

Report and Financial Statements

HCL Technologies UK Limited

For the year ended 31 March 2022

Registered number: 08658132

Company Information

Directors	Mr. Shiv Kumar Walia Mr. Rahul Singh Mr. Ajit Kumar
Registered number	08658132
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, UK
Banker	Deutsche Bank AG London Branch Winchester House 1 Great Winchester Street London EC2N 2DB

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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 activities are:

- 1) To provide services associated with IT and business services, digital engineering and R & D services and services related to products and platforms; and
- 2) To act as holding company for the investment in the shares of companies providing services associated with IT and business services, digital engineering and R & D services and services related to products and platforms.

Review of business

The results of the company and its key performance indicators are as follows:

	March 2022	March 2021
	£000	£000
Turnover	679,940	593,674
Operating (loss)/profit	(2,027)	16,642
Profit for the year	81,844	22,432
Carrying value of investments	84,584	99,047

The Company recorded turnover of £679,940k (2021- £593,674k), registering increase in turnover of 14.5% annualized during the year over the previous year. The turnover has increased mainly on account of new customer contracts and transfer of all contracts from Axon Solutions Limited, Point to Point Products Limited and HCL Great Britain Limited from 1 April 2020, 1 April 2021 and 1 October 2021 respectively as part of business purchase agreements executed. During the year the Company has provided for impairment of investments of £17,397k (2021-£2,927k) and received dividend amounting to £ 89,627k (2021- £14,201k). The company has made investments amounting to £2,934k (2021-£8,308k) in its subsidiaries. During the current year, 217 employees of HCL Great Britain Limited were transferred and in the previous year employees of C3I (UK) Limited and Axon Solution Limited were transferred to the company for the purpose of exercising better control over the business activities of group level.

Strategic report (continued)

For the year ended 31 March 2022

Principal risks and uncertainties

The IT and IT enabled industry thrives on a dynamic and highly competitive business environment, characterised by rapid technological changes and innovations that constantly challenge conventional business models. The Company faces several risks of which prominent ones are discussed below along with the Company's strategy to mitigate these risks.

Aside from investments, the Company principally engages in long term and 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 movement, 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.

1. Employee related risk

Risk

In the IT industry, the ability to execute projects, build and maintain client partnerships and to achieve forecasted operating and financial results are significantly influenced by the organisations ability to hire, train, motivate and retain highly skilled IT professionals.

HCL's Strategy

The business strategy "Employee First, Customer Second" directs us to retain the right skilled professionals at the right place, right time and right cost. Our continuous focusing on diversity and local sourcing which will also help to mitigate exposure on some of the risks we are perceiving in attracting talent.

2. Technology related risks

Risk

The Company operates in an ever evolving and dynamic technology environment and it is of utmost importance that the Company continuously reviews and upgrades its technology, resources and processes to avoid obsolescence.

HCL's Strategy

The Company is not dependant on any single technology or platform. It has developed competencies in various technologies, platforms and operating environments and offers a wide range of technology options to clients to choose from for their needs.

Strategic report (continued)

For the year ended 31 March 2022

3. Competition related risks

Risk

The overall market growth is slowing and more and more competitors are vying with each other for market share. The line is diminishing between the traditional IT services players and non-traditional players. Now customers have more choice of technology, vendors and service models which force every entity to perform to their best capabilities and to enhance them.

HCL's strategy

The Company has been quick to respond to the changing competitive dynamics. Our business model is increasingly shifting from the traditional outsourcing to a non-linear model and growth has been triggered by the alternative outsourcing approach.

4. Business continuity and information security

Risk

The Company is dealing in maintaining, developing and operating time critical business and IT applications for various customers and any catastrophe may halt business activities and cause irreparable damage to the brand reputation of the Company. Similarly, the vital need for confidentiality and security of confidential data both belonging to clients as well as the Company itself also poses risks of leaks, loss or compromise of information.

HCL's strategy

The Company has put in place a comprehensive business continuity program to ensure that it meets its business continuity and disaster recovery related requirements. There is also an Information Security team to assess and manage the information security and data privacy and related risks by leveraging on People, Processes and Technology.

Financial instruments

The Company's operations expose it to a variety of financial instrument related risks such as foreign exchange risk, credit and liquidity risk. The hedging decisions are managed by the ultimate holding company at a 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:

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 that 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 take hedges to minimise risk at the overall group level. As per ultimate parent company's risk management policy, hedges are predominately 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.

Strategic report (continued)

For the year ended 31 March 2022

2. Credit risk

The Company has no significant concentrations of credit risk and the Company has a large number of customers that are based in the UK. It has policies in place to ensure that the provisions of consulting services are made to renowned customers or those with an appropriate credit history. The Company also 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 and follows up receivables from customers and provision for doubtful debts is created wherever required as per Group policy.

3. Liquidity risk

Prudent liquidity risk management 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 if required.

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

The company also carries material balances due from and to related parties. Exposure to credit and liquidity risk is managed by principally transacting with other wholly owned related parties under central group treasury management.

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.

Impact of Covid-19

There has been no impact of Covid-19 on the operations of the company during the financial year.

Statement of directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors determines the purpose and values of the Company. The primary role of the Board is that of trusteeship, to protect and enhance stakeholders' value through the strategic supervision of the Company and its subsidiaries.

The Company is controlled by a Board that exercises leadership, integrity and judgments, to achieve continuing prosperity and to act in the best interest of the Company. The Board plays a critical role of supervising the approach of the management who serves to achieve the short/long term interests of the shareholders and other stakeholders. The Board ensures that the Company complies with all relevant laws, regulations, governance practices, accounting and auditing standards. It identifies key risk areas and key performance indicators of the Company's business and constantly monitor these factors.

