

HCL Technologies Finland Oy
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2589763-5

HCL Technologies Finland Oy

FINANCIAL STATEMENT AND ANNUAL REPORT

1.4.2021–31.3.2022

Financial Statement must be stored at least until 31.12.2032
Vouchers of the period must be stored until 31.12.2028

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Board of directors annual report for the financial year 2021-2022

The year 2021-2022 in brief

HCL Technologies Finland Oy operates in IT consulting business. The company's turnover during this financial year was 136,45 M€ which was 7% higher than during previous financial year (127,84 M€). This increase of turnover was due to new contracts during the financial year. The operational profit of the financial year was 6,99 M€ compared to 7,02 M€ during the previous financial year.

Estimate of the future development

The company is expecting demand of it's services to be stable during financial year 2022-2023. Business development depends on new contracts and there are normal business risks involved.

Major risks and uncertainties

The management sees no major risks or uncertainties.

Financial items

(millions of euros)	2022	2021	2020
Turnover	136.5	127.8	133.1
Operating profit	6.59	7.02	10.97
Operating profit %	4.8 %	5.5 %	8.2%
Return on equity	28%	25%	79%
Self-sufficiency rate	21.0%	20.6%	10.7%

Personnel

Average number of personnel	2022	2021	2020
Employees	65	77	85
Personnel expenses	2022	2021	2020
Wages and salaries	4,877,893.55	5,763,843.70	5,732,760.94
Pension costs	905,578.53	697,847.34	797,441.85
Other social costs	4,383.26	5,436.34	52,704.56
TOTAL	5,787,855.34	6,467,127.38	6,582,907.35

Research and development

There are no R&D costs during the financial year.

Related party loans and liabilities

Loans given to group companies	Amount in EUR 31.3.2022	Rate of interest	Loan period
HCL Argentina SA	180,180.00	LIBOR +1%	12 months
HCL Technologies Romania S.R.L.	4,200,000.00	LIBOR +1%	12 months
HCL Technologies Germany	12,500,000.00	LIBOR +1%	12 months
HCL Technologies (Thailand) Limited	90,000.00	LIBOR +1%	12 months
	16,970,180.00		

Organisation, management and auditors

The company is wholly owned by HCL Technologies UK, Ltd.

During the financial year the directors have been Mr Goutam Rungta, Mr Bejoy George and Mr Shiv Walia.

KPMG OY AB has acted as a responsible auditing company and the auditor in charge is Nina Öfversten, Authorised Public Accountant.

Shares

The company has 100 000 equity shares of 1 euro each.

The board of directors suggestion on dividends and retained earnings

The board suggests that no dividends will be paid and the result shall be booked in the retained earnings account.

Profit and Loss Statement

EUR

1.4.2021–31.3.2022

1.4.2020–31.3.2021

TURNOVER		136,451,197.23		127,838,783.75
Materials and services				
Purchases during the year	4,279,801.84		544,113.18	
Changes in the inventory	-21,791.22		-17,947.79	
External services	<u>107,052,749.56</u>	111,310,760.18	<u>97,696,418.04</u>	98,222,583.43
Personnel expenses				
Wages and salaries	4,877,893.55		5,763,843.70	
Other personnel expenses				
Pension expenses	905,578.53		697,847.34	
Other personnel expenses	<u>4,383.26</u>	5,787,855.34	<u>5,436.34</u>	6,467,127.38
Depreciations		9,054,780.88		8,019,621.41
Other operating expenses		3,706,817.10		8,110,994.01
OPERATING PROFIT (LOSS)		6,590,983.73		7,018,457.52
Financial income and expenses				
From group companies	240,033.36		206,433.06	
From others	507,947.03		1,579,476.71	
Interest expenses and other financial expenses				
To others (–)	<u>-530,681.82</u>	217,298.57	<u>-964,695.64</u>	821,214.13
PROFIT (LOSS) BEFORE APROPRIATIONS AND TAXES		6,808,282.30		7,839,671.65
Appropriations				
Change in accumulative depreciation difference	<u>319,397.00</u>	319,397.00	<u>-2,474,187.00</u>	-2,474,187.00
Income taxes				
Income taxes	<u>-1,553,972.27</u>	-1,553,972.27	<u>-1,154,485.72</u>	-1,154,485.72
PROFIT (LOSS) FOR THE FINANCIAL YEAR		<u>5,573,707.03</u>		<u>4,210,998.93</u>

