2019-20 Annual report

of HCL Technologies B.V. (Netherland)

Registered office:	The Hague
Address:	Prinses Beatrixlaan 532, Unit C06.01, 2595BM 's-Gravenhage, The Netherlands

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1 Management report

Management of HCL HCL Technologies B.V. (Netherland) ("the Company") hereby represents its management report for the financial year ended on 31 March, 2020.

General information

HCL Technologies B.V. (Netherland) ("the Company") is primarily engaged in providing a range of IT and business services, engineering and R&D services and product & platform services.

The Company is active in the sectors of software-led IT solutions, externally controlled infrastructure management. It provides services to both international and as well as domestic client.

HCL Technologies B.V. (Netherland) ("the Company") is a wholly owned subsidiary of HCL Technologies UK Limited, United Kingdom. The Company forms part of the HCL group, and the ultimate parent company is HCL Technologies Limited registered in India.

I. Business development and environment

Annual yield

During the year ended 31 March,2020 the turnover of the Company is € 114,781,747 as compared to € 96,481,446 in the previous financial year. Due to increase in revenue, the profit margin has increased as compared to the previous financial year. The profit for the current year is € 3,892,314.

II. Company situation

Financial situation

Fixed assets and depreciation

The depreciation was conducted according to the linear depreciation method. Deductions are recorded pro-rata for acquisitions and disposals. For the financial year, the depreciation amounted to € 333,442 (2018/19: € 58,562).

Share Capital in FY 2019/20

As on 31 March, 2020, the capital stock and capital surplus together amount to € 100,000.

Cash flow

During the financial year there was net cash inflow of € 1,820,106 (2018/19: NIL).

Ratios:

The solvency ratio and current ratio of the company as on 31 March, 2020 is 0.21 and 1.20 (2018/2019: 0.18 and 1.20) respectively.

Performance development

Development of sales: There is satisfactory development of sales to EUR 114,781,747 in comparison to EUR 96,481,446 in the previous financial year which is due to the strong market conditions.

Development of costs: The operating costs increased to € 109,249,737 in comparison to € 92,186,621 in the previous financial year to commensurate to the overall business of the Company.

Development of profits: The profits before taxes amounted to € 5,225,192. After income taxes, there was a profit for the financial year of € 3,892,314. There is increase in profit as compared to previous year due to increase in revenue in current year.

Personnel

1. Number and structure of employees

For the financial year, the average number of employees were 665 which comprised of 562 men and 103 women in the Company (2018/19: 575).

2. Personnel guidelines

The Company offers continuing education and training for handicapped employees. If the handicap occurs after entering the Company, the Company is obligated to continue employing this individual and adequately qualifying this employee. The Company is also obligated to regularly communicate relevant internal news and decisions. If decisions are made that affect the employees, the employees' opinions will be considered during the decision process.

3. Risks influencing development

The software industry is continuing to grow in a dynamic and strongly competitive environment. This sector is characterized by fast technological changes and innovations that constantly challenge the existing and conventional business models.

4. Dependencies/concentrations

The group led by the parent company, HCL Technologies Ltd. in India, which HCL Technologies B.V. (Netherland) belongs to, maintains a broad customer base to ensure the independence from individual clients, special services, or geographical factors.

5. Human resources

Keeping with the parent Company, the Company approved an initiative by the name of "Employee first". Together with other measures, the goal of this initiative is to make the Company an attractive employer.

Risk Management

The Company has no financial instruments other than cash and short term deposits and other assets and liabilities such as trade receivables and trade payables which arise directly from its business operations. Refer to Note 21 to the financial statements on Financial Instruments for the details.

Principal risks and uncertainties

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

1. 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 Group strategy

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

2. 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 the customers have more

choices of technology, vendors and service models which force every entity to perform to their best capabilities and to enhance them.

HCL Group strategy
The Company has been quick to respond to the changing competitive dynamics. The company is emphazing on updating the new technologies and derive growth with new products to ensure company continue to grow and remains financially viable.

3. Business continuity & 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 pose risks of leaks, loss or compromise of information.

HCL Group 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 & Technology

4. Breach of data privacy and protection / Noncompliance to Global Data Protection Regulation (GDPR)

Risk
Privacy and protection of personal data is an area of increasing concern globally. Legislations like GDPR in Europe carry severe consequences for non-compliance or breach. Any violation or security breach, observed non-compliance or inadequacy of privacy policies and procedures can result in substantive liabilities, penalties and reputational impact.

HCL Group strategy
A global privacy policy is in place covering all applicable geographies and areas of operations.

A new organizational unit has been set up to ensure compliance to various Data Privacy Regulations, including GDPR.

Continued focus on employee related agreements with respect to Personally Identifiable Information (PII) and Sensitive Personal Data and Information (SPDI).

Data protection controls are a part of the engagement security management process

Robust risk response mechanisms are in place to cater to protection of sensitive data in the Company's ecosystem as well protection of such data in Client-managed networks in Offshore/ Global Delivery centres.

Sensitive and complex engagements leverage industry standard practice of data masking technologies to protect PII and SPDI.

Data Protection Impact Assessments of all applications / processes both within Company's enterprise systems and outside.

Enhancement of vendor contracts.

Formal Data Transfer Agreements for explicit agreements on data sharing.

Embedding privacy by design in our systems to secure personal data.

5. Cyber Attack

Risk
Risks of cyber-attacks with its fast evolving nature, continue to remain a threat. In addition to impact on business operations, a security breach could result in reputational damage, penalties and legal and financial liabilities.