Strategic report (continued)

For the year ended 31 March 2022

The Board is entrusted with the ultimate responsibility of the management, general affairs direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

Directors' Responsibilities

The directors have an obligation to remain informed about the Company and its business, including the principal operational and financial objectives, strategies and plans of the Company, relative standing of the business segments within the Company and vis-a-vis the competitors of the Company, factors that determine the Company's success, results of operations and financial condition of the Company and the significant subsidiaries and business segments.


Board Meeting

The Board meeting are held, to review the financial performance of the Company, to approve annual accounts and other important items that require consideration and approval by the Board. The Company effectively uses teleconferencing facilities to enable the participation of Directors in the meeting.

The agenda for the meeting is circulated to Directors of the Company in advance. The long-term consequences of each decision are also taken into consideration while approving such agenda items by the Board.

The Board engages with all key stakeholders. The management also fosters good relationship with all suppliers and customers

This report was approved by the board of directors on 22 July 2022 and signed on its behalf by:



Shiv Kumar Walia
Director



Rahul Singh
Director

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 £81,844k (2021 – £22,432k).

The company has not made any political and charitable contributions during the year.

The directors do not recommend any dividend (2021 – Nil).

Directors

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

Mr. Shiv Kumar Walia

Mr. Rahul Singh

Mr. Ajit Kumar

Future Developments

The Company has generated good business, and the future growth opportunities in the Company are expected from existing as well as new customers. The Company's ability to grow customer relationships, particularly into large accounts, will be critical for its growth in coming years.

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, through its operations to meet its liabilities as they fall due for that period.

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

Financial instruments

Details of financial instruments are provided in the strategic report

Post balance sheet events

Details of post balance sheet event can be found in Note 29 to the financial statements.

Directors' report (continued)

For the year ended 31 March 2022

Employees

The Company is committed to its equal opportunity policy which follows best practice, based on equal opportunities for all employees, irrespective of race, religion, gender, colour, age, national origin, pregnancy, sexual orientation and physical ability etc. and offers appropriate training and career development for disabled staff. The policy governs all areas of employment and includes apprenticeship, pre-apprenticeship, and/ or on the job training.

The Company is also committed to providing employees with information on matters of concern on a regular basis. The Company has various platforms to provide the information and to invite views and suggestions from employees to address their concerns.

Further, during the financial year under review no principal decision has been taken nor any policy have been formulated/modified which may have any adverse impact on the employees of the company.

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR)

SECR covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.

	31 March 2022	31 March 2021
Total energy use covering electricity, gas and transport (kWh)	3,345,537	2,913,673
Total emissions generated through combustion of gas (tCO2e)	188	203
Total emissions generated through combustion of other fuel (tCO2e)	-	-
Total emissions generated through use of purchased electricity (tCO2e)	402	354
Total emissions generated through business travel (tCO2e)	105	75
Total gross emissions (tCO2e)	695	632
Intensity ratio (total gross emissions) (kgCO2e per 1000 sq. ft.)	6	5.97

Quantification and Reporting Methodology:

We report our emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). The 2021 UK Government GHG Conversion Factors for Company Reporting published by the UK Department for Environment Food & Rural Affairs (DEFRA) are used to convert energy use in our operations to emissions of CO2e. Carbon emission factors for purchased electricity calculated according to the 'location-based grid average' method. This reflects the average emission of the grid where the energy consumption occurs. Data sources include billing, invoices and the Group's internal systems. All purchased electricity at the Belfast site is renewable, as such an additional market-based figure has been calculated; the emissions associated

Directors' report (continued)

For the year ended 31 March 2022

with its electricity consumption are deducted from the gross emissions which can be seen in the net emissions section. An average was used to estimate the number of miles travelled in the last four days in March with the data being unavailable. No electricity or gas data was available for March 2022, as such an average was used to estimate consumption for March across the sites Egham, Belfast, and Romford.

For some leased sites, utilities are included in the rent, so benchmarking based on floor area against industry benchmarks has been used to provide estimated energy consumption at these sites. For transport data where actual usage data (e.g. litres) was unavailable conversions were made using average fuel consumption factors to estimate the usage.

Energy efficiency actions

HCL Technologies UK Ltd is committed to reducing the Environmental impact of its operations. In the period covered by the report the group have increased in home working to reduce travel and made investment in laptops to facilitate home working and to reduce electricity consumption. Romford has seen the instillation of LED lighting.

Corporate Governance:

HCL Technologies Limited, India ('HCLT'), the Ultimate Parent company of HCL Technologies UK Limited ('the Company') is a listed company incorporated in India and is complying to the Corporate Governance Code applicable to it in accordance with the regulatory requirements of India.

The Company did not apply the corporate governance code as applicable for the larger entities in the UK as HCLT ["Overseas Parent"] applied an overseas code which is applicable throughout the group including this company.

HCLT Corporate Governance code is applicable to all its subsidiaries including the Company and the same is accessible in English at

https://www.hcltech.com/investors/corporate-governance-hcl#corporate_governance

The annual report of HCLT which includes a detailed corporate governance statement is accessible at:

[Annual Report 2022: Accelerated Growth - \\$10B and Beyond | HCL Technologies.](#)

Synopsis of how the HCLT Corporate Governance Code applies to the governance arrangements in the Company and its directors is disclosed hereunder:

HCLT follows a vertical organizational structure wherein the CEO & MD and CFO of the HCLT are responsible for adhering to the requirements of HCLT and all its subsidiaries including the Company.

HCLT has good governance which facilitates efficient, effective and entrepreneurial management that can deliver stakeholder value over long term. It is about commitment to values and ethical business conduct. HCLT has formulated many policies for enhancing the employees/ stakeholder value and adherence to the corporate governance requirements which are applicable to HCLT and all its subsidiaries including the Company. Few of them are mentioned below:

Directors' report (continued)

For the year ended 31 March 2022

- Anti-bribery and Anticorruption Policy
- Prevention and Redressal of Sexual Harassment at Workplace Policy
- Whistle blower Policy
- Code of Business Ethics and Conduct [COBEC] etc.

