

# Report and Financial Statements

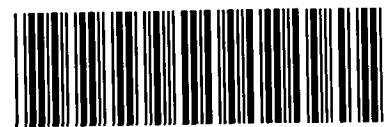
## HCL Technologies UK Limited

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For the year ended 31 March 2020

Registered number: 08658132

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HCL Technologies UK Limited

## Company Information

Directors	Mr. Shiv Kumar Walia Mr. Rahul Singh Mr. Ajit Kumar
Registered number	08658132
Registered office	Axon Centre Church Road Egham Surrey TW20 9QB United Kingdom
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL
Banker	Deutsche Bank London Branch 6 Bishops Gate London EC2N 4DA

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HCL Technologies UK Limited

# Strategic report

For the year ended 31 March 2020

## Introduction

The directors present their Strategic Report for the year ended 31 March 2020.

## Principal activities

The Company's principal activities are:

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

## Review of business

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

	March 2020	March 2019
	£000	£000
Turnover	560,755	351,294
Operating (loss)/profit	(56,390)	7,303
(Loss)/profit for the year	(57,799)	6,402
Carrying value of investments	93,666	140,566

The Company recorded turnover of £560,755k (2019- £351,294k), registering increase in turnover of 60% annualized during the year over the previous year. The turnover has increased mainly on account of new customer contracts and transfer of some contracts from HCL Great Britain Limited and Axon Solutions Limited, both fellow group subsidiaries. The Company has provided for impairment of investments in the year of £72,732k (2019- £1,900k) and received dividend amounting to £8,407k (2019 - £3,920k). The company has made investment in HCL Investment UK Limited for £ 24,622k and further investments in various other group undertakings.

# Strategic report (continued)

For the year ended 31 March 2020

## Principal risks and uncertainties

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

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

Additional economic uncertainty has arisen as a result of the June 2016 referendum and subsequent triggering of Article 50 of the Lisbon treaty, which resulted in UK to exit the EU on 31 January 2020. The implications continue to remain uncertain as United Kingdom negotiates its position. Aside from resultant foreign exchange movement, this did not have any adverse impact on the company's business so far and management will further follow up if any measures are necessary to reduce potential business risk.

### 1. Employee related risk

#### Risk

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

#### HCL's Strategy

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

### 2. Technology related risks

#### Risk

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

#### HCL's Strategy

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

## Strategic report (continued)

For the year ended 31 March 2020

### 3. Competition related risks

#### Risk

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

#### HCL's strategy

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

### 4. Business continuity and information security

#### Risk

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

#### HCL's strategy

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

### Financial instruments

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

#### 1. Foreign exchange rate risk

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

## Strategic report (continued)

For the year ended 31 March 2020

### 2. Credit risk

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

### 3. Liquidity risk

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

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

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

### 4. Investment impairment risk

The most significant financial instrument held by the company is its investments in subsidiaries. The directors understanding of the risks associated with the investments held by the entity relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the company reviews the financial performance of its investments on a regular basis.

#### Impact of Covid

##### 1. Industry risk

At company level by looking at industry and service line, technology service industry will remain largely unimpacted.

##### 2. Customer risk

We are expecting reduction in discretionary spend by the customers, recovery of demand will depend on the longtivity of the Covid 19 situation.

##### 3. Counterparty risk

There will be some impact on customers where the customers are seeking reduction in price as well as extended payment terms. However, we don't expect our major customers to impact us in a major way.

HCL Technologies UK Limited

## Strategic report (continued)

For the year ended 31 March 2020

### Impact of Covid (continued)

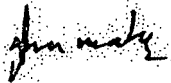
#### 4. Employee risk

Company has restricted the recruitment to need based requirements of business only. Company should be able to get the required skills as there is big pool of resources in ultimate parent company which is based out of India.

#### 5. Financing risk

These are evaluated at ultimate parent company level as this company gets required financial assistance if needed from the ultimate parent company or its subsidiaries.

This report was approved by the board of directors on 29 March 2021 and signed on its behalf.



**Shiv Kumar Walia**  
Director



**Rahul Singh**  
Director



## Directors' report

For the year ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

### Results and Dividends

The loss for the year, after taxation, amounted to £57,799,000 (2019 – profit of £6,402,000). Refer page 14 for further details.

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

The directors do not recommend any dividend (2019 – Nil).

