

PT HCL TECHNOLOGIES INDONESIA

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

PT HCL TECHNOLOGIES INDONESIA

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INDEPENDENT AUDITORS' REPORT

**THE DIRECTORS' STATEMENT OF RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020
PT HCL TECHNOLOGIES INDONESIA ("THE COMPANY")**

On behalf of the Board of Directors, we, the undersigned:

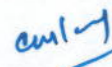
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|----|----------------|--|
| 1. | Name | : Prahlad Rai Bansal |
| | Office Address | : One Pacific Place, LT 15 SCBD,
Jl. Jenderal Sudirman KA V 52-53, Senayan,
Kebayoran Baru, Jakarta, Selatan, DKI Jakarta
12190 |
| | Function | : President Director |
| 2. | Name | : Subramanian Gopalakrishnan |
| | Office Address | : One Pacific Place, LT 15 SCBD,
Jl. Jenderal Sudirman KA V 52-53, Senayan,
Kebayoran Baru, Jakarta, Selatan, DKI Jakarta
12190 |
| | Function | : Director |

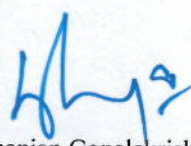
declare that:

1. We are responsible for the preparation and presentation of the financial statements of the Company;
2. The financial statements of the Company have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3.
 - a. The disclosures we have made in the financial statements of the Company are complete and accurate;
 - b. The financial statements of the Company do not contain misleading information, and we have not omitted any information or facts that would be material to the financial statements;
4. We are responsible for the internal control of the Company;
5. We are responsible for the Company's compliance with laws and regulations.

This statement is made truthfully.

4 September 2020


Prahlad Rai Bansal
President Director


Subramanian Gopalakrishnan
Director

PT HCL TECHNOLOGIES INDONESIA

STATEMENT OF FINANCIAL POSITION

		31 March	
<u>In millions of Rupiah</u>	<u>Notes</u>	<u>2020</u>	<u>2019</u>
ASSETS			
CURRENT ASSETS			
Cash in banks		52,221	21,212
Trade and other receivables	4	46,775	28,758
Unbilled receivables	5	4,549	5,858
Inventories	6	1,025	1,084
Prepaid expenses		261	206
Prepaid taxes	16	2,599	1,494
Advance payments		499	64
Security deposits		62	62
Deferred cost - current		18	618
TOTAL CURRENT ASSETS		<u>108,009</u>	<u>59,356</u>
NON-CURRENT ASSETS			
Fixed assets, net	7	938	459
Intangible assets and goodwill	8	4,115	-
Deferred cost – non-current		6	7
Deferred tax assets	16	947	986
Other non-current assets		45	33
TOTAL NON-CURRENT ASSETS		<u>6,051</u>	<u>1,485</u>
TOTAL ASSETS		<u>114,060</u>	<u>60,841</u>

See Notes to the Financial Statements, which form an integral part of these financial statements.

PT HCL TECHNOLOGIES INDONESIA

STATEMENT OF FINANCIAL POSITION (Continued)

		31 March	
<i>In millions of Rupiah</i>	Notes	2020	2019
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	9	67,794	35,893
Short term loan	17	7,340	6,409
Taxes payable	16	8,650	6,138
TOTAL CURRENT LIABILITIES		83,784	48,440
NON-CURRENT LIABILITY			
Deferred income		5,430	44
Employee benefits obligation	10	1,081	963
TOTAL NON-CURRENT LIABILITIES		6,511	1,007
TOTAL LIABILITIES		90,295	49,447
EQUITY			
Share capital	11	9,074	9,074
Additional paid-in capital	12	1,326	1,326
Retained earnings		13,365	994
TOTAL EQUITY		23,765	11,394
TOTAL LIABILITIES AND EQUITY		114,060	60,841

See Notes to the Financial Statements, which form an integral part of these financial statements.