Also, HCLT has in place various committees, procedures and mechanism for monitoring regulatory compliance for HCLT and all its subsidiaries including the Company.

The governance policies in place is available at:

<https://www.hcltech.com/investors/governance-policies>

The Board of the Company consist of 3 Directors out of which 2 are Executive Director and 1 is Non-Executive Director. Mr. Shiv Walia and Mr. Rahul Singh are executive Directors while Mr. Ajit Kumar is a non-executive director.

Statement of directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 and Directors' Responsibility forms part of the Strategic Report of the Company.

The Company faces several risks of which prominent ones are mentioned in the Strategic report of the Company along with the Company's strategy to mitigate these risks. Further, Risk Management Committee of HCLT ensure the compliance related to the cyber security risk and other risk applicable to HCLT and all its subsidiaries including the Company.

Statement of engagement with suppliers, customers and others in a business

Please refer to the S:172 statement in the Strategic Report on pages 4 & 5.

Disclosure of information to auditor

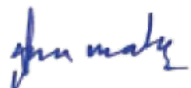
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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 22 July 2022 and signed on its behalf by:



Shiv Kumar Walia
Director



Rahul Singh
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.

Independent Auditor's Report to the Members of HCL Technologies UK Limited

Opinion

We have audited the financial statements of HCL Technologies UK 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 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.

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

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.

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 10], 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.

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

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.

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, Employment law 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;
- enquiry of management of any legal matters
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- 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

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

The ultimate parent of the company is listed in India and it has a comprehensive legal and compliance framework that is monitored for all its subsidiaries.

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).

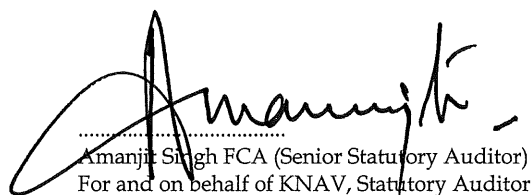
The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations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

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
2022-001-UK

Date: 22 July 2022

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	7	679,940	593,674
Cost of sales		(567,055)	(477,688)
Gross profit		112,885	115,986
Administrative expenses		(112,685)	(102,322)
Other operating (expenses)/income		(2,227)	2,977
Operating (loss)/profit	8	(2,027)	16,642
Income from shares in group companies		89,627	14,201
Interest receivable and similar income	10	445	586
Interest payable and similar charges	11	(843)	(1,354)
Profit before tax		87,202	30,075
Tax on profit	12	(5,358)	(7,643)
Profit for the year		81,844	22,432
Other comprehensive income		-	-
Total comprehensive profit for the year		81,844	22,432

The notes on pages 18 to 44 form part of these financial statements

All amounts related to continuing operations.

HCL Technologies UK Limited


Registered number-08658132

Statement of financial position

As at 31 March 2022

	Note	31 March 2022 £000	31 March 2021 £000
Fixed assets			
Intangible assets	13	16,251	42,419
Tangible assets	14	11,793	12,192
Investment	15	84,584	99,047
		<u>112,628</u>	<u>153,658</u>
Current assets			
Stocks	16	1,302	741
Debtors: amounts falling due after more than one year	17	85,353	29,154
Debtors: amounts falling due within one year	17	264,186	231,327
Cash at bank	18	27,337	8,285
		<u>378,178</u>	<u>269,507</u>
Creditors: amounts falling due within one year	19	(259,471)	(283,116)
Net current assets /(liabilities)		<u>118,707</u>	<u>(13,609)</u>
Total assets less current liabilities		231,335	140,049
Creditors: amounts falling due after more than one year	19	(5,737)	(5,817)
Deferred tax liability	19	(428)	(551)
Provision for liabilities			
Other provisions	20	(1,042)	(530)
Net assets		<u>224,128</u>	<u>133,151</u>
Capital and reserves			
Called up share capital	22	154,609	145,476
Other reserves		(203)	(203)
Retained earnings /(losses)		69,722	(12,122)
Shareholder's funds		<u>224,128</u>	<u>133,151</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 22 July 2022


Shiv Kumar Walia
Director


Rahul Singh
Director

The notes on pages 18 to 44 form part of these financial statements.

Statement of changes in equity

For the year ended 31 March 2022

	Share capital	Other reserves	Retained (losses) / earnings	Total equity
	£000	£000	£000	£000
At 1 April 2020	78,089	(203)	(34,554)	43,332
Profit for the year	-	-	22,432	22,432
Total comprehensive income for the year	-	-	22,432	22,432
Shares issued during the year at par value	67,387	-	-	67,387
Total transactions with the owners	67,387	-	-	67,387
At 31 March 2021	145,476	(203)	(12,122)	133,151
At 1 April 2021	145,476	(203)	(12,122)	133,151
Profit for the year	-	-	81,844	81,844
Total comprehensive income for the year	-	-	81,844	81,844
Shares issued during the year at par value	9,133	-	-	9,133
Total transactions with the owners	9,133	-	-	9,133
At 31 March 2022	154,609	(203)	69,722	224,128

The notes on pages 18 to 44 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2022

1. Company Information

HCL Technologies UK Limited is a company incorporated in England. 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 presentational and functional currency is Pounds Sterling (GBP). The financial statements are presented in round thousands.

The financial statements contain information about HCL Technologies UK 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 publicly 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 its ultimate parent, HCL Technologies Limited as at 31 March 2022 and these financial statements may be obtained from the Companies registry in India and also available at company's website at <https://www.hcltech.com>.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

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 through its operations to meet its liabilities as they fall due for that period

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

2.3 Turnover

Turnover for consultancy services charged on a time and materials basis is recognised when the services are performed. Turnover for sale of licence is recognized upon the transfer of risks and rewards.

