u>43,595</u>	<u>440</u>
		62,034	55,712
Creditors: amounts falling due within one year	14	<u>(329,217)</u>	<u>(354,835)</u>
Net current liabilities		<u>(267,183)</u>	<u>(299,123)</u>
Total assets less current liabilities		429,674	397,734
Creditors: amounts falling due after more than one year	15	<u>(408,699)</u>	<u>(408,699)</u>
Net Liabilities		<u><u>20,975</u></u>	<u><u>(10,965)</u></u>
Capital and reserves			
Called up share capital	16	157,561	157,561
Retained losses		<u>(136,586)</u>	<u>(168,526)</u>
Shareholder's funds		<u><u>20,975</u></u>	<u><u>(10,965)</u></u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 05 July 2022



Shiv Kumar Walia
Director



Goutam Rungta
Director

The notes on pages 13 to 23 form part of these financial statements.

HCL EAS Limited

Statement of changes in equity

For the year ended 31 March 2022

	Share capital \$000	Retained losses \$000	Total Equity \$000
At 1 April 2020	157,561	(171,888)	(14,327)
Profit for the year	-	3,362	3,362
Total comprehensive income for the year	-	3,362	3,362
At 31 March 2021	157,561	(168,526)	(10,965)
	157,561	(168,526)	(10,965)
At 1 April 2021	-	31,940	31,940
Profit for the year	-	31,940	31,940
Total comprehensive loss for the year	-	31,940	31,940
At 31 March 2022	157,561	(136,586)	20,975

The notes on pages 13 to 23 form part of these financial statements.

HCL EAS Limited

Notes to the financial statements

For the year ended 31 March 2022

1. Company information

HCL EAS Limited is a Company incorporated in United Kingdom. The registered office is Axon Centre, Church Road, Egham, Surrey, TW20 9QB, United Kingdom.

2. Accounting policies

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Companies Act 2006 under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company's functional and presentational currency is US Dollars. The financial statements are presented in round thousands.

The financial statements contain information about HCL EAS Limited as an individual Company and are not consolidated financial statements. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as it and its subsidiary undertakings are included in the group financial statements of its ultimate parent, HCL Technologies Limited, a Company incorporated in India, which are publically available at <https://www.hcltech.com>.

2.1 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 11 Basic Financial Instrument.

This information is included in the consolidated financial statements of HCL Technologies Limited as at 31 March 2022 and these financial statements may be obtained from the Registrar of companies in India and the consolidated financial statement of ultimate parent company, HCL Technologies Limited a company incorporated in India, which are publicly available at <https://www.hcltech.com>.

2.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have made an assessment of future cash flows for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, either through its operations or funding from its ultimate parent company, HCL Technologies Limited, to meet its liabilities as they fall due for that period. HCL Technologies Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies(continued)

2.3 Turnover

Turnover (license fee) is recognised from the lease of the ALPS software asset to fellow group company on the basis of "total chargeable policy count", being the number of policies invoiced to clients in the financial year. License fee is chargeable on a "per policy" basis and is based on the pricing schedule prescribed in the leasing agreement.

2.4 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like cash, trade and other accounts receivable and payable, bank overdraft, loans to and from related parties and investments.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of profit and loss and other comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies(continued)

2.5 Financial instruments(continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans and preference shares classified as liability, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.6 Impairment of assets

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of profit and loss and other comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss and other comprehensive income.

2.7 Foreign currency translation

The financial statements of the Company are presented in US Dollars.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. 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 recognised in the statement of profit and loss and other comprehensive income. 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. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

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

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.8 Provision for Liabilities

A provision is recognised when a Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are created based on best estimate availability at the time of creating the liability which is reviewed from time to time and updated appropriately.

2.9 Taxation

The tax expense for the year composes current and deferred tax. Tax is recognised in the statement of profit and loss and other comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Interest income

Interest income is recognised in the Statement of profit and loss and other comprehensive income using the effective interest method.

2.11 Finance costs

Finance costs are charged to the statement of profit and loss and other comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

3. Judgements in applying accounting policies and key resources of estimation uncertainty

The preparation of financial statements in conformity with FRS102 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, turnover, costs, expenses and other comprehensive income that are reported and disclosed in the financial statements and accompanying notes. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the financial statements

For the year ended 31 March 2022

3. Judgements in applying accounting policies and key resources of estimation uncertainty (continued)

Significant estimates and assumptions are as follows:

Provisions against impairment of investments

Using information available at the balance sheet date, the Directors make assumptions on any indication that those investments have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected investment is estimated and compared with its carrying amount. If the estimated net worth amount is lower, the carrying amount is reduced to its estimated net worth amount.

Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

4. Analysis of turnover

Turnover represents the amounts derived from the lease of the ALPS software asset to a fellow group company. All turnover is generated within the United Kingdom.

5. Operating (loss) / profit

The operating (loss) / profit is stated after charging/(crediting):

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	7	9
Operating foreign exchange expense/(income)	<u>1,814</u>	<u>(6,835)</u>

6. Employees

The average monthly no. of employees, during the year is Nil (2021-Nil).

7. Directors' remuneration

In addition to being directors of the company, the directors hold roles in the wider HCL group outside of the UK. Furthermore, all the HCL entities in the UK are viewed as one business unit and it is impracticable to identify accurately remuneration they receive for services to each entity separately. Therefore, directors' remuneration disclosure has not been included in these financial statements. Full remuneration of the directors is disclosed in the financial statements of HCL Technologies UK Limited, HCL Great Britain Limited and HCL Technologies Limited which are the companies that pays remuneration and their financial statements are publically available at the website of its ultimate parent company, "HCL Technologies Limited".

The Company has no key management personnel other than the directors.

8. Interest receivable and similar income

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Interest receivable from group companies	415	792
Interest income on current accounts	<u>1</u>	<u>14</u>
	<u>416</u>	<u>806</u>

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For the year ended 31 March 2022

9. Interest payable and similar charges

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Bank interest payable	4	10
Interest payable to group companies	55	356
	<u>59</u>	<u>366</u>

10. Tax on profit

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2021 - 19%).
The differences are explained below:

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Corporation tax		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	192	13
Total current tax	<u>192</u>	<u>13</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit	<u>192</u>	<u>13</u>

Factors affecting tax credit for the year

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Profit before tax	<u>43,874</u>	<u>3,375</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 -19%)	8,336	641
Effects of:		
Non-deductible expenses		2,361
Tax exempt turnover	(8,379)	(1,386)
Adjustment in respect of previous periods	192	13
Unrecognized losses utilized	-	(1,581)
Others	43	(35)
Total tax for the year	<u>192</u>	<u>13</u>

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Notes to the financial statements

For the year ended 31 March 2022

10. Tax on profit (continued)

The unrecognized deferred tax asset comprises:

	Year ended 31 March 2022	Year ended 31 March 2021
	\$000	\$000
Tax losses	1,870	1,606
Decelerated capital allowances	128	156
	<u>1,997</u>	<u>1,762</u>

The directors consider that it is less likely than not that there will be sufficient taxable profits in the future to realize the deferred tax asset in respect of losses carried forward and therefore no asset has been recognised in these financial statements.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date, there would be no change, as no deferred tax asset/liability has been set up the Company as at balance sheet date.

11. Investments

	Investments in subsidiary Companies \$000
Cost or valuation	
At 1 April 2021	696,857
Additions	-
At 31 March 2022	<u>696,857</u>
At 31 March 2022	<u>696,857</u>
At 31 March 2021	<u>696,857</u>

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For the year ended 31 March 2022

11. Investments (continued)

Subsidiary undertakings

The directors believe that the book value of investments is supported by their underlying net assets.

The following were direct subsidiary undertakings of the Company:

Name	Country of Incorporation	Class of shares	Holding	Principal activity	Registered address
Axon Group Limited	United Kingdom	Ordinary	100%	Holding Company	Axon Centre, Church Road, Egham, Surrey TW20 9QB
HCL Technologies Philippines, Inc.	Philippines	Ordinary	100%	IT and IT Enabled Services	Net Cube Center, 3rd Avenue Corner, 30th Street, E-Square Zone, Bonifacio Global City, Taguig City, Metro, Manila 1634 Philippines
HCL Technologies France	France	Ordinary	100%	IT and IT Enabled Services	22 rue de Caumartin 75009 Paris, France
Filial Espanola De HCL Technologies S.L.	Spain	Ordinary	100%	IT and IT Enabled Services	Paseo de la Castellana, 35, 2 Planta 28046 Madrid, Spain

There is no change in percentage of holdings of subsidiary undertaking in comparison to previous year.