Balance Sheet

EUR	3/31/2022	3/31/2021
Assets		
NON-CURRENT ASSETS		
Intangible assets		
Intangible rights	126,255.00	158,603.01
Goodwill	363,773.07	413,948.67
Other intangible assets	83,580.95	247,538.40
Intangible assets total	573,609.02	820,090.08
Tangible assets		
Machinery and equipment	16,370,407.95	25,062,124.88
Advance payments	71,151.01	0.00
Tangible assets total	16,441,558.96	25,062,124.88
Non-Current assets total	17,015,167.98	25,882,214.96
CURRENT ASSETS		
Inventory		
Finished products	40,246.71	18,455.49
Accrued income		
Long term prepayments and accrued income	4,141,862.65	4,559,667.69
Short-term receivables		
Trade receivables	12,576,977.89	20,329,169.44
Receivables from group companies	32,752,354.20	32,483,152.98
Other receivables	5,931,687.15	6,365,253.70
Prepaid expenses and accrued income	5,926,808.82	4,152,295.56
Cash in hand and at banks	16,371,348.11	46,341.63
Current assets total	77,741,285.53	67,954,336.49
Assets total	94,756,453.51	93,836,551.45

Equity and liabilities

SHAREHOLDERS' EQUITY

Share capital	100,000.00	100,000.00
Retained earnings (loss)	14,265,680.13	15,054,681.20
Profit (loss) for financial year	5,573,707.03	4,210,998.93
Shareholders' equity total	19,939,387.16	19,365,680.13

APPROPRIATIONS

Accumulated Depreciation Difference	2,154,790.00	2,154,790.00	2,474,187.00	2,474,187.00
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LIABILITIES

Long-term liabilities				
Advances received	7,308,652.96	7,308,652.96	3,045,973.79	3,045,973.79
Short-term liabilities				
Loans from credit institutions	0.00		13,302,382.36	
Trade payables	5,892,430.08		3,234,610.38	
Amount owed to group companies	35,425,455.25		28,913,217.95	
Other liabilities	4,822,196.94		3,779,810.47	
Accrued expenses and prepaid income	19,213,541.12	65,353,623.39	19,720,689.37	68,950,710.53
Liabilities total		72,662,276.35		71,996,684.32
Equity and liabilities total		94,756,453.51		93,836,551.45

CASH FLOW STATEMENT

EUR

1.4.2021-31.3.2022

1.4.2020-31.3.2021

Cash flow from operations

Profit/loss before appropriations and taxes

6,808,282.30

7,839,671.65

Adjustments

Depreciations according to plan

7,730,289.59

7,614,509.86

Financing income and expenses

-217,298.57

-821,214.13

Cash flow before changes of operating assets and liabilities

14,321,273.32

14,632,967.38

Changes in operating assets and liabilities

Decrease in interest-free receivables

941,783.62

1,412,976.84

Decrease in current assets

396,013.82

1,380,801.52

Increase in interest-free liabilities

13,648,577.39

-3,585,469.28

Cash flow in operating activities before financing activities and taxes

29,307,648.15

13,841,276.46

Paid income taxes

-1,553,972.27

-1,154,485.72

Net cash provided by (used in) operating activities (A)

27,753,675.88

12,686,790.74

Investing activities

Investments in tangible and intangible assets

-2,238,654.26

-5,371,674.38

Proceeds from sale of non-current assets

3,694,808.65

8,968,127.75

Changes in Group loans granted

5,200,260.00

-6,845,619.00

Interest Received

747,980.39

1,785,909.77

Net cash provided by (used in) investing activities (B)

7,404,394.78

-1,463,255.86

Financing activities

Repayments of long-term loans

0.00

-10,000,000.00

Change in short term loans

-13,302,382.36

-37,880,333.68

Interest Expense

-530,681.82

-964,695.64

Payment of dividend

-5,000,000.00

0.00

Net cash provided by (used in) financial activities (C)

-18,833,064.18

-48,845,029.32

Change in liquid assets

16,325,006.48

-37,621,494.44

Cash and cash equivalents beginning of year

46,341.63

37,667,836.07

Cash and cash equivalents end of year

16,371,348.11

46,341.63

NOTES TO THE FINANCIAL STATEMENT

PRINCIPLES FOR DRAWING UP THE FINANCIAL STATEMENT

Holding Company of HCL Technologies Finland Oy is HCL Technologies UK Ltd and ultimate holding company is HCL Technologies Ltd, Delhi India.

HCL Technologies Finland Oy's address is Keilaranta 6, 02150 Espoo.

Consolidated Financial Statement is available at HCL Technologies Ltd, 806, Siddharth, 96 Nehru Place, New Delhi-110019, India, www.HCL.com.

Accounting principles and methods

Revenue recognition

The revenue of the company consists of the IT consulting and IT services.

Time and material contracts

Revenue with respect to time-and-material contracts is recognized as the related services are performed.

Fixed Price contracts

Revenue from long-term contracts is recognized in accordance with the Percentage-of-Completion (POC) method. Under the POC method, progress towards completion is measured based on either achievement of specified contract milestones or cost incurred as a proportion of estimated total cost.