Turnover on fixed price contracts is recognised based upon the percentage completion at the balance sheet date.

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for losses as soon as they are foreseen.

Trade discounts are provided to customers in accordance with the agreed terms and conditions outlined in the customer contract and are discounted for as reduction in turnover.

2.4 Dividend income

Dividend income is recognised when the entity's right to receive payment is established.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of profit and loss and other comprehensive income over its useful life of 10 years.

Other Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful life ranges as follows:

Licensed IPR's*	-	10 Years
Customer relationship	-	4-5 Years
Customer contracts	-	0.33 Years
Technology	-	4-5 Years
Platform	-	10 years
Work order	-	10 years

*Intellectual Property Rights (IPR)

2.6 Tangible Fixed assets

Tangible fixed assets stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to statement of profit and loss and other comprehensive income during the year in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful life, using the straight-line method.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.6 Tangible Fixed assets (continued)

Depreciation is provided on the following basis:

Office equipment	-	1 - 7 years
Computer equipment	-	1 - 5 years
Furniture & fixtures	-	1- 7 years
Plant & Equipment	-	10 years
Software	-	3 years
Building	-	20 years

Capital work in progress is not depreciated.

2.7 Investments

Investments are measured at cost less accumulated impairment.

2.8 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.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in statement of profit and loss and other comprehensive income.

2.10 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.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.10 Financial Instruments (continued)

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.

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, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.11 Deferred costs

Certain upfront non-recurring costs are incurred in the initial phase of outsourcing contracts and contract acquisition. Costs that are directly attributable to a contract are capitalised when it is virtually certain that the contract will be awarded and the contract will result in future net cash inflows with a present value of at least equal to all amounts recognised as an asset. Deferred costs are included within debtors and are amortised on a straight line basis over the life of the contract, starting from the date when the contract commences.

2.12 Unbilled revenue

Revenue recognised but not billed to customers is classified as Unbilled receivable. Unbilled receivable represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

2.13 Foreign currency translation

The financial statements of the company are presented in Pounds Sterling (GBP).

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 recognized 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 realized 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.

2.14 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.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the statement of profit and loss and other comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest Income

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

2.17 Current and Deferred taxation

The tax expense for the year comprises 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.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.18 Operating Leases

Rentals paid under operating leases are charged to the statement of profit and loss and other comprehensive income on a straight line basis over the life of the lease.

2.19 Leased Assets: Lessor

Where assets leased to a third party give rights approximating to ownership (finance leases), the assets are treated as if they had been sold outright. The amount removed from the fixed assets is the net book value on disposal of the asset. The profit on disposal, being the excess of the present value of the minimum leases payments over net book value is credited to statement of profit and loss and other comprehensive income.

Lease payments are analysed between capital and interest components so that the interest element of the payment is credited to statement of profit and loss and other comprehensive income over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts owed by the lessee.

2.20 Rent equalisation reserve

Lease payments under an operating lease should be recognised as an expense in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. When the lease rental over a period of time fluctuates, the sum total of the rentals during the lease period will be divided to arrive at the equalized rent amount paid per month. The difference between the equalized rent amount and the actual total of the lease rental will be transferred to the lease equalization reserve account.

2.21 Government Grants

Since the closure of the Works places amid the outbreak of COVID-19, the Company has been able to utilise the Coronavirus Job Retention scheme (CJRS), the Government's support measure for organisations throughout the pandemic. It offers grants of up to 80% of wages, up to a maximum of £2,500 per month plus national insurance and auto-enrolled pension contributions, to cover the salary costs of those employees that have been furloughed.

The Company received government grants under this scheme for the year. Income under this scheme is classified as a government grant and is accounted for under FRS 102 Section 24 Government Grants. Such grants are recognised in the Statement of profit and loss and other comprehensive income as "Other operating income" in the period in which the associated costs for which the grants are intended to compensate are incurred.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.22 Business combinations

Business combinations are generally accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights.

In a Group reconstruction, where the ultimate controlling party is unchanged both before and after acquisition, the merger method of accounting is applied. Under the merger accounting method, the carrying values of the assets and liabilities acquired are not adjusted to fair value and instead their net book values are used although adjustments may need be made to achieve uniformity of accounting policies.

2.23 Share Based Payments

Share-based compensation represents the cost related to share-based awards granted to employees. The Company measures share-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost on a straight line basis (net of estimated forfeitures) over the employee's requisite service period for an award with only service condition and for an award with both service and performance condition on a straight line basis over the requisite service period for each separately vesting portion of the award, as if award was in substance, multiple awards. The Company estimates the fair value of stock options using option pricing model. The cost is recorded in the statement of profit or loss with corresponding increase in "Amounts owed to group undertakings."

3. Judgments in applying accounting policies and key sources 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.

Significant estimates and assumptions are used as follows:

Provisions against receivables

Using information available at the balance sheet date, the Directors make assumptions on the estimated debt recovery rates, based on experience, regarding the level of provision required to account for potentially uncollectible receivables, Amounts provided are £3,517k (2021-£3,705k).

Notes to the financial statements

For the year ended 31 March 2022

Unbilled revenue

Using information available at the balance sheet date, the Directors make assumptions on the estimated unbilled revenue, based on the level of efforts required to account for potential unbilled revenue, Amounts provided are £49,600k (2021-£52,329k).

Provisions against impairment of goodwill

Using information available at the balance sheet date, the Directors make assumptions on any indication that goodwill has suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected goodwill is estimated and compared with its carrying amount. If the estimated net worth amount is lower, the carrying amount is reduced to its estimated business projections amount, no impairment was recognised in either year.

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.

Provisions against impairment of investment

Using information available at the balance sheet date, the Directors make assumptions on any indication that investment has 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 business projections amount, impairment of £17,397k (2021- £2,927k) was recognised.