HCL Group strategy
Investments in automated prevention and detection solutions

Continued reinforcement of stringent security policies and procedures

Collaboration with Computer Emergency Response Team (CERT) and other private Cyber Intelligence agencies, and enhanced awareness of emerging cyber threats

Enterprise-wide training and awareness programs on Information Security

Periodic rigorous testing to validate effectiveness of controls through Vulnerability Assessment and Penetration Testing

Risk Appetite and Management.
As part of its risk management measures, the Company is continually monitoring the most common risk associated with the software industry i.e. frequent changes in technologies. In the Company's opinion, company is well versed to adopt the changes in technologies via research and development which is done centrally by the parent company. Hence, adoption of changes in technologies offers adequate coverage for the financial consequences of the Company's business. The financial impact of this risk can't be quantified.

Further, ultimate holding company i.e. HCL Technologies Limited will provide financial support (if required) to HCL Technologies B.V. (Netherland) to meet any of its financial liability. The Company believes that the support from the parent company also offers adequate coverage to finance its current and future financial obligations.

Research and Development
As the Company has the function of a sales office, the research and development is done centrally by HCL Technologies Limited.

III. Prognosis of future development

The Directors believe that future profits will be created through the positive business development. In order to sustain the business operations, the parent company is obligated to provide financial support if needed. The company will focus on three catogeries of service for development of business :

Software Services : Information Technology ("IT") services such as custom application development and maintenance, technology services, product engineering, and package implementation.

Infrastructure Services : Infrastructure related IT enabled services such as Remote Infrastructure Management ("RIM"), data center operations, end user computing, network management, and security management.

Business Process Outsourcing Services : IT enabled services such as technical helpdesk, back office services, transaction processing, and call center services.

Below are the brief out look on business:

1. **Outlook on R&D :**

The research and development is done centrally by the parent company, HCL Technologies Ltd.

2. **Outlook on human resource :**

The Company's human resources strategy is focused on providing a stimulating environment which is flexible, nurtures social contract, fosters innovation, builds a result-oriented, high performance culture.

3. Outlook on financing of the company :

Company is a delievery centre, financing related elements are not applicable.

4. Outlook on business (e.g. expectation of sales, customers, etc.), including but not limited to:

The Company has strong customer base in the Netherlands and primarily having 92 active engagements with the well known customers.

Many of the engagements are pan European in nature so delivering services to multiple countries within EU region. As Netherlands is conveniently located within EU region and given its strong economic performance, is a good hub for our growth in EU region. Plus, in order to service clients in the region, the Company will invest in a local talent pool more as opposed to delivering from global delivery centers. The Company requires significant amount of local consulting capability and program management capability to manage such large client engagements. The Company has recently started the process to set-up a small delivery center in The Hague to service the clients across the region in the new wave of "Customer Experience Service Delivery" and to help clients to become more digitized organizations.This will create more employment opportunities in the region and will ultimately lead more jobs in the local market. Immediately, we do anticipate new jobs to be fulfilled from the local market either through direct recruitment or on a contract basis from our local partners.

Impact of Covid-19

The recent outbreak of Covid-19 (Coronavirus) continues to impact the global economy and markets. At this time, the impact of the outbreak on our business has been limited as delivery of our services is uninterrupted, and we have currently not witnessed significant changes in demand, whereas our service delivery is intact and our liquidity remains healthy. However, going forward the Covid-19 outbreak may negatively impact amongst others our, workforce, operations, and market demand and liquidity. In this respect, the Company has brought Covid-19 under the purview of "Executive Crisis Management Team" to develop and implement contingency plans, and we are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders.

Based on our current knowledge and available information, we do not expect Covid-19 to have an impact on our ability to continue as a going concern in the future.

4.1 Strategy of financing and expected or planned future financing

The Company may require investment funds mostly on two fronts – operational expense of the company and sales/marketing investments.

4.2 Strategy of human resources and expected or planned future changes to human resources

The Company is expecting to have growth in the business in Netherland as well as in EU regions, hence it is expected that more employment opportunities may result in the company.

4.3 Known future circumstances which significantly influence the profitability or recoverability

The Company is consistently growing year on year and also expecting good business opportunities which will result not only in growth of the company but also growth of the region. The company is focusing on the following:

- Engagement of local talent people more as opposed to delivering from global delivery centers.
- Significant amount of local consulting capability and program management capability need to be added to our overall portfolio
- To pursue and explore inorganic means to acquire capability to meet our revenue goals and also capability objectives

IV. Merger and acquisitions

HCL Technologies Limited has its subsidiaries/step down subsidiaries in various countries. In many European countries, where there are 2 or more entities in the same country which exist due to certain business reasons like acquisition, rebadging etc., it is continuous endeavor to reduce the number of entities by either merging or by business transfer/closure etc. The feasibility to either merger or transfer or closure depends upon local regulations, business transaction, tax approvals etc.

The reduction in the number of entities in the same country will lead to greater organizational efficiency, reduction in managing costs and optimization of the resources used.

With a view to achieve the aforesaid object, it is proposed to sale the entire share capital of the Company held by the HCL Great Britain Limited, a limited liability company organized under the laws of England and Wales, with registered office at Axon Centre, Church Road, Egham, Surrey, TQ2 9QB, United Kingdom, registered with Companies House under number 03299523, hereby sells to HCL Technologies B.V., who purchases four hundred (400) shares in the capital of the Company, each share having a nominal value of forty-six euro (EUR 46).

It is proposed to effect a legal merger as defined in Section 2:309 of the Dutch Civil Code as a result of which the HCL Technologies B.V., a private company with limited liability, with corporate seat in 's-Gravenhage, and office address at Prinses Beatrixlaan 532, Unit C06.01, 2595 BM 's-Gravenhage, registered with the Trade Register under number 58805206, (Acquiring Company) will acquire all assets and liabilities of the HCL (Netherlands) B.V. (Disappearing Company), under universal title and the Disappearing Company will cease to exist, aforementioned merger.

