

HCL Technologies (Thailand) Limited

Financial statements for the year ended
31 March 2020
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of HCL Technologies (Thailand) Limited

Opinion

I have audited the financial statements of HCL Technologies (Thailand) Limited (the "Company"), which comprise the statement of financial position as at 31 March 2020, the statements of income and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

The financial statements of the Company for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 28 June 2019.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

(Sasithorn Pongadisak)
Certified Public Accountant
Registration No. 8802

KPMG Phoomchai Audit Ltd.
Bangkok
21 August 2020

HCL Technologies (Thailand) Limited

Statement of financial position

Assets	Note	31 March	
		2020	2019
		<i>(in Baht)</i>	
<i>Current assets</i>			
Cash and cash equivalents		84,516,956	67,121,424
Trade and other receivables	4	43,246,873	49,092,298
Other current assets		2,058,076	1,275,552
Total current assets		129,821,905	117,489,274
<i>Non-current assets</i>			
Equipment	5	9,213,745	4,110,420
Other non-current assets		4,866,876	5,596,765
Total non-current assets		14,080,621	9,707,185
Total assets		143,902,526	127,196,459

The accompanying notes are an integral part of these financial statements.

HCL Technologies (Thailand) Limited

Statement of financial position

Liabilities and equity	Note	31 March	
		2020	2019
		<i>(in Baht)</i>	
<i>Current liabilities</i>			
Trade and other payables	6	90,511,162	83,803,955
Income tax payable		1,853,863	2,896,414
Other current liabilities		4,198,061	3,995,833
Total current liabilities		96,563,086	90,696,202
Total liabilities		96,563,086	90,696,202
<i>Equity</i>			
Share capital			
Authorised share capital			
<i>(196,300 ordinary shares, par value at Baht 100 per share)</i>		19,630,000	19,630,000
Issued and paid-up share capital			
<i>(196,300 ordinary shares, par value at Baht 100 per share)</i>		19,630,000	19,630,000
Retained earnings		27,709,440	16,870,257
Total equity		47,339,440	36,500,257
Total liabilities and equity		143,902,526	127,196,459

The accompanying notes are an integral part of these financial statements.

HCL Technologies (Thailand) Limited

Statement of income

	For the year ended	
	31 March	
	2020	2019
	<i>(in Baht)</i>	
<i>Revenue</i>		
Revenue from rendering of services	111,240,247	136,313,618
Total revenue	111,240,247	136,313,618
<i>Expenses</i>		
Cost of rendering of services	83,939,715	115,221,621
Administrative expenses	11,196,046	8,553,631
Net foreign exchange loss	1,096,074	1,660,568
Total expenses	96,231,835	125,435,820
Profit before income tax expense	15,008,412	10,877,798
Income tax expense	(4,169,229)	(3,109,308)
Profit for the year	10,839,183	7,768,490

The accompanying notes are an integral part of these financial statements.

HCL Technologies (Thailand) Limited

Statement of changes in equity

	Issued and paid-up share capital	Retained earnings (in Baht)	Total equity
<i>Year ended 31 March 2019</i>			
Balance at 1 April 2018	19,630,000	9,101,767	28,731,767
Profit for the year	-	7,768,490	7,768,490
Balance at 31 March 2019	<u>19,630,000</u>	<u>16,870,257</u>	<u>36,500,257</u>
<i>Year ended 31 March 2020</i>			
Balance at 1 April 2019	19,630,000	16,870,257	36,500,257
Profit for the year	-	10,839,183	10,839,183
Balance at 31 March 2020	<u>19,630,000</u>	<u>27,709,440</u>	<u>47,339,440</u>

The accompanying notes are an integral part of these financial statements.

HCL Technologies (Thailand) Limited

Notes to the financial statements

For the year ended 31 March 2020

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HCL Technologies (Thailand) Limited

Notes to the financial statements

For the year ended 31 March 2020

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Directors on 21 August 2020.