PT HCL TECHNOLOGIES INDONESIA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>In millions of Rupiah</i>	Notes	Year ended 31 March	
		2020	2019
Revenue	13	94,331	63,995
Cost of sales	14	(66,976)	(53,273)
Gross profit		27,355	10,722
Selling and marketing expenses		(123)	(47)
General and administrative expenses	15	(8,447)	(5,797)
Loss on foreign exchange, net		(492)	(628)
Other (expenses) income, net		(1,523)	164
Operating profit		16,770	4,414
Finance income		36	8
Finance costs		(271)	(355)
Net finance costs		(235)	(347)
Profit before tax		16,535	4,067
Income tax expenses		(4,173)	(2,053)
Profit		12,362	2,014
Other comprehensive income:			
Changes resulting from actuarial remeasurements of employee benefits obligation	10	13	184
Income tax on other comprehensive income	10	(4)	(46)
Total other comprehensive income		9	138
TOTAL COMPREHENSIVE INCOME		12,371	2,152

See Notes to the Financial Statements, which form an integral part of these financial statements.

PT HCL TECHNOLOGIES INDONESIA

STATEMENT OF CHANGES IN EQUITY

<i>In millions of Rupiah</i>	Share capital	Additional paid-in capital	Retained earnings/ (Accumulated deficits)	Total equity
Balance as of 31 March 2018	9,074	1,326	(1,158)	9,242
Profit	-	-	2,014	2,014
Total comprehensive income	-	-	138	138
Balance as of 31 March 2019	9,074	1,326	994	11,394
Profit	-	-	12,362	12,362
Total comprehensive income	-	-	9	9
Balance as of 31 March 2020	9,074	1,326	13,365	23,765

See Notes to the Financial Statements, which form an integral part of these financial statements.

PT HCL TECHNOLOGIES INDONESIA

STATEMENT OF CASH FLOWS

<i>In millions of Rupiah</i>		Year ended 31 March	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		12,362	2,014
Adjustments for:			
Post-employment benefits	10	-	600
Depreciation expense of fixed assets	7	288	329
Amortization of intangible assets	8	118	
Income tax expense	16	4,173	2,053
Allowance for impairment losses on trade receivables	4	(936)	(556)
Foreign exchange on short term loans		930	559
Net finance costs		235	347
Operating profit before working capital changes		17,170	5,346
Changes in working capital:			
Changes in:			
Trade other receivables		(17,081)	(5,556)
Unbilled receivables		1,309	(5,606)
Prepaid expenses		(55)	(169)
Prepaid taxes		(1,105)	(1,214)
Advance payments		(435)	(59)
Inventories		59	(926)
Security deposits		-	28
Deferred cost		601	(626)
Other non-current assets		(12)	(33)
Trade and other payables		29,359	23,520
Taxes payable		1	915
Employee benefits obligation		131	-
Deferred income		5,386	(21)
Interest paid		(271)	(355)
Interest received		36	8
Payment of income tax		(1,626)	(1,196)
Net cash from operating activities		33,467	14,056
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets	7	(355)	(172)
Acquisition of intangible assets	8	(2,103)	-
Net cash used in investing activities		(2,458)	(172)
CASH FLOWS FROM FINANCING ACTIVITY			
Payments on short term loans		-	(5,818)
Net cash used in financing activity		-	(5,818)
NET INCREASE IN CASH IN BANKS		31,009	8,066
CASH IN BANKS AT BEGINNING OF YEAR		21,212	13,146
CASH IN BANKS AT END OF YEAR		52,221	21,212

See Notes to the Financial Statements, which form an integral part of these financial statements.

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

PT HCL Technologies Indonesia (the “Company”) was established on 28 July 2010.

The Company’s office is located at One Pacific Place Building 15th floor SCBD, Jl. Jend. Sudirman Kav. 52-53, South Jakarta.

In accordance with Article 3 of the articles of incorporation, the Company is engaged in software and business process outsourcing services. The Company commenced its commercial operation in June 2011.