Since all shares in the capital of the Disappearing Company are held by the Acquiring Company at the time of the Merger, no measures with respect to the transfer of the shareholding in the Disappearing Company shall be taken. Since all shares in the capital of the Disappearing Company are held by the Acquiring Company at the time of the Merger, no measures with respect to the transfer of the shareholding in the Disappearing Company shall be taken. The Merger will not influence the amount of the goodwill of the Acquiring Company. The distributable reserves of the Acquiring Company shall be increased with the distributable reserves of the Disappearing Company.

The Board of Managing Directors

Bejoy Joseph George	**Shiv Kumar Walia**	**Manish Anand**	**Subramanian Gopalakrishnan**

HCL Technologies B.V. (Netherland),

Date: 07 September, 2020

FINANCIAL STATEMENTS

For the Financial year ended 01 April, 2019 to 31 March, 2020

2. Balance sheet as at 31 March, 2020

All amounts in € after appropriation of results

Assets

		31 March, 2020	31 March, 2019
Fixed assets			
Intangible fixed assets	Note (1)	1,842,961	15,898
Tangible fixed assets	Note (1)	746,490	593,105
Tangible fixed assets under constrcution	Note (1)	27,480	28,482
Financial fixed assets	Note (2)	1,035,668	239,251
		3,652,599	**876,736**
Current assets			
Inventories	Note (3)	16,101	64,542
Receivables	Note (4)	45,750,135	37,498,469
Cash at bank		1,820,106	-
Total assets		**51,238,941**	**38,439,747**

Shareholder's equity and liabilities

		31 March, 2020	31 March, 2019
Shareholder's equity			
Share capital paid up and called up	Note (5)	100,000	100,000
Other reserves	Note (5)	10,873,982	6,981,668
		10,973,982	**7,081,668**
Provisions	Note (6)	2,455,341	2,807,985
Non Current liabilities	Note (7)	467,066	-
Current liabilities	Note (8)	37,342,552	28,550,094
Total shareholder's equity and liabilities		**51,238,941**	**38,439,747**

The notes 1 to 8 forms an integral part of these financial statements.

3. Profit and loss account
for the financial year ended 31 March, 2020

		31 March, 2020	31 March, 2019
Net turnover	Note (9)	114,781,747	96,481,446
Changes in inventories for finished products and goods for resale		(48,441)	(177,483)
Total operating income		**114,733,306**	**96,303,963**
Cost of raw material and consumables		(538,572)	(1,228,315)
Cost of outsourced services and other external costs	Note (10)	(50,861,938)	(42,963,028)
Wages and salaries	Note (11)	(44,188,197)	(35,521,529)
Social security and pension charges	Note (12)	(7,919,674)	(4,839,047)
Depreciation and amortization	Note (1)	(333,442)	(58,562)
Other operating expenses	Note (13)	(5,407,914)	(7,576,140)
Total operating expenses		**(109,249,737)**	**(92,186,621)**
Interest income and similar income	Note (14 A)	9,212	392,704
Interest expenses and similar charges	Note (14 B)	(267,589)	(75,164)
Profit before taxation		5,225,192	4,434,882
Tax on result	Note (15)	(1,332,878)	(1,131,595)
Net profit		**3,892,314**	**3,303,287**

The notes 9 to 15 forms an integral part of these financial statements.

4. Statement of Cash Flows

for the financial year ended 31 March, 2020

		31 March, 2020	31 March, 2019
Operating activities			
Profit (Loss) before tax		5,225,192	4,434,882
Adjustments to reconcile net income with net cash provided by operating activities:			
-Depreciation and amortization	(Note 1)	333,442	58,562
- Interest expenses	(Note 13)	65,542	57,335
- Loss on disposal of fixed asset		-	102
- Interest income	(Note 13)	(9,212)	-
- Change in receivables	(Note 4)	(4,359,404)	12,054,541
- Change in inventories	(Note 3)	48,441	177,484
-Changes in current/ non- current assets	(Note 4 & 2)	(4,688,679)	(1,888,606)
-Changes in provision		(352,644)	786,636
- Change in current liabilities	(Note 8)	6,302,460	(18,237,450)
- Change in non current liabilities	(Note 7)	463,391	
Cash (used in)/flow from operations		**3,028,529**	**(2,556,514)**
- Interest received	(Note 13)	9,212	-
- Interest paid		(9,106)	(170,724)
- Income tax paid		(1,463,327)	(975,217)
Net cash used in operating activities		**1,565,308**	**(3,702455)**
Investing activities			
- Purchase of fixed assets	(Note 1)	(1,332,839)	(504,671)
- Insurance claim received		-	1,148
Net cash flow from investing activities		**(1,322,839)**	**(503,523)**
Financing activities			
- Proceed (Repayment) of Short term loan	(Note 8)	1,587,637	4,205,978
Net cash flow from financing activities		**1,587,637**	**4,205,978**
Change in cash		**1,820,106**	-
Cash at beginning of financial year		-	-
Cash at end of financial year		**1,820,106**	-

5 Notes to the Financial Statements

(I) General

HCL Technologies B.V. ("The Company") The Company forms part of the HCL group, the ultimate parent is HCL Technologies Ltd. at Uttar Pradesh, India. HCL Technologies B.V. registered at Prinses Beatrixlaan 532, Unit C06.01, 2595BM 's-Gravenhage, The Netherlands is a wholly owned subsidiary of HCL Technologies UK limited, United Kingdom.

The activities of the Company and the Group are carried out both inland and abroad, with the countries of the European Union being the primary sales market.

The registration number of HCL Netherlands B.V. is 58805206.

(II) Financial Reporting Period

These financial statements cover the financial year 2019-2020, which ended at the balance sheet date of 31 March, 2020.

(III) Basis for preperation of the Financial Statements

(i) The financial statements are prepared in accordance with Part 9 of Book 2 of the Dutch civil code.

(ii) The current year figures are comparable to those of previous year.

(iii) The reporting and functional currency of the Company is Euro.