### Directors

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

Mr. Shiv Kumar Walia

Mr. Manish Anand (Resigned 26 February 2020)

Mr. Rahul Singh

Mr. Ajit Kumar

### Future Developments

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

### Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding that the Company has net current liabilities of £55,334, which the directors consider to be appropriate for the following reasons.

The directors have made an assessment of future cash flows for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including a severe but plausible downside to reflect the potential impact on the company of the ongoing COVID-19 pandemic, the company will have sufficient funds, either through its operations or funding from its ultimate parent company, HCL Technologies Limited, to meet its liabilities as they fall due for that period.

## Directors' report (continued)

For the year ended 31 March 2020

### Going Concern (continued)

Those forecasts are dependent on HCL Technologies Limited not seeking repayment of the amounts currently due to the group, which at 31 March 2020 amounted to £206,780k, except in so far the funds of the Company permit repayment and such repayment will not adversely affect the ability of the Company to meet its liabilities as and when they fall due and providing additional financial support during that period. HCL Technologies Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

### Employees

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

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

**Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.**

Total energy use covering electricity, gas and transport	1,686,452	kWh
Total emissions generated through combustion of gas	92.28	tCO <sub>2</sub> e
Total emissions generated through combustion of other fuel	-	tCO <sub>2</sub> e
Total emissions generated through use of purchased electricity	207.76	tCO <sub>2</sub> e
Total emissions generated through business travel	114.55	tCO <sub>2</sub> e
Total gross emissions	414.59	tCO <sub>2</sub> e
Intensity ratio (total gross emissions)	16.58	kgCO <sub>2</sub> e per sqft

## Directors' report (continued)

For the year ended 31 March 2020

### Energy efficiency actions

We are committed to responsible energy management and will practise energy efficiency throughout our organisation, wherever it's cost effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

We have implemented the policies below for the purpose of increasing the businesses energy efficiency in the relevant financial year.

- Policy in place to replace desktop computers with energy efficient A grade laptop (ESOS recommendation). Estimated saving of 260,000 kWh when complete (ESOS calculation).
- LED external lighting installed in Egham site car park and the on-going replacement of all internal lighting with LEDs is in progress. Estimated saving of 100,000 kWh at Egham site once completed.
- Reviewed site energy base loads identified in ESOS. However, given the sites have data centres that operate 24/7 it is not possible to reduce the load at this time.

### The following energy efficiency measures are under consideration for implementation during 2020

- Review energy tariffs and consider the use of green energy providers.
- Train staff on energy efficient working practices (recommended from our 2018 ESOS audit).
- Continue upgrade from desktops to newer energy efficient laptops across all sites.
- Review lighting at all sites with a view to LED replacement where appropriate.

### Methodology used in the calculation of disclosures

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency 28/10/2019) used in conjunction with Government GHG reporting conversion factors.

### Sec 172 disclosure

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

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

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

## Directors' report (continued)

For the year ended 31 March 2020

### DIRECTORS' RESPONSIBILITIES

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

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

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

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

### Disclosure of information to auditor

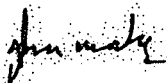
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

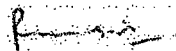
### Reappointment of auditor

As per section 485 of the Companies Act 2006 KPMG LLP was appointed as the auditor of the Company for FY 2019-20. In accordance with section 487 of the Companies Act 2006, a resolution for their reappointment as Auditor of the Company for FY 2020-21 will be placed for the shareholders' approval.

This report was approved by the board of directors on 29 March 2021 and signed on its behalf.



**Shiv Kumar Walia**  
Director



**Rahul Singh**  
Director

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

For the year ended 31 March 2020

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

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

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

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

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

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

## Opinion

We have audited the financial statements of HCL Technologies UK Limited ("the company") for the year ended 31 March 2020 which comprise the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

## **Directors' responsibilities**

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

## **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

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



**David Benson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
E14 5GL

30 March 2021



## Statement of profit and loss and other comprehensive income

For the year ended 31 March 2020

		Year ended 31 March 2020	Year ended 31 March 2019
	Note	£000	£000
Turnover	5	560,755	351,294
Cost of sales		<u>(466,736)</u>	<u>(281,864)</u>
<b>Gross profit</b>		94,019	69,430
Administrative expenses		(147,120)	(58,830)
Other operating expenses		<u>(3,289)</u>	<u>(3,297)</u>
<b>Operating (loss)/profit</b>	6	(56,390)	7,303
Income from shares in group companies		8,407	3,920
Interest receivable and similar income	9	38	80
Interest payable and similar charges	10	<u>(3,096)</u>	<u>(3,581)</u>
<b>(Loss) /profit before tax</b>		(51,041)	7,722
Tax on (loss)/profit	11	<u>(6,758)</u>	<u>(1,320)</u>
<b>(Loss)/profit for the year</b>		(57,799)	6,402
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<u>(57,799)</u>	<u>6,402</u>

The notes on pages 17 to 38 form part of these financial statements

All amounts related to continuing operations.