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. Business purchase of HCL Great Britain Limited

On 1 October 2021, the company has entered into a business purchase agreement to purchase the trading business of its fellow subsidiary, HCL Great Britain Limited.

As per the business purchase agreement, the company purchased related assets and liabilities, other than cash and cash equivalents, certain intra group balances and other non- trading assets and liabilities of the entity.

The value of assets and liabilities purchased was £22,415k against the book value of £22,415k.

The total purchase consideration of £22,415k has been allocated as follows:

	Amount (£000)
Assets (A)	
Intangible assets	-
Tangible assets	3,558
Debtors	31,901
Total	35,459
Liabilities (B)	
Creditors	13,044
Net assets (A-B)	22,415
Purchase consideration	22,415

Notes to the financial statements

For the year ended 31 March 2022

5. Business purchase of Point to Point Product Limited

On 1 April 2021, the company has entered into a business purchase agreement to purchase the trading business of its fellow subsidiary, Point to Point Products Limited.

As per the business purchase agreement, the company purchased related assets and liabilities, other than cash and cash equivalent, certain intra group balances and other non- trading assets and liabilities of the entity.

The value of assets and liabilities purchased was £460k against the book value of £460k.

The total purchase consideration of £460k has been allocated as follows:

	Amount (£000)
Assets (A)	
Debtors	706
Total	706
Liabilities (B)	
Creditors	246
Net assets (A-B)	460
Purchase consideration	460

In the previous year, the company had entered into a similar business purchase agreement as stated in Note 4 & 5 to purchase the trading business of its fellow subsidiary, Axon Solutions Limited for a consideration of £49,699k.

6. Acquisition of select IBM software products

On 7 December 2018, the ultimate parent company had signed a definitive agreement to acquire business relating to select IBM software products, that completed effective 30 June 2019.

The ultimate parent company HCL has acquired these products for security, marketing, commerce, and digital solutions along with certain assumed liabilities and in scope employees. With this, HCL gets 100% control on the assets being acquired and has also taken full ownership of the research and development, sales, marketing, delivery and support for these products. Through this acquisition, HCL intends to enhance its products and platforms offering to customers across a wide range of industries and markets.

As part of this deal, the company had to pay £8,370k for the processes acquired and this was paid in full by the end of March 2021.

As part of this acquisition, no assets or liabilities have been acquired by the Company. Company has recognised customer relationship asset of £4,101k, deferred tax of £779k and the balance towards goodwill of £4,224k as a result of this transaction.

The expected useful life of goodwill stemming from this acquisition is 10 years.

Notes to the financial statements

For the year ended 31 March 2022

7. Analysis of Turnover

Turnover represents amounts (excluding value added tax) derived from the provision of goods and services to customers and it includes IT and business services, engineering and R & D services and services related to products and platforms.

Analysis of turnover by geographical market:

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
United Kingdom	488,758	462,097
Rest of world	191,182	131,577
	<u>679,940</u>	<u>593,674</u>

Analysis of turnover by nature

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Software revenue	660,372	583,401
Product revenue	19,568	10,273
	<u>679,940</u>	<u>593,674</u>

8. Operating profit

The operating profit is stated after charging/crediting

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Depreciation	4,356	4,654
Amortisation (included within administrative expenses)	3,312	7,562
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	35	16
Exchange differences loss/ (profit)	2,192	(3,092)
Impairment of investment	17,397	548
R&D Cost	1,112	1,044
Furlough Benefit	(125)	(1,104)
Operating lease rentals	<u>2,708</u>	<u>2,745</u>

Notes to the financial statements

For the year ended 31 March 2022

9. Directors & Employees

Staff costs including director's remuneration were as follows:

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Wages and salaries	189,430	165,872
Social security costs	21,229	17,380
Cost of defined contribution scheme	6,145	4,188
	<u>216,804</u>	<u>187,440</u>

Director's Remuneration

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Directors' emoluments	436	-
Company contributions to defined contribution pension schemes	20	-
	<u>456</u>	<u>-</u>

The highest paid director received remuneration of £308k (2021 -NIL).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15k (2021- NIL).

Out of total directors, two directors received remuneration from this entity. Other directors of the company are also directors in other group companies within the HCL group, and are also employees of the ultimate parent undertaking. All of these companies together are viewed as on business unit and their salaries are paid by the ultimate parent undertaking. The directors believe that remuneration applicable towards efforts for this company is negligible.

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

The directors' remuneration is for 6 months' period i.e. from October 2021 to March 2022. With effect from 1 October 2021 all the directors of HCL Great Britain Ltd have been transferred to HCL Technologies UK Limited.

All directors are eligible to receive shares under the long-term incentive scheme. Refer Note 26 for further details. Of these, the cost for two of the directors are recognised in this company.

Notes to the financial statements

For the year ended 31 March 2022

9. Directors & Employees(continued)

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31-Mar 2022 No.	Year ended 31-Mar 2021 No.
Technical	2,253	2,102
Sales and marketing	273	175
Administration	74	81
	<u>2,600</u>	<u>2,358</u>

10. Interest receivable and similar income

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Interest receivable from group companies	245	351
Others	200	235
	<u>445</u>	<u>586</u>

11. Interest payable and similar charges

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Interest payable to group companies	521	346
On bank loans and overdrafts	40	897
Finance costs and other loan interest payable	282	111
	<u>843</u>	<u>1,354</u>

Notes to the financial statements

For the year ended 31 March 2022

12. Taxation on profit

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Corporation tax		
Current tax on profit for the year	7,890	8,018
Adjustments in respect of previous periods	(543)	(1)
Total current tax	7,347	8,017
Deferred tax		
Origination and reversal of timing differences	(946)	(271)
Impact of Rate Change	(571)	-
Adjustments in respect of previous periods	(472)	(103)
Total deferred tax	(1989)	(374)
Taxation on profit	5,358	7,643

