HCL Technologies Finland Oy
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HCL Technologies Finland Oy

FINANCIAL STATEMENT AND ANNUAL REPORT

1.4.2020–31.3.2021

Financial Statement must be stored at least until 31.12.2031
Vouchers of the period must be stored until 31.12.2027

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Annual report 1.4.2020-31.3.2021

The year 2020-2021 in brief

HCL Technologies Finland Oy operates in IT consulting business.
The company's turnover during this financial period was 127,8 M€ which was 4% lower than during previous financial period (133,1 M€). This decrease of turnover was due to closure of old contracts during the financial period. The operational profit of the financial period was 7,02 M€ compared to 10,97 M€ during the previous financial period.

Estimate of the future development

The company is expecting demand of it's services to be stable during financial year 2021-2022. Business development depends on new contracts and there are normal busines risks involved.

Major risks and uncertainties

The management sees no major risks or uncertainties.

Financial items

(millions of euros)	**2021**	**2020**	**2019**
Turnover	127.8	133.1	64.1
Operating profit	7.02	10.97	4.29
Operating profit %	5.5 %	8.2%	6.7 %
Return on equity	25%	79%	86%
Self-sufficiency rate	20.6%	10.7%	5.5 %

Personnel

Average number of personnel	**2021**	**2020**	**2019**
Employees	77	85	68

Personnel expenses	**2021**	**2020**	**2019**
Wages and salaries	5,763,843.70	5,732,760.94	4,302,736.88
Pension costs	697,847.34	797,441.85	659,439.38
Other social costs	5,436.34	52,704.56	150,853.58
TOTAL	**6,467,127.38**	**6,582,907.35**	**5,113,029.84**

Significant events after the financial period

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

Research and development

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

Related party loans and liabilities

Loans given to group companies	Amount in EUR 31.3.2021	Rate of interest	Loan period
HCL Argentina SA	170,440.00	LIBOR +1%	12 months
HCL Technologies Romania S.R.L.	4,650,000.00	LIBOR +1%	12 months
HCL Technologies Germany	10,000,000.00	LIBOR +1%	12 months
HCL Technologies Lithuania	5,800,000.00	LIBOR +1%	12 months
Honisgberg & Duvel Datentechnik GmbH	1,550,000.00	LIBOR +1%	12 months
	22,170,440.00		

Organisation, management and auditors

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

During the financial period the directors have been Mr Subramanian Gopalakrishnan, Mr Bejoy George and Mr Shiv Walia.

KPMG Oy has acted as a responsible auditing company and the auditor in charge is Nina Öfversten.

Shares

The company has 100.000 equity shares of 1 euro each.

The board of directors suggestion on dividends and retained earnings

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

Profit and Loss Statement

EUR		1.4.2020–31.3.2021		1.4.2019–31.3.2020
TURNOVER		**127,838,783.75**		**133,174,607.31**
Raw materials and services				
Purchase of raw material	526,165.39		1,538,184.74	
External services	97,696,418.04	**98,222,583.43**	99,182,123.02	**100,720,307.76**
Personnel expenses				
Wages and salaries	5,763,843.70		5,732,760.94	
Other personnel expenses				
Pension expenses	697,847.34		797,441.85	
Other personnel expenses	5,436.34	6,467,127.38	52,704.56	6,582,907.35
Depreciations		8,019,621.41		10,012,562.38
Other operating expenses		8,110,994.01		4,889,731.24
OPERATING PROFIT (LOSS)		**7,018,457.52**		**10,969,098.58**
Financial income and expenses				
From group companies	206,433.06		115,700.88	
From others	1,579,476.71		211,241.82	
Interest expenses and other financial expenses				
To others (–)	-964,695.64	821,214.13	-815,460.81	-488,518.11
PROFIT (LOSS) BEFORE APROPRIATIONS AND TAXES		**7,839,671.65**		**10,480,580.47**
Appropriations				
Change in accumulative depreciation difference	-2,474,187.00	-2,474,187.00	0.00	0.00
Income taxes				
Income taxes	-1,154,485.72	-1,154,485.72	-2,099,399.00	-2,099,399.00
PROFIT (LOSS) FOR THE FINANCIAL YEAR		**4,210,998.93**		**8,381,181.47**