HCL Technologies UK Limited

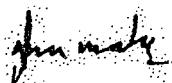
Registered number-08658132

## Statement of financial position

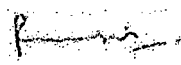
As at 31 March 2020

	Note	31 March 2020 £000	31 March 2019 £000
<b>Fixed assets</b>			
Intangible assets	12	36,458	32,252
Tangible assets	13	13,607	11,504
Investment	14	93,666	140,566
		<u>143,731</u>	<u>184,322</u>
<b>Current assets</b>			
Stocks	15	657	693
Debtors: amounts falling due after more than one year	16	48,625	9,767
Debtors: amounts falling due within one year	16	190,408	138,915
Cash at bank	17	16,909	-
		<u>256,599</u>	<u>149,375</u>
Creditors: amounts falling due within one year	18	<u>(311,933)</u>	<u>(195,635)</u>
<b>Net current liabilities</b>		<u>(55,334)</u>	<u>(46,260)</u>
<b>Total assets less current liabilities</b>		<b>88,397</b>	<b>138,062</b>
Creditors: amounts falling due after more than one year	18	(44,367)	(61,777)
Deferred tax liability	18	(698)	-
<b>Net assets</b>		<u>43,332</u>	<u>76,285</u>
<b>Capital and reserves</b>			
Called up share capital	20	78,089	53,243
Other losses		(203)	(203)
Retained (losses)/ earnings		<u>(34,554)</u>	<u>23,245</u>
<b>Shareholder's funds</b>		<u>43,332</u>	<u>76,285</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 29 March 2021



Shiv Kumar Walia  
Director



Rahul Singh  
Director

The notes on pages 17 to 38 form part of these financial statements.

## Statement of changes in equity

For the year ended 31 March 2020

	Share capital	Other losses	Retained (losses)/ earnings	Total equity
	£000	£000	£000	£000
At 1 April 2018	32,243	(203)	16,843	48,883
Profit for the year	-	-	6,402	6,402
Total comprehensive income for the year	-	-	6,402	6,402
Shares issued during the year at par value	21,000	-	-	21,000
Total transactions with the owners	21,000	-	-	21,000
At 31 March 2019	53,243	(203)	23,245	76,285
<b>At 1 April 2019</b>	53,243	(203)	23,245	76,285
<b>Loss for the year</b>	-	-	(57,799)	(57,799)
<b>Total comprehensive loss for the year</b>	-	-	(57,799)	(57,799)
<b>Shares issued during the year at par value</b>	24,846	-	-	24,846
<b>Total transactions with the owners</b>	24,846	-	-	24,846
<b>At 31 March 2020</b>	78,089	(203)	(34,554)	43,332

The notes on pages 17 to 38 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 March 2020

## 1. Company Information

HCL Technologies UK Limited is a company incorporated in England. The registered office is Axon Centre, Church Road, Egham, Surrey, TW20 9QB United Kingdom.

## 2. Accounting policies

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and in accordance with applicable accounting standards under the historical cost convention.

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

The company's presentational and functional currency is Pounds Sterling. The financial statements are presented in round thousands.

The financial statements contain information about HCL Technologies UK Limited as an individual Company and are not consolidated financial statements. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as it and its subsidiary undertakings are included in the group financial statements of its ultimate parent, HCL Technologies Limited, a Company incorporated in India, which are publicly available.

### 2.1 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of its ultimate parent, HCL Technologies Limited as at 31 March 2020 and these financial statements may be obtained from the Companies registry in India.

# Notes to the financial statements

For the year ended 31 March 2020

## 2. Accounting policies (continued)

### 2.2 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding that the Company has net current liabilities of £55,334k, which the directors consider to be appropriate for the following reasons.