Trade receivables in current receivables are valued to their nominal value or to a lower anticipated realizable value. Liabilities are valued to their nominal value or to a higher value.

Intangible assests are valued to the acquisition cost in balance sheet deducted by amortization according to plan.

Tangible assests are valued to the acquisition cost in balance sheet deducted by depreciation according to plan.

Currency and Foreign currency translation

Currency used in the Financial statements is EURO.

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the individual transactions.

Receivables and liabilities in foreign currencies are recorded using the rates on the closing date.

Depreciation principles and methods

Particulars	Useful Life
Intangible rights	10
Goodwill	10
Computers	4-5
Leasehold Improvements-Furniture & Fixt.	7
Office Equipment	5
Software - Application	3

NOTES TO THE PROFIT AND LOSS STATEMENT

Personnel

	2022	2021
Average number of personnel	65	77

Depreciations

	2022	2021
Intangible rights	32,348.01	36,601.00
Goodwill	50,175.60	50,175.60
Intangible assets	330,761.48	471,829.02
Other machinery	8,641,495.79	7,461,015.79
TOTAL	9,054,780.88	8,019,621.41

AUDITORS' FEES

	2022	2021
Audit fees	7,600.00	7,600.00
	7,600.00	7,600.00

DISTRIBUTION OF TURNOVER BY FIELDS AND GEOGRAPHICAL MARKET AREAS

	2022	2021
IT Consulting and services	136,451,197.23	127,838,783.75
TOTAL BY FIELDS	136,451,197.23	127,838,783.75
America	404,605.69	103,642.31
Europe	135,537,196.53	127,403,093.42
Asia and the Pacific Area	509,395.01	332,048.02
TOTAL BY GEOGRAPHICAL MARKET AREAS	136,451,197.23	127,838,783.75

BREAKDOWN OF OTHER OPERATING EXPENSES

	2022	2021
Personnel related costs	-163,916.44	-333,762.74
Office costs	-49,554.91	-280,193.22
IT-costs	-1,342,044.12	-2,719,407.66
Rent costs	-1,823,822.81	-4,210,094.97
Travel costs	-49,319.28	-55,378.71
Other operating expenses	-278,159.54	-512,156.71
TOTAL	-3,706,817.10	-8,110,994.01

Related party transactions

	2022	2021
Sales to related party / group companies	1,678,083	1,526,151
Purchases from related party / group companies	0	0

NOTES TO THE NON-CURRENT ASSETS

Intangible rights	2022	2021
Acquisition cost in the beginning of the year	211,269.01	211,269.01
Additions	0.00	0.00
Acquisition cost at end of year	211,269.01	211,269.01
Depreciations and decreases value in the beginning of the year	-52,666.00	-16,065.00
Depreciation of the year	-32,348.01	-36,601.00
Acc.depreciations and decreases in value at end of year	-85,014.01	-52,666.00
Book value at end of year	126,255.00	158,603.01

Goodwill	2022	2021
Acquisition cost in the beginning of the year	501,755.97	501,755.97
Additions	0.00	0.00
Acquisition cost at end of year	501,755.97	501,755.97
Depreciations and decreases value in the beginning of the year	-87,807.30	-37,631.70
Depreciation of the year	-50,175.60	-50,175.60
Acc.depreciations and decreases in value at end of year	-137,982.90	-87,807.30
Book value at end of year	363,773.07	413,948.67

Other intangible assets	2022	2021
Acquisition cost in the beginning of the year	1,982,592.86	1,792,441.40
Additions	166,804.03	190,151.46
Acquisition cost at end of year	2,149,396.89	1,982,592.86
Depreciations and decreases value in the beginning of the year	-1,735,054.46	-1,263,225.44
Depreciation of the year	-330,761.48	-471,829.02
Acc.depreciations and decreases in value at end of year	-2,065,815.94	-1,735,054.46
Book value at end of year	83,580.95	247,538.40

Machinery and equipment	2022	2021
Acquisition cost in the beginning of the year	43,332,940.64	47,119,545.47
Additions	2,000,699.22	5,181,522.92
Disposals	-3,694,808.65	-8,968,127.75
Acquisition cost at end of year	41,638,831.21	43,332,940.64
Depreciations and decreases value in the beginning of the year	-18,270,815.76	-11,214,911.52
Acc.depreciation of disposals	1,643,888.29	405,111.55
Depreciation of the year	-8,641,495.79	-7,461,015.79
Acc.depreciations and decreases in value at end of year	-25,268,423.26	-18,270,815.76
Book value at end of year	16,370,407.95	25,062,124.88

SHAREHOLDERS' EQUITY	2022	2021
Share capital in the beginning of year	100,000.00	100,000.00
Share capital at end of year	100,000.00	100,000.00
Retained earnings in the beginning of year	19,265,680.13	14,677,536.20
Dividends	-5,000,000.00	0.00
Adjustments on prior year retained earnings	0.00	377,145.00
Retained earnings at end of year	14,265,680.13	15,054,681.20
Profit (Loss) of the year	5,573,707.03	4,210,998.93
Profit (Loss) of the year	5,573,707.03	4,210,998.93
Shareholders' equity	19,939,387.16	19,365,680.13

The adjustment on prior year retained earnings in 2021 pertains to old liability of social security expenses of previous year.