Balance Sheet

EUR		3/31/2021		3/31/2020
Assets				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights		158,603.01		195,204.01
Goodwill		413,948.67		464,124.27
Other intangible assets		247,538.40		529,215.96
Intangible assets total		820,090.08		1,188,544.24
Tangible assets				
Machinery and equipment		25,062,124.88		35,904,633.95
Non-Current assets total		**25,882,214.96**		**37,093,178.19**
CURRENT ASSETS				
Stocks				
Finnished products		18,455.49		507.70
Accrued income				
Long term prepayments and accrued income		4,559,667.69		5,958,417.00
Short-term receivables				
Trade receivables	20,329,169.44		22,565,191.65	
Receivables from group companies	32,483,152.98		22,959,067.70	
Other receivables	6,365,253.70		7,446,898.19	
Prepaid expenses and accrued income	4,152,295.56	63,329,871.68	4,926,071.98	57,897,229.52
Cash in hand and at banks		46,341.63		37,667,836.07
Current assets total		**67,954,336.49**		**101,523,990.29**
Assets total		**93,836,551.45**		**138,617,168.48**

Equity and liabilities

SHAREHOLDERS' EQUITY				
Share capital				
Share capital	100,000.00		100,000.00	
Retained earnings (loss)	15,054,681.20		6,296,354.73	
Profit (loss) for financial year	4,210,998.93	19,365,680.13	8,381,181.47	14,777,536.20
Shareholders' equity total		**19,365,680.13**		**14,777,536.20**
APPROPRIATIONS				
Accumulated Depreciation Difference	2,474,187.00	**2,474,187.00**	0.00	**0.00**
LIABILITIES				
Long-term liabilities				
Long-term loans from credit institutions	0.00		10,000,000.00	
Advances received	3,045,973.79	3,045,973.79	4,723,253.72	14,723,253.72
Short-term liabilities				
Loans from credit institutions	13,302,382.36		51,182,716.04	
Trade payables	3,234,610.38		1,146,254.09	
Amount owed to group companies	28,913,217.95		22,567,528.14	
Other liabilities	3,779,810.47		6,175,665.60	
Accrued expenses and prepaid income	19,720,689.37	68,950,710.53	28,044,214.69	109,116,378.56
Liabilities total		**71,996,684.32**		**123,839,632.28**
Equity and liabilities total		**93,836,551.45**		**138,617,168.48**

CASH FLOW STATEMENT

EUR	1.4.2020-31.3.2021	1.4.2019-31.3.2020
Cash flow from operations		
Profit/loss before appropriations and taxes	**7,839,671.65**	**10,480,580.47**
Adjustments		
Depreciations according to plan	7,614,509.86	9,977,012.95
Financing income and expenses	-821,214.13	488,518.11
Cash flow before changes of operating assets and liabilities	14,632,967.38	20,946,111.53
Changes in operating assets and liabilities		
Decrease in interest-free receivables	1,412,976.84	22,569,033.22
Increase in current assets	1,380,801.52	2,487,792.26
Decrease in interest-free liabilities	-3,585,469.28	24,549,641.63
Cash flow in operating activities before financing activities and taxes	13,841,276.46	70,552,578.64
Paid income taxes	-1,154,485.72	-2,099,399.00
Net cash provided by (used in) operating activities (A)	**12,686,790.74**	**68,453,179.64**
Investing activities		
Investments in tangible and intangible assets	-5,371,674.38	-7,459,544.62
Proceeds from sale of non-current assets	8,968,127.75	1,259,501.16
Changes in Group loans granted	-6,845,619.00	-14,096,782.00
Interest Received	1,785,909.77	326,942.70
Net cash provided by (used in) investing activities (B)	**-1,463,255.86**	**-19,969,882.76**
Financing activities		
Repayments of long-term loans	-10,000,000.00	-10,000,000.00
Change in short term loans	-37,880,333.68	0.00
Interest Expense	-964,695.64	-815,460.81
Net cash provided by (used in) financial activities (C)	**-48,845,029.32**	**-10,815,460.81**
Change in liquid assets	**-37,621,494.44**	**37,667,836.07**
Cash and cash equivalents beginning of period	37,667,836.07	0.00
Cash and cash equivalents end of period	46,341.63	37,667,836.07

NOTES TO THE FINANCIAL STATEMENT

PRINCIPLES FOR DRAWING UP THE FINANCIAL STATEMENT

Holding Company of HCL Technologies Finland Oy is HCL Technologies UK Ltd and ultimate holding company is HCL Technologies Ltd, Delhi India.
HCL Technologies Finland Oy's address is Keilaranta 6, 02150 Espoo.
Consolidated Financial Statement is available at HCL Technologies Ltd, 806, Siddharth, 96 Nehru Place, New Delhi-110019, India, www.HCL.com.