The directors have made an assessment of future cash flows for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including a severe but plausible downside to reflect the potential impact on the company of the ongoing COVID-19 pandemic, the company will have sufficient funds, either through its operations or funding from its ultimate parent company, HCL Technologies Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on HCL Technologies Limited not seeking repayment of the amounts currently due to the group, which at 31 March 2020 amounted to £206,780k, except in so far the funds of the Company permit repayment and such repayment will not adversely affect the ability of the Company to meet its liabilities as and when they fall due and providing additional financial support during that period. HCL Technologies Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

### 2.3 Turnover

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

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

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

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

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

## Notes to the financial statements

For the year ended 31 March 2020

### 2. Accounting policies (continued)

#### 2.4 Intangible assets (continued)

##### Goodwill

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

##### Other Intangible assets

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

The estimated useful lives range as follows:

Licensed IPR's	-	10 Years
Customer relationship	-	4-5 Years
Customer contracts	-	0.33 Years
Technology	-	4-5 Years

#### 2.5 Tangible Fixed assets

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

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

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

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

Depreciation is provided on the following basis:

Office equipment	-	5 - 7 years
Computer equipment	-	4 - 5 years
Furniture & fixtures	-	7 years
Plant & Equipment	-	10 years
Software	-	3 years

Capital WIP is not depreciated.

# Notes to the financial statements

For the year ended 31 March 2020

## 2. Accounting policies (continued)

### 2.6 Investments

Investments are measured at cost less accumulated impairment.

### 2.7 Impairment of assets

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

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

### 2.8 Stocks

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

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

### 2.9 Financial Instruments

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

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

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

## Notes to the financial statements

For the year ended 31 March 2020

### 2. Accounting policies (continued)

#### 2.9 Financial instruments (continued)

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

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

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

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

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

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

#### 2.10 Deferred costs

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

#### 2.11 Unbilled revenue

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

#### 2.12 Foreign currency translation

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

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.



# Notes to the financial statements

For the year ended 31 March 2020

## 2. Accounting policies (continued)

### 2.12 Foreign currency translation (continued)

Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss and other comprehensive income. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of initial transaction.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

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

### 2.13 Finance costs

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

### 2.14 Pensions

#### Defined contribution pension plan

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

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

### 2.15 Interest Income

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

## Notes to the financial statements

For the year ended 31 March 2020

### 2. Accounting policies (continued)

#### 2.16 Current and Deferred taxation

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

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

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

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

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

#### 2.17 Operating Leases

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

#### 2.18 Leased Assets: Lessor

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

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

# Notes to the financial statements

For the year ended 31 March 2020

## 2. Accounting policies (continued)

### 2.19 Rent equalisation reserve

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

## 3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

Significant estimates and assumptions are used as follows

#### *Provisions against receivables*

Using information available at the balance sheet date, the Directors make assumptions on the estimated debt recovery rates, based on experience, regarding the level of provision required to account for potentially uncollectible receivables, amounts provided are £3,385k (2019-£1,509k).

#### *Unbilled revenue*

Using information available at the balance sheet date, the Directors make assumptions on the estimated unbilled revenue, based on the level of efforts required to account for potential unbilled revenue, amounts provided are £71,751k (2019-£24,528k).

#### *Provisions against impairment of goodwill*

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

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

## Notes to the financial statements

For the year ended 31 March 2020

### 4. Acquisition of select IBM software products

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

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

As part of this deal, the company has to pay £8,370k for the processes acquired.

The Company has paid £4,210k and balance is payable after one-year as per the agreement, which has been fair valued at £4,115k.

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

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

### 5. Analysis of Turnover

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

Analysis of turnover by geographical market:

	Year ended	Year ended
	31-Mar	31-Mar
	2020	2019
	£000	£000
United Kingdom	461,990	290,547
Rest of world	98,765	60,747
	<u>560,755</u>	<u>351,294</u>

## Notes to the financial statements

For the year ended 31 March 2020

### 6. Operating (loss)/profit

The operating (loss)/profit is stated after charging

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Depreciation	3,586	2,806
Amortisation	4,897	4,581
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	17	9
Exchange differences loss	3,288	3,297
Impairment of investment	72,732	1,900
Operating lease rentals	<u>1,667</u>	<u>3,054</u>

### 7. Employees

Staff costs were as follows

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Wages and salaries	137,474	96,162
Social security costs	13,049	7,971
Cost of defined contribution scheme	<u>3,634</u>	<u>1,857</u>
	<u>154,157</u>	<u>105,990</u>