The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

(IV) Going Concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

(V) Accounting Policies

1) General

Assets and liabilities are measured at historical cost, unless stated otherwise in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

2) Financial Instruments

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

i) Financial assets

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

Cash and cash equivalent
Cash in the balance sheet comprise cash in banks, which is subject to an insignificant risk of changes in Values.

Financial instruments at amortized cost
A financial instrument is measured at the amortized cost if both the following conditions are met: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

ii) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade payables and other payables.

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

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

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

3) Use of estimates

The preparation of financial statements in conformity with Dutch GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Examples of such estimates include estimates of expected contract costs to be incurred to complete software development, provision for doubtful debts and estimated useful life of fixed assets. Actual results could differ from these estimates. Any revision in accounting estimates is recognised prospectively in current and future periods.

4) Business combinations and goodwill

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

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

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

5) Fixed assets

Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at their fair value at the date of acquisition. Subsequently, following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

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

Intangible assets consist of software license and Customer Relationship. Amortization is based on the useful lives as follows:

Category of asset	Useful life (Years)
Software license	1 to 3
Custotomer Relationship	10

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Plant and equipment and tangible fixed assets under construction are measured at cost, less accumulated depreciation and impairment losses. The cost comprises the price of acquisition or manufacture, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenditure is only capitalised when it extends the useful life of the asset. The cost of self-constructed assets includes the cost of materials and consumables and other costs that can be directly attributed to the construction. In addition, the cost of construction includes a reasonable part of the indirect costs and interest on loans for the period attributable to the construction of the asset.

Assets retired from active use are measured at the lower of book value or net realisable value.

6) Depreciation of fixed assets

Depreciation of fixed assets is provided on the straight-line method based on estimated useful lives as estimated by the management. No depreciation is recognised on tangible fixed assets under construction. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment.

Category of asset	Useful life (Years)
Computer and Networking equipment	4 to 5
Furniture, Fixtures & office equipments	5 to 7
Machinery & Euipments	10 to 17

7) Impairment of fixed assets

Tangible and intangible fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated . The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs .

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount . If there is an impairment loss for a cash-generating unit, the loss is first allocated to goodwill allocated to the cash-generating unit. Any residual loss is allocated to the other assets of the unit pro rata to their book values .

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash- generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

Fixed assets available for sale are measured at the lower of their carrying amount and net realisable value.

8) Impairment of Goodwill

Goodwill is tested annually on 31 March, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the company cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is thesmallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows fromother assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill,exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fairvalue less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to bederived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU.An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period.

9) Leasing

The Company may enter into finance and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases . For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

At inception of an arrangement, the Company assesses whether the lease classifies as a finance or operating lease.

Finance leases

If the Company acts as a lessor in a finance lease, the leased asset is initially recognised as a receivable for the amount equal to the net investment in the lease. The subsequent measurement is as such that interest income recognised in each year of the lease term shows a constant periodic rate of return, based on the net investment outstanding in respect of the finance lease.

Operating leases

If the Company acts as lessee in an operating lease, the leased property is not capitalised . Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised to the profit and loss account on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

10) Receivables

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading 'Financial instruments'.

11) Shareholder's equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholder's equity . Payments to holders of these instruments are deducted from the shareholder's equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

The purchase of own shares is deducted from the other reserves

.

12) Current liabilities

The valuation of current liabilities is explained under the heading 'Financial instruments'.

13) Revenue recognition

Revenue from software services comprises income from time and material and fixed price contracts. Revenue with respect to time and material contracts is recognized as related services are performed. Revenue from fixed price contracts and fixed time frame contracts is recognized in accordance with the percentage completion method under which the sales value of performance, including earnings thereon, is recognized on the basis of cost incurred in respect of each contract as a proportion of total cost expected to be incurred. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses are made during the year in which a loss becomes probable based on current contract estimates. Revenue from sale of licenses for the use of software applications is recognized on transfer of title in the user license. Revenue from annual service contracts is recognized on a pro rata basis over the period in which such services are rendered. Income from revenue sharing agreements is recognized when the right to receive is established.

Earnings in excess of billing are classified as unbilled revenues, while billing in excess of earnings are classified as unearned revenue. Incremental revenue from existing contracts arising on future sales of the customers' products will be recognized when it is earned. Revenue and related direct costs from transition services in outsourcing arrangements are deferred and recognized over the period of the arrangement. Certain upfront non-recurring costs incurred in the initial phases of outsourcing contracts and contract acquisition costs, are deferred and amortized usually on a straight line basis over the term of the contract. The Company periodically estimates the undiscounted cash flows from the arrangement and compares it with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

The Company accounts for volume discounts and pricing incentives to customers. The discount terms in the Company's arrangements with customers generally entitle the customer to discounts, if the customer completes a specified level of revenue transactions. In some arrangements, the level of discount varies with increases in the levels of revenue transactions. The Company recognizes discount obligations as a reduction of revenue based on the ratable allocation of the discount to each of the underlying revenue transactions that result in progress by the customer toward earning the discount.

Revenues are shown net of sales tax; value added tax, service tax and applicable discounts and allowances. The revenue is recognized net of discounts and allowances.

14) Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities. The cost of services for software development is charged to profit and loss account in the same year.

15) Foreign exchange transactions

Foreign exchange transactions are recorded at initial recognition at the exchange rates. Foreign currency Realised gains and losses on foreign exchange transactions are recognised in the profit and loss account. Foreign currency monetary assets and liabilities are translated at the financial year end rate whereas non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction and resultant gains/losses on foreign exchange translations are recognised in the profit and loss account.

Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in profit and loss in the period in which the exchange difference arise.

16) Employee benefits

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits

owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

For benefits with accumulating rights, sabbatical leave, profit-sharing and bonuses the projected costs are taken into account during the employment. An expected payment resulting from profit-sharing and bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made. Contributions received as a result of a life-course savings scheme ('levensloopregeling') are taken into account in the period in which the contributions are due.