Factors affecting tax charge for the year

The tax assessed for the year is by standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Profit before tax	87,202	30,074
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	16,568	5,714
Effects of		
Non- deductible expenses	19	(2,726)
Permanent differences	-	548
Impairment of investment	3,232	556
Dividend income non taxable	(17,029)	-
Impact of rate change	(439)	166
Provision for uncertain tax position	4,234	2,720
Write off withholding taxes deducted by customer	-	130
Amortization of intangibles	319	-
Adjustment in respect of prior periods	(1,016)	(105)
Foreign tax credit claimed as deduction	(56)	196
Tax Liability of Point to Point Product Ltd	3	
Others	(477)	444
Total tax charge for the year	5,358	7,643

Notes to the financial statements

For the year ended 31 March 2022

12. Taxation on profit (Continued)

The Company has filed for bilateral advance pricing agreements (BAPA) for the period beginning from April 1, 2019 to March 31, 2024 for which the resolutions are yet to be reached. The resolution of the BAPA involves some degree of uncertainty and estimate; accordingly, the Company recognizes income tax liability that it believes will ultimately result from the conclusion of the BAPA proceedings.

Notes to the financial statements

For the year ended 31 March 2022

13. Intangible assets

	Technology	Customer relationships	Goodwill	Licensed IPR's	Total
	£000	£000	£000	£000	£000
Cost					
At 31 March 2021	2,089	4,538	18,385	36,575	61,587
Additions	-	-	-	-	-
Disposal	-	-	-	(36,575)	(36,575)
At 31 March 2022	2,089	4,538	18,385	-	25,012
Amortisation					
At April 2021	2,015	1,439	2,906	12,808	19,168
Charge for the year	74	648	1,679	911	3,312
Disposal	-	-	-	(13,719)	(13,719)
At 31 March 2022	2,089	2,087	4,585	-	8,761
Net Book Value					
At 31 March 2022	-	2,451	13,800	-	16,251
At 31 March 2021	74	3,099	15,479	23,767	42,419

Notes to the financial statements

For the year ended 31 March 2022

14. Tangible Fixed assets

	Office equipment £000	Plant & equipment £000	Computer equipment £000	Fixture & Fittings £000	Computer Software £000	Building £000	Capitalised Work in Progress £000	Total £000
Cost or valuation								
At 1 April 2021	646	5,931	14,634	481	2,352	118	3	24,165
Additions	38	42	1,211	3	500	-	148	1,942
Addition on account of business purchase(net)	30	278	2,722	344	183		1	3,556
Disposals	(20)	-	(7,618)	-	(41)	(19)	-	(7,697)
At 31 March 2022	<u>694</u>	<u>6,251</u>	<u>10,949</u>	<u>828</u>	<u>2,994</u>	<u>99</u>	<u>152</u>	<u>21,966</u>
Depreciation								
At 1 April 2021	221	1,660	8,175	143	1,679	95	-	11,973
Charge for the year	79	781	2,693	139	659	4	-	4,356
Disposal	(10)	-	(6,104)	-	(41)	-	-	(6,155)
At 31 March 2022	<u>290</u>	<u>2,441</u>	<u>4,764</u>	<u>282</u>	<u>2,297</u>	<u>99</u>	<u>-</u>	<u>10,174</u>
Net book value								
At 31 March 2022	<u>404</u>	<u>3,810</u>	<u>6,185</u>	<u>546</u>	<u>697</u>	<u>-</u>	<u>152</u>	<u>11,793</u>
At 31 March 2021	<u>425</u>	<u>4,271</u>	<u>6,459</u>	<u>338</u>	<u>673</u>	<u>23</u>	<u>3</u>	<u>12,192</u>

Notes to the financial statements

For the year ended 31 March 2022

15. Investment

	Investments in subsidiary & associates £000
Cost or valuation	
At 1 April 2021	99,047
Addition	2,934
Impairment of investments	(17,397)
At 31 March 2022	84,584
At 31 March 2021	99,047

Subsidiary undertakings & Associates

The directors believe that the book value of investments is supported by their underlying net assets. During the year company has made additional investments in HCL Technologies S.A.C, HCL Technologies ANGOLA, HCL Vietnam, HCL Technologies Azerbaijan , HCL Technologies Bulgaria EOOD, HCL Technologies Germany, HCL Technologies Belgium BVBA & HCL Technologies TRINIDAD

The following were direct subsidiary undertakings & associates of the Company.

The principal activity of the following investments is IT and IT enabled services.

Name	Country of incorporation	Class of shares	Holding	Registered address
HCLT Germany GmBh	Germany	Ordinary	100%	Frankfurter Strasse 63-69, D-65760 Eschborn
HCLT B.V.	Netherlands	Ordinary	100%	Prinses Beatrixlaan 532, Unit C06.01, 2595BM 's-Gravenhage
HCL (Ireland) Information system Ltd	Ireland	Ordinary	100%	Telephone house, 43-46, Marlborough Street, Dublin 1
HCLT Belgium BVBA	Belgium	Ordinary	100%	Lozenburg 22 bus 3, B-1932, Zaventem, Belgium
HCLT Sweden AB	Sweden	Ordinary	100%	Sveavagen 21, 4 tr, 111 34 Stockholm, Sweden
HCLT Finland Oy	Finland	Ordinary	100%	Keilaranta 6 02150 Espoo, Finland
HCLT SA	Venezuela	Ordinary	100%	Eddificio Atrium, Piso 3, Av. Venezuela, El Rosal, Caracas, Venezuela
HCLT Italy S.P.A.	Italy	Ordinary	100%	Vimodrone (MI) via Luigi Cadorna n. 73, Milan 20090, Italy
HCLT Greece Single	Greece	Ordinary	100%	62 Kifissias Avenue, 15125 Maroussi, Athens
HCLT Columbia S.A.S	Colombia	Ordinary	100%	CR 7 No. 71 -52 To A OF 706), Bogotá - Colombia.