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

	Year ended 31-Mar 2020 No.	Year ended 31-Mar 2019 No.
Technical	2,003	1,392
Sales and marketing	167	126
Administration	<u>74</u>	<u>56</u>
	<u>2,244</u>	<u>1,574</u>

### 8. Director's remuneration

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

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

# Notes to the financial statements

For the year ended 31 March 2020

## 9. Interest receivable and similar income

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Interest receivable from group companies	17	40
Others	21	40
	<u>38</u>	<u>80</u>

## 10. Interest payable and similar charges

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Interest payable to group companies	1,619	2,253
On bank loans and overdrafts	1,003	809
Finance costs and other loan interest payable	474	519
	<u>3,096</u>	<u>3,581</u>

## 11. Taxation on (loss)/ profit

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
<b>Corporation tax</b>		
Current tax on (loss)/ profits for the year	5,398	1,641
Adjustments in respect of previous periods	1,546	(365)
<b>Total current tax</b>	<u>6,944</u>	<u>1,276</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(147)	(104)
Impact of rate change	-	33
Adjustments in respect of previous periods	(39)	115
<b>Total deferred tax</b>	<u>(186)</u>	<u>44</u>
<b>Taxation on (loss)/ profit</b>	<u>6,758</u>	<u>1,320</u>

# Notes to the financial statements

For the year ended 31 March 2020

## 11. Taxation on (loss)/ profit (continued)

### Factors affecting tax charge for the Year

The tax assessed for the year is by standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
(Loss)/ profit before tax	<u>(51,041)</u>	<u>7,722</u>
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(9,698)	1,468
<b>Effects of</b>		
Permanent differences	90	59
Impairment of investment	13,819	361
Dividend income non taxable	(1,597)	(745)
Impact of rate change	(26)	33
Provision for uncertain tax position	2,487	-
Write off withholding taxes deducted by customer	199	391
Adjustment in respect of prior periods	1,507	(250)
Foreign tax credit claimed as deduction	(38)	(58)
Others	15	61
<b>Total tax charge for the year</b>	<u>6,758</u>	<u>1,320</u>

The Company has applied for Bilateral Advance Pricing Agreement (BAPA) for the period 1 April 2019 to 31 March 2024 and the same is under negotiation with tax authorities in India & UK. Basis ongoing discussion & negotiation, it is evaluated that proposed BAPA will likely to get settled on the average range of 6.2% of VAC or 5.8% of revenue. Under the previous Advance Pricing Agreement which got expired in Mar'2018, a margin of 3.2% of revenue was maintained by the Company. Therefore in line with the above, the Company has made provision for uncertain tax position of £2,487k.

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate of 19% to 17%. This will increase the company's future current tax charge accordingly.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £110k and deferred tax liability by £120k.

## Notes to the financial statements

For the year ended 31 March 2020

## 12. Intangible assets

	Technology £000	Customer contracts £000	Customer relationships £000	Goodwill £000	Licensed IPR's £000	Total £000
<b>Cost</b>						
At 31 March 2019	2,089	137	437	239	36,575	39,477
Additions	-	-	4,101	5,002	-	9,103
<b>At 31 March 2020</b>	<b>2,089</b>	<b>137</b>	<b>4,538</b>	<b>5,241</b>	<b>36,575</b>	<b>48,580</b>
<b>Amortisation</b>						
At April 2019	1306	137	237	63	5,482	7,225
Charge for the year	460	-	429	340	3,668	4,897
<b>At 31 March 2020</b>	<b>1,766</b>	<b>137</b>	<b>666</b>	<b>403</b>	<b>9,150</b>	<b>12,122</b>
<b>Net book value</b>						
At 31 March 2020	323	-	3,872	4,838	27,425	36,458
At 31 March 2019	783	-	200	176	31,093	32,252