If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised .

The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

For disability risks that are insured, a provision is recognised for the part of the insurance premiums payable in the future that is directly attributable to the individual claims record of the Company . If no reliable estimate can be made of the part of the insurance premiums payable in the future that is directly attributable to the individual claims record of the entity to be paid in the future, no provision is recognised .

17) Pension

The Company has defined contributory pension plans covering all its employees. Pension obligations are funded through annual premiums.

18) Interest income and similar income and interest expenses and similar charges

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

19) Taxation

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years .
If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences.
For taxable temporary differences, a provision for deferred tax liabilities is recognised .

For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset in the balance sheet if the company has a legally enforceable right to offset current tax assets against current tax liabilities, insofar as they relate to the same financial year and deferred tax assets relate to income taxes levied by the same tax authority on the same taxable Company, or the same fiscal unity.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

20) Provisions and Contingent liabilities

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

If all or part of the payments that are necessary to settle a provision are likely to be fully or partially compensated by a third party upon settlement of the provision, then the compensation amount is presented separately as an asset.

Provisions are measured at the nominal value of the best estimate of the expenditures that are expected to be required to settle the liabilities and losses.

21) Inventory

Stock-in-trade, stores and spares are valued at the lower of the cost or net realizable value. Cost includes the expenses for acquisition or manufacture, plus other expenditure to bring the inventories to their present location and condition.Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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

22) Risks

- Financial risk management

During the normal course of business, the Company uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the Company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Company. The company has no derivatives.

- Foreign exchange rate risk

Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the company's functional currency. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of mo
netary items, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

- Credit risk

The Company has no significant concentrations of credit risk as the company has a large number of customers base. 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 credit risk. The company has a dedicated team for the close follow up for realisation from the customers and adequate provision for doubtful debts is created wherever required as per group policy. During the year there was no significant amount identified for which the company is required to create the provision.

- 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.

23) Notes to offsetting

Assets and liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

24) Notes to the statement of cash flows

The Company applies the indirect method. The statement of cash flows is derived from the profit and loss account and other changes between the opening and closing balance sheets, eliminating the effect of currency translation differences.

Cash flows in foreign currency are translated into euros using the weighted average exchange rate for the reporting period/the exchange rate at the dates of the transactions.

Receipts and payments of interest and income taxes are presented within the cash flows from operating activities.

25) Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

26) Transactions with related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel.

There have been no transactions with related parties that have not been carried on normal market terms.

27) Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

Notes to the balance sheet as at 31 March, 2020

Fixed assets (1)

a) Intangible fixed assets

	31 March, 2020	31 March, 2019
Software license	18,213	15,898
Customer Relationship	814,204	-
Goodwill	1,010,544	-
	1,842,961	**15,898**

Movements in these items were as follows:

	Software license	Customer relationship	Goodwill
Balance as at 01 April, 2019			
Purchase price	16,139	-	-
Accumulated depreciation and impairment	(241)	-	-
Carrying amount	**15,898**	**-**	**-**
Changes in carrying amount			
Investments	25,488	881,209	1,010,544
Amortization	(23,173)	(67,005)	-
Balance	**2,315**	**814,204**	**-**
Balance as at 31 March, 2020			
Purchase price	41,627	881,209	1,010,544
Accumulated depreciation and impairment	(23,414)	(67,005)	-
Carrying amount	**18,213**	**814,204**	**1,010,544**

b) Tangible fixed assets

	31 March, 2020	31 March, 2019
Machinery and equipment	746,490	593,105
	746,490	**593,105**

Movements in these items were as follows:

	Machinery and Equipment	Tangible fixed assets under construction
Balance as at 01 April, 2019		
Purchase price	664,293	28,482
Accumulated depreciation and impairment	(71,188)	-
Carrying amount	**593,105**	**28,482**
Changes in carrying amount		
Investments	396,649	27,480
Amortization	(243,264)	-
Transferred to fixed assets for the year	-	(28,482)
Balance	**153,385**	**(1,002)**
Balance as at 31 March, 2020		
Purchase price	1,060,942	27,480
Accumulated depreciation and impairment	(314,452)	-
Carrying amount	**746,490**	**27,480**

On 7 December 2018, HCL Group had signed a definitive agreement to acquire business relating to select IBM software products, the acquisition though has been consummated effective 30 June 2019.

The HCL Group has acquired these products for security, marketing, commerce, and digital solutions along with certain assumed liabilities and in scope employees. With this HCL Group 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, the HCL Group intends to enhance its products and platforms offering to customers across a wide range of industries and markets. IBM will pay the Company for the assumed liabilities as related services are rendered, based on an agreed basis.

HCL Technologies BV had paid EUR 1,351,425 till 30 June 2019. EUR 966,228 is payable after one year as per agreement. These payables have been fair valued at EUR 951,792.

Financial fixed assets (2)

	31 March, 2020	31 March, 2019
Deferred Cost	450,734	105,454
Finance Lease Receivables	193,772	61,904
Prepaid Expenses	391,162	71,893
	1,035,668	**239,251**

Finance Lease: In case of assets given on lease

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

	Total minimum lease payments receivable	Interest included in minimum lease payments receivable	Present value of minimum lease payment receivable
As on 31 March, 2020			
Not later than one year	362,660	8,251	354,409
Later than one year and not later than 5 years	208,830	15,058	193,772
	571,490	**23,309**	**548,181**
As on 31 March, 2019			
Not later than one year	81,102	1,765	79,337
Later than one year and not later than 5 years	67,122	5,218	61,904
	148,224	**6,983**	**141,241**

Inventory (3)

	31 March, 2020	31 March, 2019
Finished products and goods for resale	16,101	64,542
	16,101	**64,542**

Finished products and goods for resale

	31 March, 2020	31 March, 2019
Cost of acquisition of goods available for resale	19,305	64,542
Less :- Provision for obsolescence	(3,204)	-
	16,101	**64,542**

Receivables (4)

	31 March, 2020	31 March, 2019
Trade receivables	16,956,848	11,968,490
Amount receivables from group companies	18,617,826	19,246,780
Other amounts receivable	10,175,461	6,283,199
	45,750,135	**37,498,469**

Trade receivables includes receivables of EUR 70,161 (2018-19 NIL) which are due for more than 365 days and all other receivables have an estimated maturity shorter than one year.