Notes to the financial statement

For the year ended 31 March 2022

15. Investments (continued)

HCLT Luxembourg SARL	Luxembourg	Ordinary	100%	42-44, Avenue de la Gare, l-1601, Grand Duchy of Luxembourg
HCL Investments (UK) Limited.	UK	Ordinary	7.51%	Axon centre, Church Road, Egham, Surrey TW20 9QB
Celeritifintech Services Ltd	UK	Ordinary	49%	New kings Court, Tollgate, Chandler's ford, Eastleigh, Hampshire, SO53 3LG
HCLT Czech Republic S.R.O	Czech Republic	Ordinary	100%	Praha 2 – Nové Město, Kateřinská 466/40, PSC120 00
Point to Point Ltd.	UK	Ordinary	100%	Axon Centre, Church Road, Egham, Surrey TW20 9QB
Point to Point Products Ltd.	UK	Ordinary	100%	Axon Centre, Church Road, Egham, Surrey TW20 9QB
HCLT Bulgaria EOOD	Bulgaria	Ordinary	100%	Business park Sofia, building 7, entrance B, Floor 1, Sofia 1766, Bulgaria
Celeritifintech Ltd.	UK	Ordinary	51%	Axon Centre, Church Road, Egham, Surrey TW20 9QB
HCL Japan Ltd.	Japan	Ordinary	100%	ARK Mori Building 32F EAST,1-12-32 Akasaka, Minato-ku,Tokyo 107-6032,Japan
HCLT Egypt Ltd.	Egypt	Ordinary	100%	Unit 01-2237, Nile City Towers, 22nd floor, Corniche El Nile Ramelt Beaulac, Cario, Egypt
HCLT Beijing Co. Ltd.	China	Ordinary	100%	Room 721, 7th Floor, Unit 1, 308 Wangjing Lize East Garden, Chaoyang District, Beijing
HCLT Lithuania UAB	Lithuania	Ordinary	100%	Ukmergės g. 124, Vilnius.
HCLT Taiwan Ltd.	Taiwan	Ordinary	100%	(110) 18F., No. 460, Sec 4, Xinyi Road, Xinyi Dist, Taipei , Taiwan
Datawave (An HCLT Co.)	UK	Ordinary	100%	Caledonian Exchange, 19a Canning Street, Edinburgh, Scotland, EH3 8HE.
HCLT Corporate Services Ltd.	UK	Ordinary	100%	Axon Centre, Church Road, Egham, United Kingdom, TW20 9QB
HCL Great Britain Ltd	UK	Ordinary	100%	Axon centre, Church road, Egham, Surrey TW20 9QB
HCL Technologies Trinidad and Tobago Limited	Trinidad and Tobago	Ordinary	100%	Nos. 5-7 Sweet Briar Road, St. Clair, Trinidad

Notes to the financial statement

For the year ended 31 March 2022

15. Investments (continued)

HCLT Azerbaijan LLC	Azerbaijan	Ordinary	99.9%	AZ1010, Baku city Nasimi district, Pushkin street 12/14, house no 30
HCLT Vietnam company Ltd	Vietnam	Ordinary	100%	Regus saigon tower tang 16, saigon tower, 29 lê duẩn, quận 1, hồ chí minh, Vietnam
HCL Istanbul Bilisim	Turkey	Ordinary	100%	Maslak meydan distrcit no:3 veko giz plaza, Sariyer
HCL Technologies Angola	Angola	Ordinary	100%	Luanda Kaluanda Building, Second Floor, Office 2001.
HCL Vietnam company Ltd	Vietnam	Ordinary	100%	5th Floor ,VIT Tower, No. 519 Kim Ma Street, Ngoc Khanh Ward, Ba Dinh District Ha Noi City Vitenam
HCL Technologies S.A.C	Peru	Ordinary	100%	Av. Emilio Cavenecia 151, Of. 701, Miraflores, Lima, Peru
HCLT Thailand	Thailand	Ordinary	100%	89, AIA Capital Center, 20/F, Room 2005-2007, Ratchadapisek Road, Kwaeng Dindaeng, Bangkok, 10400.
HCL Estonia OU	Estonia	Ordinary	100%	Väike-Karja, 3/Sauna 2, Tallinn, Harju county, Estonia

Notes to the financial statements

For the year ended 31 March 2022

16. Stocks

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Finished goods and goods for resale	1,302	741
	<u>1,302</u>	<u>741</u>

17. Debtors

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Due after more than one year		
Deferred costs	4,633	5,435
Prepayments and accrued income	682	1,018
Unbilled receivables	17,613	18,644
Deferred tax	2,499	633
Amount owed by group undertaking	56,964	-
Net investment in finance leases	2,962	3,424
	<u>85,353</u>	<u>29,154</u>
Due within one year		
Trade debtors	111,798	95,072
Amounts owed by group undertakings	102,315	85,953
Deferred costs	4,400	3,377
Unbilled receivables	30,609	31,334
Other debtors	2,266	2,977
Prepayments and accrued income	7,799	8,028
Net investment in finance leases	4,999	4,586
	<u>264,186</u>	<u>231,327</u>

Including within deferred tax is £122k (2021-£103k), expected to unwind within 12 months of the reporting date. Amount owed by group undertakings includes short term loans given to group companies incurs interest at various interest rates based upon LIBOR+variable bps(1 to 2%), are unsecured and repayable on demand.