Accounting principles and methods

Revenue recognition
The revenue of the company consists of the IT consulting and IT services.
Time and material contracts
Revenue with respect to time-and-material contracts is recognized as the related services are performed.
Fixed Price contracts
Revenue from long-term contracts is recognized in accordance with the Percentage-of-Completion (POC) method. Under the POC method, progress towards completion is measured based on either achievement of specified contract milestones or cost incurred as a proportion of estimated total cost.

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

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

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

Currency and Foreign currency translation
Currency used in the Financial statements is EURO.
Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the individual transactions.
Receivables and liabilities in foreign currencies are recorded using the rates on the closing date.

Depreciation principles and methods

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

NOTES TO THE PROFIT AND LOSS STATEMENT

Personnel

	2021	2020
Average number of personnel	77	85

Depreciations	**2021**	**2020**
Intangible rights	36,601.00	16,065.00
Goodwill	50,175.60	37,631.70
Intangible assets	471,829.02	1,085,457.80
Other machinery	7,461,015.79	8,873,407.88
TOTAL	**8,019,621.41**	**10,012,562.38**

AUDITORS' FEES	**2021**	**2020**
Audit fees	7,600.00	3,803.00
	7,600.00	**3,803.00**

DISTRIBUTION OF TURNOVER BY FIELDS AND GEOGRAPHICAL MARKET AREAS	**2021**	**2020**
IT Consulting and services	127,838,783.75	133,174,607.31
TOTAL	**127,838,783.75**	**133,174,607.31**
America	103,642.31	912,936.63
Europe	127,403,093.42	132,014,862.98
Asia and the Pacific Area	332,048.02	246,807.70
TOTAL	**127,838,783.75**	**133,174,607.31**

BREAKDOWN OF OTHER OPERATING EXPENSES

	2021	2020
Personnel related costs	-333,762.74	-341,082.71
Office costs	-280,193.22	-400,685.98
IT-costs	-2,719,407.66	-2,812,391.86
Rent costs	-4,210,094.97	0.00
Travel costs	-55,378.71	-505,743.30
Other operating expenses	-512,156.71	-829,827.39
TOTAL	**-8,110,994.01**	**-4,889,731.24**

NOTES TO THE NON-CURRENT ASSETS

Intangible rights	**2021**	**2020**
Acquisition cost in the beginning of the period	211,269.01	0.00
Additions	0.00	211,269.01
Acquisition cost at end of period	211,269.01	211,269.01
Depreciations and decreases value in the beginning of the period	-16,065.00	0.00
Depreciation of the period	-36,601.00	-16,065.00
Acc.depreciations and decreases in value at end of period	-52,666.00	-16,065.00
Book value at end of period	**158,603.01**	**195,204.01**

Goodwill	**2021**	**2020**
Acquisition cost in the beginning of the period	501,755.97	0.00
Additions	0.00	501,755.97
Acquisition cost at end of period	501,755.97	501,755.97
Depreciations and decreases value in the beginning of the period	-37,631.70	0.00
Depreciation of the period	-50,175.60	-37,631.70
Acc.depreciations and decreases in value at end of period	-87,807.30	-37,631.70
Book value at end of period	**413,948.67**	**464,124.27**

Other intangible assets	**2021**	**2020**
Acquisition cost in the beginning of the period	1,792,441.40	935,885.59
Additions	190,151.46	856,555.81
Acquisition cost at end of period	1,982,592.86	1,792,441.40
Depreciations and decreases value in the beginning of the period	-1,263,225.44	-177,767.64
Depreciation of the period	-471,829.02	-1,085,457.80
Acc.depreciations and decreases in value at end of period	-1,735,054.46	-1,263,225.44
Book value at end of period	**247,538.40**	**529,215.96**