## Notes to the financial statements

For the year ended 31 March 2020

## 13. Tangible Fixed assets

	Office equipment £000	Plant & equipment £000	Computer equipment £000	Fixtures & Fittings £000	Computer Software £000	Capitalised Work in Progress £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2019	49	2,963	14,587	114	1,558	50	19,321
Additions	160	2,940	2,651	10	541	153	6,455
Disposals	-	-	(766)	-	-	-	(766)
At 31 March 2020	<u>209</u>	<u>5,903</u>	<u>16,472</u>	<u>124</u>	<u>2,099</u>	<u>203</u>	<u>25,010</u>
<b>Depreciation</b>							
At 1 April 2019	18	636	6,176	28	959	-	7,817
Charge for the year	14	421	2,949	20	638	-	4,042
Disposals	-	-	(456)	-	-	-	(456)
At 31 March 2020	<u>32</u>	<u>1,057</u>	<u>8,669</u>	<u>48</u>	<u>1,597</u>	<u>-</u>	<u>11,403</u>
<b>Net book value</b>							
At 31 March 2020	<u>177</u>	<u>4,846</u>	<u>7,803</u>	<u>76</u>	<u>502</u>	<u>203</u>	<u>13,607</u>
At 31 March 2019	<u>31</u>	<u>2,327</u>	<u>8,411</u>	<u>86</u>	<u>599</u>	<u>50</u>	<u>11,504</u>

# Notes to the financial statements

For the year ended 31 March 2020

## 14. Investments

	Investments in subsidiary & associates £000
<b>Cost or valuation</b>	
At 1 April 2019	140,566
Addition	26,275
Disinvestment in the stake of subsidiary of Celeritifintech Services Ltd	(443)
Impairment of investments	(72,732)
At 31 March 2020	<u>93,666</u>
At 31 March 2019	<u>140,566</u>

During the year, the company has impaired the investment of HCL Great Britain Limited, Celertifintech Services Limited, Datawave (An HCLT Co.) & U Cast by £64,896k, £1,062k, £3,467k & £3,307k respectively.

### Subsidiary undertakings & Associates

The directors believe that the book value of investments is supported by their underlying net assets. During the year company has made additional investments in HCL Investment UK, HCLT Italy S.P.A., HCL Bulgaria EOOD, HCLT Azerbaizan LLC & HCL Technologies S.A.

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

Name	Country of incorporation	Class of shares	Holding	Principal activity	Registered address
HCLT Germany GmBh	Germany	Ordinary	100%	IT and IT Enabled Services	Frankfurter strasse 63-69, d-65760 Eschborn
HCLT B.V.	Netherlands	Ordinary	100%	IT and IT Enabled Services	Prinses beatrixlaan 532, Unit c06.01, 2595bm 's-Gravenhage
HCL (Ireland) Information	Ireland	Ordinary	100%	IT and IT Enabled Services	Telephone house, 43-46, marlbourigh street, Dublin 1
HCLT Belgium BVBA	Belgium	Ordinary	100%	IT and IT Enabled Services	Lozenburg 22 bus 3, B-1932, zaventem, Belgium
HCLT Sweden AB	Sweden	Ordinary	100%	IT and IT Enabled Services	Sveavagen 21-23, 5 tr, 111 34 stockholm, Sweden
HCLT Finland Oy	Finland	Ordinary	100%	IT and IT Enabled Services	Keilaranta 6 02150 espoo, Finland
HCLT SA	Venezuela	Ordinary	100%	IT and IT Enabled Services	Eddificio atrium, piso 3, av. Venezuela, el rosas, caracas, Venezuela
HCLT Italy S.P.A.	Italy	Ordinary	100%	IT and IT Enabled Services	Vimodrone (mi) via luigi cadorna n. 73, Milan 20090, Italy