12. Debtors: Amounts falling due within one year

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Amounts owed by group undertakings	18,220	55,246
Other debtors	-	4
Tax recoverable	219	22
	<u>18,439</u>	<u>55,272</u>

Amounts owed by group undertakings can be analysed as follows:

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Amounts owed by group undertakings-loans	17,309	54,211
Amounts owed by group undertakings-other	911	1,035
	<u>18,220</u>	<u>55,246</u>

Loans due from group undertakings incur interest at various interest rates based upon LIBOR+ variable bps, are unsecured, and are repayable on demand.

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Notes to the financial statements

For the year ended 31 March 2022

13. Cash and cash equivalents

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Cash at bank	43,595	440
	<u>43,595</u>	<u>440</u>

14. Creditors: Amounts falling due within one year

	Year ended 31 March 2022	Year ended 31 March 2021
Amounts owed to group undertakings	512	12,600
Accrued dividend on preference shares payable to group company	203,505	217,223
Accruals and deferred income	9	12
Other Creditors	191	-
Preference shares capital treated as debt	125,000	125,000
	<u>329,217</u>	<u>354,835</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. The preference dividend is unpaid from FY 2011-12 on outstanding preference shares.

Disclosure of the terms and conditions attached to the non-equity shares are made in note 16.

15. Creditors: Amounts falling due after more than one year

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Preference shares capital treated as debt	408,699	408,699
	<u>408,699</u>	<u>408,699</u>

Disclosure of the terms and conditions attached to the non-equity shares are made in note 16.

16. Share Capital

	Year ended 31 March 2022 \$000	Year ended 31 March 2021 \$000
Shares classified as equity		
Allotted, called up and fully paid		
101,843,957- Ordinary shares of £ 1 each	<u>157,561</u>	<u>157,561</u>
Shares classified as debt		
Allotted, called up and fully paid		
533,698,700 Preference shares of \$1 each	<u>533,699</u>	<u>533,699</u>

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For the year ended 31 March 2022

16. Share Capital (continued)

The terms and conditions attached with Cumulative preference shares are

- The coupon rate of all issued preference shares is 2.20% from 31st March 2020, prior to this it was 4%
- It is mandatory to pay the cumulative dividend to HCL Bermuda Limited till time of redemption. It means that in case there is loss in any year then the cumulative dividend shall be paid in year of profits and all cumulative dividend to be paid in any case on redemption.
- To extend the redemption date of various lots of issued preference shares for a further period of five years at time of redemption on case to case basis as agreed between the Company and HCL Bermuda.
- Redemption of all the cumulative preference shares is at the option of company and there is no premium payable on redemption.

No preference shares were issued during the year. (2021: None).

Number of Preference Shares	Redemption Date	Remarks
5,000,000	29.04.2026	These shares were due for redemption on 29.04.2021 but extended for another 5 years during the current F.Y.
10,000,000	06.06.2026	These shares were due for redemption on 06.06.2021 but extended for another 5 years during the current F.Y.
20,000,000	12.07.2026	These shares were due for redemption on 12.07.2021 but extended for another 5 years during the current F.Y.
30,000,000	05.02.2024	These shares were due for redemption on 06.11.2021 but extended till 05.02.2024 during the current F.Y.
60,000,000	05.02.2024	These shares were due for redemption on 04.01.2022 but extended till 05.02.2024 during the current F.Y.
250,198,700	30.03.2025	
20,000,000	01.11.2025	
40,000,000	08.06.2022	
25,000,000	11.12.2022	
60,000,000	24.12.2022	
13,500,000	04.02.2024	

17. Related party transactions

The Company has taken advantage of the exemption available in section 33 of FRS102 from disclosing transactions with related parties that are wholly owned by HCL Technologies Limited group, on the basis that 100% of the Company's voting rights are controlled within the group and consolidated financial statements in which the Company is included are available.

18. Controlling party

The Company is a subsidiary undertaking of HCL Technologies Austria GmbH, a Company incorporated in Austria. The Company's ultimate parent undertaking and controlling party is HCL Technologies Limited, a Company incorporated in India.

The largest and smallest group of undertaking that include the result of the Company headed by HCL Technologies Limited. The consolidated financial statements are available to the public on the company's website at <https://www.hcltech.com>.

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For the year ended 31 March 2022

19. Post balance sheet events

The company has passed the resolution for the below mentioned proposals:

- i. To issue new preference shares for discharging dividend liability on coupon rate of 3.67%.
- ii. To extend redemption date of preference shares by 5 years of 125,000,000 shares due to be redeemed in June 2022 and December 2022 on new coupon rate of 3.67%.