Machinery and equipment	**2021**	**2020**
Acquisition cost in the beginning of the period	47,119,545.47	42,489,082.80
Additions	5,181,522.92	5,889,963.83
Disposals	-8,968,127.75	-1,259,501.16
Acquisition cost at end of period	43,332,940.64	47,119,545.47
Depreciations and decreases value in the beginning of the period	-11,214,911.52	-2,377,053.07
Acc.depreciation of disposals	405,111.55	35,549.43
Depreciation of the period	-7,461,015.79	-8,873,407.88
Acc.depreciations and decreases in value at end of period	-18,270,815.76	-11,214,911.52
Book value at end of period	**25,062,124.88**	**35,904,633.95**

SHAREHOLDERS' EQUITY	**2021**	**2020**
Share capital in the beginning of period	100,000.00	100,000.00
Share capital at end of period	**100,000.00**	**100,000.00**
Retained earnings in the beginning of period	14,677,536.20	6,296,354.73
Adjustments on prior year retained earnings	377,145.00	0.00
Retained earnings at end of period	**15,054,681.20**	**6,296,354.73**
Profit (Loss) of the period	4,210,998.93	8,381,181.47
Profit (Loss) of the period	**4,210,998.93**	**8,381,181.47**
Shareholders' equity	**19,365,680.13**	**14,777,536.20**

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

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

	2021	2020
Retained earnings	15,054,681.20	6,296,354.73
Profit (loss) for the financial year	4,210,998.93	8,381,181.47
Distributable equity	**19,265,680.13**	**14,677,536.20**

The funds to share a profit are 19.265.680,13 euros.

NOTES TO THE ASSETS

Receivables from group companies	**2021**	**2020**
Trade receivables	539,078.48	1,097,038.97
Prepayments and accrued income	164,262.72	56,070.80
Loan receivables	22,170,440.78	15,324,822.00
Other receivables	9,609,371.00	6,481,135.93
Receivables from group companies	**32,483,152.98**	**22,959,067.70**

Prepaid expenses and accrued income	**2021**	**2020**
Other prepaid expenses	4,152,295.56	4,926,071.98
Prepaid expenses and accrued income	**4,152,295.56**	**4,926,071.98**

NOTES TO THE LIABILITIES

Long term liabilities	**2021**	**2020**
Loans with maturity after 5 years	0.00	0.00

Amount owed to group companies	**2021**	**2020**
Trade payables	7,927,472.80	15,827,558.94
Income advances	0.00	23,280.28
Accrued expenses	20,985,745.15	6,716,688.92
Amount owed to group companies	**28,913,217.95**	**22,567,528.14**

Accrued expenses and prepaid income	**2021**	**2020**
Other income advances	13,329,095.14	18,231,379.73
Salary liabilities	1,143,194.61	1,054,464.73
Income taxes	128,086.26	1,275,939.37
Other accrued expenses and prepaid income	5,120,313.36	7,482,430.86
Accrued expenses and prepaid income	**19,720,689.37**	**28,044,214.69**

Related party loans and liabilities

Loans given to group companies	Amount in EUR 31.3.2021	Rate of interest	Loan period
HCL Argentina SA	170,440.00	LIBOR +1%	12 months
HCL Technologies Romania S.R.L.	4,650,000.00	LIBOR +1%	12 months
HCL Technologies Germany	10,000,000.00	LIBOR +1%	12 months
HCL Technologies Lithuania	5,800,000.00	LIBOR +1%	12 months
Honisgberg & Duvel Datentechnik GmbH	1,550,000.00	LIBOR +1%	12 months
	22,170,440.00		

Commitments under operating leases	**2021**	**2020**
No later than 1 year	2,421,271.00	2,405,347.00
Late than 1 year and not later than 5 years	624,479.00	3,006,684.00
Later than 5 years	0.00	0.00
Total	**3,045,750.00**	**5,412,031.00**

Shares
The company has 100.000 equity shares of 1 euro each.

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

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

Signatures of the Financial Statement and the Annual Report

28/07/2021

Shiv Walia
Chairperson

Bejoy George
Director

Subramanian Gopalakrishnan
Director

Auditors' Note

Auditors' Note has been issued today.

Helsinki 28/07/2021

KPMG OY AB
Authorized Public Accountant Firm

Nina Öfversten
Authorized Public Accountant, KHT

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

General Ledger	electronic files
Journal	electronic files
Memorandum	electronic files