Notes to the financial statements

For the year ended 31 March 2022

17. Debtors (continued)

The maturity of net investment in finance leases is as follows:

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Gross investment:		
Within one year	5,190	4,812
Within two to five years	3,123	3,529
	8,313	8,341
Less: finance income allocated to future periods	(318)	(305)
	7,995	8,036
	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Net investment:		
Within one year	5,033	4,612
Within two to five years	2,962	3,424
	7,995	8,036

18. Cash and cash equivalents

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Cash at bank	27,337	8,285
	27,337	8,285

19. Creditors: Amounts falling due within one year

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Trade creditors	23,914	31,683
Amounts owed to group undertakings	133,001	173,163
Corporation tax	10,324	9,098
Obligations under finance lease & hire purchase contracts	338	185
Taxation and social security	13,652	12,125
Other creditors	2,320	1,074
Accruals and deferred income	75,922	55,788
	259,471	283,116

Amount owed to group undertakings includes short term loans taken from group companies incurs interest at various interest rates based upon LIBOR+variable bps (1 to 2%), are unsecured and repayable on demand.

Notes to the financial statements

For the year ended 31 March 2022

19. Creditors: amounts falling due after more than one year

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Amount owed to group undertakings	1,024	-
Deferred tax	428	551
Accruals and deferred income	4,713	5,817
	6,165	6,368

20. Provisions

	Dilapidation costs £000
Provisions For dilapidation costs	
At 1 April 2021	530
Addition on account of business purchase	262
Transferred during the year	250
At 31 March 2022	1,042

21. Deferred Taxation

	Deferred tax £000
At 1 April 2021	83
Credit to profit and loss	1,989
At 31 March 2022	2,072

Deferred Tax reconciliation

	£000
At the beginning of the year	83
Effect of rate change	570
Adjustment in previous period	472
Deferred tax credit for the year	946
Balance at the end of the year	2,071

The provision for deferred taxation is made up as follows:

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Accelerated capital allowances	1,045	99
Intangibles	(428)	-
Other timing differences	1,454	(16)
	2,071	83

Notes to the financial statements

For the year ended 31 March 2022

22. Share Capital

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Allotted, called up and fully paid		
205,942,191(2021-193,942,191) ordinary shares of \$1 each	154,609	145,476

During the year, the company has issued 12,000,000 shares of \$1 each

23. Pension Commitments

The company operates a defined contribution pension scheme. The pension charge for the year is £6,145k (2021 – £4,188k). The balance outstanding at 31 March 2022 is £1,227k (2021- £818k).

24. Capital Commitments

As at 31 March 2022, the company had contractual commitment of £360k (31 March 2021 – £116k).

25. Commitments under operating lease

Building

The company leases office spaces and accommodation for its employees under operating lease agreements. The lease rental expenses recognised in the statement of profit and loss and other comprehensive income for the year is £ 2,578,115 (2021-£ 2,744,872).

At 31 March 2022 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Not later than 1 year	2,406	2,385
Later than 1 year and not later than 5 years	10,547	6,432
Later than 5 years	1,580	5,737
	14,533	14,554

Notes to the financial statements

For the year ended 31 March 2022

25. Commitments (continued)

IT Equipment

The company leases IT equipment under operating lease agreements. The lease rental expenses recognised in the statement of profit and loss and other comprehensive income for the year is £307k (2021-£87k).

	Year ended 31-Mar 2022 £000	Year ended 31-Mar 2021 £000
Not later than 1 year	801	582
Later than 1 year and not later than 5 years	285	309
Later than 5 years	-	-
	<u>1,086</u>	<u>891</u>

Corporate Guarantee

The company has given corporate guarantees on behalf of fellow subsidiaries amounting to £110,679 k. (2021-£ 43,462 k).

26. Share based payments

In November 2021, the ultimate holding company, HCL Technologies Limited (HCLT) instituted the Restricted Stock Unit Plan 2021 to provide equity-based incentives to all eligible employees of the HCLT and its subsidiaries. The Plan is administered by the Nomination and Remuneration Committee (NRC) of HCLT through a controlled Trust. A maximum of 11,100,000 Restricted stock units (RSU) may be granted under the Plan. Each RSU granted under the plan entitles the holder to one equity share of HCLT at an exercise price, which is approved by the Nomination and Remuneration Committee.

On 20 December 2021, NRC has granted RSUs to the eligible employees of HCLT and its subsidiaries under the Plan. Subsequent to this grant, the Trust acquired 6,320,000 shares from secondary market for the purpose of implementation of the Plan. Each RSU granted under the above plan entitles the holder to one equity share of the Company at an exercise price of GBP0.02.

These RSUs include performance based RSUs as well. Number of shares expected to vest will be based on actual performance for each of the performance parameters. All other RSUs will vest if the employee continues to be in service on the roles of the Company or its subsidiaries on the vesting date.

Cost for performance based RSUs will be accounted from date of finalization of performance targets which will be finalized and communicated in subsequent years.

The total cost for the year relating to employee share based payment plans was £ 1,015k.

Notes to the financial statements

For the year ended 31 March 2022

27. 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 publicly available.

28. Controlling party

The immediate parent undertaking of the company is HCL Bermuda Limited. The ultimate parent undertaking and controlling party is HCL Technologies Limited, a company registered in India.

The largest and smallest group of undertakings for which the group financial statements are prepared that include the results of the company is that headed by HCL Technologies Limited. The consolidated financial statements are available on the company's website at <https://www.hcltech.com>.

29. Post balance sheet events

Issuance of share capital

In April 22, the company has issued share capital of USD 16,000k to its immediate parent undertaking, HCL Bermuda Limited.

Acquisition of Confinale AG

On 06 May 2022, the Company had signed a definitive agreement to acquire 100% shareholding of Confinale AG, a digital banking and wealth management consulting specialist and Avaloq Premium Implementation Partner, based in Switzerland for a consideration of £47,550k including contingent consideration of £7,139k which is dependent on achievement of certain specified performance obligations as set out in the agreement to be achieved over a period of two years.

The acquisition consummated on 31 May 2022.

Corporate Guarantee

On 3 June 2022, the Company has given corporate guarantee of £59,670 k on behalf of its fellow subsidiaries.