## Notes to the financial statements

For the year ended 31 March 2020

### 14. Investment (continued)

HCLT Greece Single	Greece	Ordinary	100%	IT and IT Enabled Services	62 kifissias avenue, 15125 Maroussi, Athens
HCLT Columbia S.A.S	Colombia	Ordinary	100%	IT and IT Enabled Services	Cr 7 no. 71 - 52 to a of 706); bogotá - Colombia.
HCLT Luxembourg SARL	Luxembourg	Ordinary	100%	IT and IT Enabled Services	42-44, avenue de la gare, l-1601, grand duchy of Luxembourg
HCL Investment UK Limited.	UK	Ordinary	7.51%	IT and IT Enabled Services	Axon centre, church road, egham, surrey TW20 9QB
Celeritifintech Services Ltd	UK	Ordinary	49%	IT and IT Enabled Services	New kings court, tollgate, chandler's ford, eastleigh, Hampshire, SO53 3LG
HCLT Czech Republic S.R.O	Czech Republic	Ordinary	100%	IT and IT Enabled Services	Praha 2 - nové město, kateřinská 466/40, PSC120 00
Point to Point Ltd.	UK	Ordinary	100%	IT and IT Enabled Services	Axon centre, church road, egham, surrey TW209QB
Point to Point Products Ltd.	UK	Ordinary	100%	IT and IT Enabled Services	Axon centre, church road, egham, surrey TW209QB
HCLT Bulgaria EOOD	Bulgaria	Ordinary	100%	IT and IT Enabled Services	Business park sofia, building 7, entrance b, floor 1, sofia 1766, Bulgaria
Celeritifintech Ltd.	UK	Ordinary	51%	IT and IT Enabled Services	Axon centre, church road, egham, surrey TW209QB
HCL Japan Ltd.	Japan	Ordinary	100%	IT and IT Enabled Services	19f, nbf hubiya building, 1-1-7, uchisiwal-cho chiyoda-ku, Tokya postal code-100-0011
HCLT Egypt Ltd.	Egypt	Ordinary	100%	IT and IT Enabled Services	Unit 01-2237, Nile city towers, 22nd floor, corniche ei Nile ramelt beaulac, cario, Egypt
HCLT Beijing Co. Ltd.	China	Ordinary	100%	IT and IT Enabled Services	501, floor 4, building 3, yard 8, wangjing street, chaoyang district, Beijing

## Notes to the financial statements

For the year ended 31 March 2020

## 14. Investment (continued)

HCLT Lithuania UAB	Lithuania	Ordinary	100%	IT and IT Enabled Services	Jogialos g.9, vilnius city, vilnius city municipality, Lithuania
HCLT Taiwan Ltd.	Taiwan	Ordinary	100%	IT and IT Enabled Services	(110) 18f., no. 460, sec 4, xinyi road, xinyi dist, taipei, Taiwan
Datawave (An HCLT Co.)	UK	Ordinary	100%	IT and IT Enabled Services	Caledonian exchange, 19a canningstreet, edinburgh, Scotland, EH38HE.
HCLT Corporate Services Ltd.	UK	Ordinary	100%	IT and IT Enabled Services	Axon centre, church road, egham, united kingdom, TW209QB
HCLT Great Britain	UK	Ordinary	100%	IT and IT Enabled Services	Axon centre, church road, egham, surrey TW209QB
HCLT Azerbaijan LLC	Azerbaijan	Ordinary	99.9%	IT and IT Enabled Services	Az1010, baku city nasimi district, pushkin street 12/14, house no 30
HCLT Vietnam	Vietnam	Ordinary	100%	IT and IT Enabled Services	Regus saigon tower tang 16, saigon tower, 29 lê duẩn, quận 1, hồ chí minh, Vietnam
HCL Istanbul Bilisim	Turkey	Ordinary	100%	IT and IT Enabled Services	Maslak meydan distrcit no:3 veko giz plaza, Sariyer

## Notes to the financial statements

For the year ended 31 March 2020

## 15. Stocks

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Finished goods and goods for resale	<u>657</u>	<u>693</u>
	<u>657</u>	<u>693</u>

## 16. Debtors

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
<b>Due after more than one year</b>		
Deferred costs (Refer note no 2.10)	2,439	2,932
Prepayments and accrued income	2,453	768
Unbilled receivables (Refer note no 2.11)	36,987	1,084
Deferred tax	406	302
Net investment in finance leases	<u>6,340</u>	<u>4,681</u>
	<u>48,625</u>	<u>9,767</u>
<b>Due within one year</b>		
Trade debtors	115,061	79,122
Amounts owed by group undertakings	26,156	27,475
Deferred costs (Refer note no 2.10)	2,179	1,761
Unbilled receivables (Refer note no 2.11)	34,765	23,444
Other debtors	1,948	1,576
Prepayments and accrued income	4,765	2,632
Net investment in finance leases	<u>5,534</u>	<u>2,905</u>
	<u>190,408</u>	<u>138,915</u>

Including within deferred tax is £76k (2019-£2k), expected to unwind within 12 months of the reporting date. Amount owed by group undertakings are repayable on demand with no interest variable in it.