Trade receivables

	31 March, 2020	31 March, 2019
Amortized cost of outstanding receivables	17,027,009	11,968,490
Less :- Allowance for doubtful debts	(70,161)	-
	16,956,848	11,968,490

Other receivables

	31 March, 2020	31 March, 2019
Unbilled receivables – Group Companies	1,891,378	190,246
Unbilled receivables	6,866,496	4,374,020
Employee receivables	170,497	198,454
Advance to supplier	2,668	-
Deferred cost – Group Companies	-	428,424
Prepaid expenses	624,623	906,493
Deposits	66,077	62,523
Finance lease receivable	354,409	79,337
Deferred Cost	199,313	43,702
	10,175,461	**6,283,199**

Shareholder's equity (5)

	Share Capital paid up and called up	Other Reserves	Total
Balance at 01 April, 2018	100,000	3,678,381	3,778,381
Result for the year 2018/19	-	3,303,287	3,303,287
Balance at 31 March, 2019	**100,000**	**6,981,668**	**7,081,668**
Balance at 01 April, 2019	100,000	6,981,668	7,081,668
Result for the year 2019/20	-	3,892,314	3,892,314
Balance at 31 March, 2020	**100,000**	**10,873,982**	**10,973,982**

Appropriation of profit of FY 2018-2019

The financial statements for the financial year 2018-2019 have been adopted by the General Meeting on 08 August, 2019. The General Meeting has adopted the appropriation of profit after tax € 3,302,287 as proposed by the Board of Management.

Appropriation of profit of FY 2018-2019

The Board of Management has proposed, with consent of the Supervisory Board, to the General Meeting to appropriate the profit after tax for financial year 2018-2019 by adding the whole amount of profit after tax to other reserves .

Appropriation of profit of FY 2019-2020

The financial statements for the financial year 2019-2020 have been adopted by the General Meeting ----------.
The Board of Management proposes, with consent of the Supervisory Board, to the General Meeting to appropriate the profit after tax for financial year 2019-2020 by adding the whole amount of profit after tax to other reserves .

Appropriation of profit of FY 2019-2020

The Board of Management proposes, with consent of the Supervisory Board, to the General Meeting to appropriate the profit after tax for financial year 2019-2020 by adding the whole amount of profit after tax to other reserves .

Provisions (6)

	31 March, 2020	31 March, 2019
Provision	2,455,341	2,807,985
	2,455,341	**2,807,985**

Movements in provisions were as follows:

	Provisions
Balance at 1 April, 2018	2,021,349
Addition during the year	2,807,985
Deletion during the year	(2,021,349)
Balance at 31 March, 2019	**2,807,985**
Balance at 1 April, 2019	2,807,985
Addition during the year	2,455,341
Deletion during the year	(2,807,985)
Balance at 31 March, 2020	**2,455,341**

Non Current liabilities (7)

	31 March, 2020	31 March, 2019
Deferred tax liabilities	3,675	-
Deferred Revenue	457,540	-
Accrued Bonus	5,851	-
	467,066	-

Current liabilities (8)

	31 March, 2020	31 March, 2019
Trade creditors/suppliers	634,292	634,556
Amounts payable to group companies	10,396,236	10,017,866
Short loan from group companies	10,000,000	1,250,000
Interest payable on short term loan group companies	87,413	30,977
Bank Overdraft	2,049,028	9,211,391
Taxes and social security contributions	4,015,631	3,043,470
Deferred tax liability	8,550	15,987
Other and accrued liabilities	10,151,402	4,345,847
	37,342,552	**28,550,094**

All accounts payable to suppliers and trade creditors are due within one year. All other current liabilities have an estimated maturity shorter than one year.

The carrying values of the recognised current liabilities approximate their respective fair values, given the short maturities of the positions.

The taxes and social security charges payable recognised in the balance sheet can be broken down as follows:

	31 March, 2020	31 March, 2019
VAT payable	1,860,283	1,049,991
Payroll tax	851,451	696,409
Social security contribution	324,447	230,736
Pension payable	146,456	106,653
Corporate income tax payable	832,994	959,681
	4,015,631	**3,043,470**

The other and accrued liabilities recognised in the balance sheet can be broken down as follows:

	31 March, 2020	31 March, 2019
Accrued employee cost and vacation	2,356,561	1,047,343
Accrued bonus	1,164,279	1,128,262
Deferred Consideration	980,049	-
Deferred revenue	2,779,417	607,211
Other Current Liabilities	2,871,096	1,563,031
	10,151,402	**4,345,847**

Notes to the Profit and loss account

Net turnover (9)

	For the financial year ended 31 March, 2020		
	Third Parties	Inter-Company	Total
Standard software services	98,184,847	15,948,886	**114,133,733**
Sale of goods	632,381	15,633	**648,014**
	98,817,228	**15,964,519**	**114,781,747**

	For the financial year ended 31 March, 2019		
	Third Parties	Inter-Company	Total
Standard software services	63,356,196	31,624,302	**94,980,498**
Sale of goods	809,908	691,040	**1,500,948**
	64,166,104	**32,315,342**	**96,481,446**

Details of inter-company revenue is as below :-

Inter-company revenue	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
Ultimate Holding Company	4,634,331	4,150,984
Holding Company	356,909	48,121
Fellow subsidairies	10,957,649	28,116,237
	15,964,519	**32,315,342**

All the inter-company revenue is carried at arm length principle.