1 General information

HCL Technologies (Thailand) Limited, the “Company”, is incorporated in Thailand and has its registered office at 89 AIA Capital Center, 20th Floor, Room No. 2005-2007, Ratchadapisek Road, Dindaeng Subdistrict, Dindaeng, Bangkok. The principal activities of the Company are engaged in providing information technology and software related consultancy and services.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-publicly Accountable Entities (TFRS for NPAEs) and guidelines promulgated by the Federation of Accounting Professions.

The financial statements are prepared and presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgements, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the exchange rates at that date. Gains or losses arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities arising from foreign currency transactions that are measured at cost are translated to Thai Baht at the exchange rates at the dates of the transactions.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid short-term investments.

HCL Technologies (Thailand) Limited

Notes to the financial statements

For the year ended 31 March 2020

(c) Trade and other receivables

Trade and other receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed and provided for the estimate losses, primarily on analysis of payment histories. Bad debts are written off when incurred. Bad debts recovered are recognised in other income in the statement of income.

(d) Equipment

Owned assets

Equipment are measured at cost less accumulated depreciation and losses on decline in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Any gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised in the statement of income.

Subsequent costs

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each component of an item of equipment. The estimated useful lives are as follows:

Office equipment	3 - 5	years
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(e) Losses on decline in value

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised if the carrying amount of an asset exceeds its recoverable amount. The loss on decline in value is recognised in the statement of income.

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For the year ended 31 March 2020

(f) Trade and other payables

Trade and other payables are stated at cost.

(g) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate method.

(h) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Rendering of services

The Company recognises revenue from rendering of services as the services are provided and accepted by customers and invoices issued.

(i) Operating leases

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

(j) Income tax

Income tax is calculated on the taxable income or loss for the year, using tax rates enacted at the reporting date.

4 Trade and other receivables

	2020	2019
	(in thousand Baht)	
Trade and other receivables	43,866	49,387
Less allowance for doubtful accounts	(619)	(295)
Net	43,247	49,092

5 Equipment

	Office equipment (in thousand Baht)
Cost	
At 1 April 2018	5,649
Additions	2,090
At 31 March 2019 and 1 April 2019	7,739
Additions	7,327
At 31 March 2020	15,066

HCL Technologies (Thailand) Limited
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For the year ended 31 March 2020

	Office equipment (in thousand Baht)
Depreciation	
At 1 April 2018	1,652
Additions	1,977
At 31 March 2019 and 1 April 2019	3,629
Additions	2,223
At 31 March 2020	5,852
Net book value	
At 31 March 2019	4,110
At 31 March 2020	9,214

6 Trade and other payables

	2020 (in thousand Baht)	2019
Trade accounts payable	78,573	75,125
Other payables	8,240	4,336
Accrued expenses	3,311	4,343
Advance from customers	387	-
Total	90,511	83,804

7 Promotional privileges

The Company has been granted promotional privileges by the Board of Investment for software business, pursuant to the promotion certificate No. 58-2230-1-00-2-0, issued on 23 September 2015. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 5 years from the date the promoted operations commenced generating revenues and dividends paid from the earnings of the tax-exempted promoted operations are in turn exempted from inclusion in the determination of income tax. However, the Company has no revenue from promoted operations for the year ended 31 March 2020 and 2019. In this regard, the Company submitted a request to revoke the investment promotion under the certificate with the Board of Investment on 5 March 2019. The Company received the approval to revoke all privileges effective from 5 July 2019.

In addition, under promotion certificate No. 58-2224-1-00-0-0 dated 21 September 2015, the Company has been granted certain rights and privileges under the Investment Promotion Act B.E. 2520 for trade and investment support, and is obliged to comply with certain conditions as stipulated in the promotion certificate.

8 Commitments

Non-cancellable operating lease commitments

	2020 (in thousand Baht)	2019
Within 1 year	200	200
1 - 5 years	400	200
Total	600	400