CALCULATION OF THE DISTRIBUTABLE PROFIT ACCORDING TO THE LAW OF LIMITED LIABILITY COMPANIES § 13:5

	2022	2021
Retained earnings	14,265,680.13	15,054,681.20
Profit (loss) for the financial year	5,573,707.03	4,210,998.93
Distributable equity	19,839,387.16	19,265,680.13

The funds to share a profit are 19.839.387,16 euros.

NOTES TO THE ASSETS

Changes in the inventory	2022	2021
Opening inventory	18,455.49	507.70
Closing inventory	40,246.71	18,455.49
	-21,791.22	-17,947.79

Receivables from group companies	2022	2021
Trade receivables	483,385.18	539,078.48
Prepayments and accrued income	141,283.22	164,262.72
Loan receivables	16,970,180.78	22,170,440.78
Other receivables	15,157,505.02	9,609,371.00
Receivables from group companies	32,752,354.20	32,483,152.98

Other receivables	2022	2021
Unbilled receivables	2,083,011.52	3,808,310.97
Cost deferrals	2,799,690.45	2,434,780.04
Other receivables	1,048,985.18	122,162.69
Other receivables	5,931,687.15	6,365,253.70

Prepaid expenses and accrued income	2022	2021
Other prepaid expenses	5,926,808.82	4,152,295.56
Prepaid expenses and accrued income	5,926,808.82	4,152,295.56

NOTES TO THE LIABILITIES

Amount owed to group companies	2022	2021
Trade payables	7,867,293.96	7,927,472.80
Accrued expenses	27,558,161.29	20,985,745.15
Amount owed to group companies	35,425,455.25	28,913,217.95

Other liabilities	2022	2021
VAT liability	4,692,187.35	3,641,251.10
Other liabilities	130,009.59	138,559.37
Other liabilities	4,822,196.94	3,779,810.47

Accrued expenses and prepaid income	2022	2021
Other income advances	14,285,275.89	13,329,095.14
Salary liabilities	927,338.98	1,143,194.61
Income taxes	20,813.93	128,086.26
Other accrued expenses and prepaid income	3,980,112.32	5,120,313.36
Accrued expenses and prepaid income	19,213,541.12	19,720,689.37

Related party loans and liabilities

	Amount in EUR		Loan year
	31.3.2022	Rate of interest	
Loans given to group companies			
HCL Argentina SA	180,180.00	LIBOR +1%	12 months
HCL Technologies Romania S.R.L.	4,200,000.00	LIBOR +1%	12 months
HCL Technologies Germany	12,500,000.00	LIBOR +1%	12 months
HCL Technologies (Thailand) Limited	90,000.00	LIBOR +1%	12 months
	16,970,180.00		
Commitments under operating leases	2022		2021
No later than 1 year	936,407.59		2,421,271.00
Later than 1 year and not later than 5 years	297,593.66		624,479.00
Later than 5 years	0.00		0.00
Total	1,234,001.25		3,045,750.00

Shares

The company has 100 000 equity shares of 1 euro each.

The board of directors suggestion on dividends and retained earnings

The board suggests that no dividends will be paid and the result shall be booked in the retained earnings account.

OTHER NOTES

HCL Technologies Finland Oy's Board of Directors has assessed the effects of the viral epidemic that broke out at the beginning of 2020 and expanded rapidly on the company's market environment, employees and business. The viral epidemic has so far not had a significant impact on the company's demand for its product and services. The company's Board of Directors and management closely monitor the development of the coronavirus situation and update their assessment of the impact of the epidemic as the situation progresses.

Signatures of the financial statement and the board of directors annual report

08/07/2022



Shiv Walia
Chairman of the board



Bejoy George (Jul 8, 2022 18:15 GMT+5.5)

Bejoy George
Member of the board



Goutam Rungta
Member of the board

Auditors' Note

Auditors' Note has been issued today.

Helsinki

08/07/2022

KPMG OY AB
Authorised Public Accountant Firm



Nina Öfversten
Authorised Public Accountant, KHT

List of accounting journals, type of vouchers and way of storage

General Ledger	electronic files
Journal	electronic files
Bank vouchers	electronic files
Purchase invoices	electronic files
Sales invoices	electronic files
Memorandum	electronic files
Payroll vouchers	electronic files
Accounts payable	electronic files
Accounts receivable	electronic files
Inventory accounting	electronic files
Fixed assets	electronic files