Geographical wise revenue for the year ended 31 March, 2020 is as below:

Geography	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
America	486,013	1,083,991
Europe	109,016,431	91,155,768
India	4,668,799	4,023,058
Others	610,504	218,629
	114,781,747	**96,481,446**

Cost of oursourced services and other external costs (10)

	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
Consulting charges group	44,401,198	32,543,721
Consulting charges Others	5,928,856	10,004,686
Annual maintenance charges	387,104	302,135
Hosting charges	144,780	112,486
	50,861,938	**42,963,028**

Wages and salaries (11)

	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
Wages and salaries	44,188,197	35,521,529
	44,188,197	**35,521,529**

The wages & salary charges recognised in the statement of Profit & loss can be broken down as follows

Wages and Salaries

	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
Wages & salary	42,278,137	34,179,102
Bonus	1,910,060	1,342,427
	44,188,197	**35,521,529**

Social Security and pension charges (12)

	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
Pension costs	6,647,721	3,912,651
Other benefits	624,292	436,979
Staff welfare	647,661	489,417
	7,919,674	**4,839,047**

Other operating expenses (13)

	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
Travel cost	2,188,427	4,408,918
Establishment & maintenance	476,388	577,826
Communication	195,942	147,467
Provision for Bad Debts	70,161	-
Marketing Cost	217,846	33,630
Other expenses	2,259,150	2,408,299
	5,407,914	**7,576,140**

The other expenses recognised in the statement of Profit & loss can be broken down as follows:

Other expenses (13)

	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
Legal & professional costs	1,407,530	734,968
Other administration & general costs	13,047	(6,745)
Audit Fee	16,513	50,187
Recruitment fees	394,936	1,116,476
Subscription Fee	117,347	166,932
Loss on sale of capital assets	-	102
Miscellaneous expenses	309,777	346,379
	2,259,150	**2,408,299**

Interest income and similar Income (14 A)

	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
Exchange differences	-	392,704
Interest income on current accounts	9,212	-
	9,212	**392,704**

Interest expense & similar charges (14 B)

	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
Interest on loan from related parties	57,214	54,516
Interest expenses related to bank	8,328	2,819
Bank charges	20,120	15,616
Tax authorities	1,743	2,213
Supplier and trade creditors	17,748	-
Exchange differences	162,436	-
	267,589	**75,164**

Income taxes (15)

The tax charge in the profit and loss account can be broken down as follows:

	For the financial year ended 31 March, 2020	For the financial year ended 31 March, 2019
Result before tax	5,225,192	4,434,882
Income tax using the applicable tax rate in the Netherlands	1,293,579	1,098,582
Tax effect of:		
· Rate change	1,849	(2,220)
· Non-deductible expenses	43,720	35,023
Recognition of previously not recognised tax losses		
Adjustment for prior periods	(6,270)	210
	1,332,878	**1,131,595**

The applicable tax rate for the financial year is 24.76% (2018/19: 24.77%).
The effective tax rate for the financial year is 25.51% (2018/19: 25.52%).

Workforce (16)

The average number of staff employed by the company in 2019/20 was 665 (2018/19: 575) comprises of 562 men and 103 women and all employees are located in the Netherlands.

Employee Benefit Plan (17)

In Netherland employee and employer contribute towards the pensions depending upon the age and the salary of the employee. This scheme is known as defined contribution scheme. A defined contribution scheme means that HCL makes a pension premium available which depends on employee salary and age. Since every inhabitant of the Netherlands is entitled to a state old-age pension, the so-called "AOW", this must be taken into account in relation to pension accrual with HCL. This is done by deducting the AOW offset from the pensionable salary.

Remuneartion to Board (18)

There is no remuneration paid to Board because members are assigned to another Group entity.

Equity interests (19) (Ultimate) Parent company

HCL Technologies Limited, is the ultimate parent company of HCL Technologies B.V. (Netherland) and includes the financial data of HCL Technologies B.V. (Netherland) in its consolidated financial statements.

Audit fees (20)

The costs of the Company for the external auditor, the audit organisation and the entire network to which the audit organisation belongs charged to the financial year are set out below:

	KPMG Accountants N.V. 31 March,2020	Ernst and Young Accountants LLP 31 March, 2019
Audit of Financial statements	16,513	50,187
Other audit engagement services	-	-
Tax related advisory servies	-	-
Other services	23,310	-
Total	39,823	50,187

Financial instruments (21)

General

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks.The Company does not use derivatives financial instruments nor trade in financial instruments.

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

Market Risk

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

Credit Risk

Financial instruments that potentially subject the company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled receivables , finance lease receivables. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

	31 March,2020	31 March,2019
Balance at the beginning of the year	-	-
Addition during the year	70,161	-
Balance at the end of the year	**70,161**	**70,161**

Interest rate risk and cash flow risk

The interest rate risk is limited as the Company has no external financing.

Currency risk

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

The exchange rate risk primarily arises from assets and liabilities denominated in curriences other than functional curreny. An insignificant portion of the Company's revenue is in other foreign currency while a large protion of costs are in EUR. The fluctuation in exchange rates in respect to EUR may not have potential impact on the statement fo profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately EUR 50,477 for the year ended 31 March, 2020.