## Notes to the financial statements

For the year ended 31 March 2020

## 16. Debtors (continued)

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

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
<b>Gross investment:</b>		
Within one year	9,511	5,579
Within two to five years	3,148	2,404
	<u>12,659</u>	<u>7,983</u>
Less: finance income allocated to future periods	(785)	(396)
	<u>11,874</u>	<u>7,587</u>
	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
<b>Net investment:</b>		
Within one year	8,828	5,275
Within two to five years	3,046	2,312
	<u>11,874</u>	<u>7,587</u>

## 17. Cash and cash equivalents

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Cash at bank	16,909	-
	<u>16,909</u>	<u>-</u>

## 18. Creditors: Amounts falling due within one year

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Trade creditors	25,288	13,535
Amounts owed to group undertakings	206,780	113,433
Corporation tax	4,493	1,169
Obligations under finance lease & hire purchase contracts	173	439
Loan from banks/financial institution	12,310	24,677
Taxation and social security	12,656	8,479
Other creditors	1,673	1,303
Accruals and deferred income	48,560	32,600
	<u>311,933</u>	<u>195,635</u>

Amount owed to group undertakings includes short term loans taken from group companies incurs interest at LIBOR +variable bps, are unsecured and repayable on demand.

## Notes to the financial statements

For the year ended 31 March 2020

### 18. Creditors: amounts falling due after more than one year

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Trade creditors	9,942	18,793
Deferred tax	698	-
Loan from banks/financial institution	30,436	42,000
Accruals and deferred income	3,989	984
	<u>45,065</u>	<u>61,777</u>

Company has obtained long term loan from MUFG bank at an interest rate of 1.69475%, repayable half-yearly instalments and will be fully paid by end of July 2023.

Trade creditors are long term and will be paid on achievement of certain revenue conditions.

### 19. Deferred Taxation

	Deferred tax £000
At 1 April 2019	302
Acquisition of select IBM products	(779)
Credit to profit and loss	185
At 31 March 2020	<u>(292)</u>

#### Deferred Tax reconciliation

	£000
At the beginning of the year	302
Effect of rate change	26
Change in timing differences	12
Acquisition related intangible	(779)
Deferred tax credit for the year	147
Balance at the end of the year	<u>(292)</u>

The provision for deferred taxation is made up as follows:

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Accelerated capital allowances	70	56
Intangibles	(698)	-
Other timing differences	336	246
	<u>(292)</u>	<u>302</u>

## Notes to the financial statements

For the year ended 31 March 2020

### 20. Share Capital

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
<b>Allotted, called up and fully paid</b>		
103,362,191 (2019 - 73,362,191) ordinary shares of \$1 each	<u>78,089</u>	<u>53,243</u>
30,000,000 ordinary shares of \$1 each issued during FY 19-20.		

### 21. Pension Commitments

The group operates a defined contribution pension scheme. The pension charge for the year was £ 3,634k (2019 - £1,857k). The balance outstanding at 31 March 2020 is £595k (2019 - £382k)

### 22. Commitments under operating lease

#### Building

The company leases office spaces and accommodation for its employees under operating lease agreements. The lease rental expenses recognised in the statement of profit and loss and other comprehensive income for the year is £1,683,300 (2019- £2,866,827). The rent equalization reserve under for non- cancellable operating lease payable in future years and accounted for by the company is £ 139,402.

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Not later than 1 year	544	1,304
Later than 1 year and not later than 5 years	1,626	1,626
Later than 5 years	942	1,373
	<u>3,112</u>	<u>4,303</u>



## Notes to the financial statements

For the year ended 31 March 2020

### 22. Commitments under operating lease (continued)

#### IT Equipment

The company leases IT equipment under operating lease agreements. The lease rental expenses recognised in the statement of profit and loss and other comprehensive income for the year is £ 597,264 (2019-£ 822,593).

	Year ended 31-Mar 2020 £000	Year ended 31-Mar 2019 £000
Not later than 1 year	844	855
Later than 1 year and not later than 5 years	1,280	2,125
Later than 5 years	-	-
	<u>2,124</u>	<u>2,980</u>

### 23. Related party transactions

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

### 24. Controlling party

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

The largest and smallest group of undertakings for which the group financial result has been prepared that include the results of the company is that headed by HCL Technologies Limited. The consolidated financial statements are available to the public and may be obtained from HCL Technologies Limited, Noida, Uttar Pradesh, India.

### 25. Post balance sheet events

#### Business purchase of Axon Solutions Limited

From 1 April 2020, the company entered into an agreement with Axon Solutions Limited to purchase the said business and certain assets and liabilities of the entity for the consideration of £ 50 Mn.