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

Non-derivative foreign currency exposure as of 31 March, 2020 and 31 March, 2019 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March, 2020	31 March, 2019	31 March, 2020	31 March,2019
EUR/GBP	41,317	42,979	32,484	77,153
EUR/USD	93,052	89,506	2,052	30,228
EUR/THB	-	-	49,355	3,123
Total	**134,369**	**132,485**	**83,891**	**110,504**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. The

Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

Carrying value

The carrying value of financial instruments recognised on the balance sheet can be specified as follows:

	31 March, 2020		31 March, 2019	
	Amortized Cost	Carrying Amount	Amortized Cost	Carrying Amount
Financial assets				
Finance lease receivables	548,181	548,181	141,241	141,241
Trade receivables	16,956,848	16,956,848	11,968,490	11,968,490
Amount receivables from group companies	18,617,826	18,617,826	19,246,780	19,246,780
Unbilled receivables group companies	1,891,378	1,891,378	190,246	190,246
Unbilled receivables	6,866,496	6,866,496	4,374,020	4,374,020
Deposits and advance to suppliers	68,745	68,745	62,523	62,523
Cash at bank	1,820,106	1,820,106	-	-
Total	**46,769,580**	**46,769,580**	**35,983,300**	**35,983,300**
Financial liabilities				
Trade creditors/suppliers	634,292	634,292	634,556	634,556
Amounts payable to group companies	10,396,236	10,396,236	10,017,866	10,017,866
Short loan from group companies	10,000,000	10,000,000	1,250,000	1,250,000
Interest payable on short term loan group companies	87,413	87,413	30,977	30,977
Bank Overdraft	2,049,028	2,049,028	9,211,391	9,211,391
Other and accrued liabilities	10,151,402	10,151,402	4,345,847	4,345,847
Total	**33,318,371**	**33,318,371**	**25,490,637**	**25,490,637**

Off-balance sheet assets and liabilities (22)

Long term financial commitments

Long-term unconditional commitments have been entered into in respect of long-term leases and operating leases (including office premises and motor vehicles).

The operating leasing costs are recognised on a straight-line basis in the profit and loss account over the lease period. The remaining term can be specified as follows:

Particulars	31 March, 2020	31 March, 2019
No more than 1 year	73,662	89,314
Between 1 and 5 years	-	-
Longer than 5 years	-	-
Total	73,662	89,314

Lease payments that have been recognized as an expense in 2019-20, amount to EUR 366,090 (2018-19 : EUR 334,742)

Other commitments not shown in the balance sheet

No guarantees have been issued by the Company for members of the Board of Managing Directors, its group companies or subsidiaries.

All commitments to related parties are included in the balance sheet.

Subsequent Events (23)

The Company has evaluated all the subsequent events through 07 September, 2020, which is the date on which these financial statements were issued.

Impact of Covid-19

The recent outbreak of Covid-19 (Coronavirus) continues to impact the global economy and markets. At this time, the impact of the outbreak on our business has been limited as delivery of our services is uninterrupted, and we have currently not witnessed significant changes in demand, whereas our service delivery is intact and our liquidity remains healthy. However, going forward the Covid-19 outbreak may negatively impact amongst others our, workforce, operations, and market demand and liquidity. In this respect has brought Covid-19 under the purview of "Executive Crisis Management Team" to develop and implement contingency plans, and we are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders.

Based on our current knowledge and available information, we do not expect Covid-19 to have an impact on our ability to continue as a going concern in the future.

Merger and acquisitions

The management has decided on 25 August, 2020 to merge HCL Netherland BV into HCL Technologies BV subsequent to financials year 2019-20.

HCL Technologies Limited has its subsidiaries/step down subsidiaries in various countries. In many European countries, where there are 2 or more entities in the same country which exist due to certain business reasons like acquisition, rebadging etc., it is continuous endeavor to reduce the number of entities by either merging or by business transfer/closure etc. The feasibility to either merger or transfer or closure depends upon local regulations, business transaction, tax approvals etc.

The reduction in the number of entities in the same country will lead to greater organizational efficiency, reduction in managing costs and optimization of the resources used.

With a view to achieve the aforesaid object, it is proposed to sale the entire share capital of the Company held by the HCL Great Britain Limited, a limited liability company organized under the laws of England and Wales, with registered office at Axon Centre, Church Road, Egham, Surrey, TQ2 9QB, United Kingdom, registered with Companies House under number 03299523, hereby sells to HCL Technologies B.V., who purchases four hundred (400) shares in the capital of the Company, each share having a nominal value of forty-six euro (EUR 46).

It is proposed to effect a legal merger as defined in Section 2:309 of the Dutch Civil Code as a result of which the HCL Technologies B.V., a private company with limited liability, with corporate seat in 's-Gravenhage, and office address at Prinses Beatrixlaan 532, Unit C06.01, 2595 BM 's-Gravenhage, registered with the Trade Register under number 58805206, (Acquiring Company) will acquire all assets and liabilities of the HCL (Netherlands) B.V. (Disappearing Company), under universal title and the Disappearing Company will cease to exist, aforementioned merger. Since all shares in the capital of the Disappearing Company are held by the Acquiring Company at the time of the Merger, no measures with respect to the transfer of the shareholding in the Disappearing Company shall be taken. Since all shares in the capital of the Disappearing Company are held by the Acquiring Company at the time of the Merger, no measures with respect to the transfer of the shareholding in the Disappearing Company shall be taken. The Merger will not influence the amount of the goodwill of the Acquiring Company. The distributable reserves of the Acquiring Company shall be increased with the distributable reserves of the Disappearing Company.

The Board of Managing Directors

Bejoy Joseph George	**Shiv Kumar Walia**	**Manish Anand**	**Subramanian Gopalakrishnan**

Date: 07 September, 2020

6 Other information

Articles of Association provisions governing profit appropriation

In accordance with the Company's Articles of Association the result is at the disposal of the Shareholder's meeting. The Company can only distribute profits to its' shareholder and other entitled entities, as far as Shareholder's equity exceeds the total of the issued and paid-up share capital together with the statutory and legal reserves. The proposal is to add current period's results to the retained earnings and this is already processed as such in the financial statements.

Independent Auditor's report

The independent auditor's report with respect to the financial statements is set out on the following page.