The members of the Company’s Board of Commissioner and Board of Directors are as follows:

	4 September and 31 March 2020	31 March 2019
Commissioner	: Mr. Sundharam Sridharan	Mr. Sundharam Sridharan
President Director	: Mr. Prahlad Rai Bansal	Mr. Prahlad Rai Bansal
Directors	: Mr. Subramanian Gopalakrishnan	Mr. Manish Anand
	: Mr. Shiv Walia	Mr. Nalin Mittal
	: Mr. Raghu Raman Lakshmanan	

2. BASIS OF PREPARATION

a. *Statement of compliance*

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards (“SAK”).

b. The Company’s directors approved the financial statements for issuance on 4 September 2020.

c. *Basis of measurement*

The financial statements are prepared on the accrual basis using the historical cost concept, except where the accounting standards require fair value measurement.

d. *Functional and presentation currency*

The financial statements are presented in millions of Rupiah (“Rp million”) which is the Company’s functional currency.

e. *Use of judgments, estimates and assumptions*

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimated amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- Note 7 – fixed assets useful lives estimation;
- Note 11 – measurement of employee benefits obligation: actuarial assumptions;
- Note 17 – recognition of deferred tax assets: availability of future taxable profit to enable the Company to recognize deferred tax assets for tax loss carry forwards.

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. BASIS OF PREPARATION (Continued)

e. *Use of judgments, estimates and assumptions (Continued)*

A number of accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data to the extent possible. Fair values are determined using the following hierarchy of inputs used in the valuation techniques for assets and liabilities:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs, other than quoted prices included in Level 1, that are observable, either directly (i.e. price) or indirectly (i.e. derived from other observable price).
- Level 3: inputs that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are drawn from a mixture of different level sources of the fair value hierarchy, then the fair value measurement for the entire class of the asset or liability is considered to have been done using the lowest level input that is significant to the entire measurement (Level 3 being the lowest).

f. *Changes in accounting policies*

Certain new/revised accounting standards and interpretations have been issued that are not yet effective for the year ended 31 March 2020, and have not been applied in preparing these financial statements. Among them, the following PSAKs and ISAKs, which will become effective starting 1 April 2020, may be relevant to the Company's future financial statements, and may require retrospective application under PSAK No. 25, "Accounting Policies, changes in Accounting Estimates, and Errors".

- PSAK 71, Financial Instruments;
- PSAK 72, Revenue from Contract with Customers;
- PSAK 73; Leases;

As of the issuance date of these financial statements, management has not determined the extent of the retrospective impact, if any, that the future adoption of these standards will have on the Company's financial position and operating results.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. *Inventory valuation*

Inventories are measured at the lower of cost and net realizable value; cost is determined using the weighted average cost method. Cost procured for specific projects is assigned by specific identification of individual costs of each item.

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. *Inventory valuation (Continued)*

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Provision for obsolete and slow moving inventory is determined on the basis of estimated future usage or sale of individual inventory items.

b. *Fixed assets*

The cost of an asset comprises its purchase price and any cost directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures such as replacement and major inspection are added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced or any remaining carrying amounts of the cost of the previous inspection is derecognized. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Fixed assets are measured using the cost model, i.e. initially measured at cost and subsequently carried net of accumulated depreciation and accumulated impairment losses. Depreciation is applied using the straight-line method over the estimated useful lives of the assets as follows:

Plant and machinery	10 years
Office equipment	5 years
Computer	4 - 5 years
Laptop	3 - 4 years

The residual values, useful lives and depreciation method are reviewed at each financial position date to ensure that such residual values, useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

When an asset is disposed of or when no future economic benefits are expected from its use or disposal, the cost and accumulated depreciation and accumulated impairment losses, if any, are removed from the accounts. Any resulting gain or loss from de-recognition of an item of fixed asset is included in the statement of profit or loss and other comprehensive income.

c. *Intangible assets and goodwill*

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

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

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. *Intangible assets and goodwill (Continued)*

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

Amortization is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and recognized in profit or loss. The estimated useful lives of intangible assets are as follow:

Customer relationships	10 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

d. *Impairment of non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets. Impairment losses are recognized in profit or loss.

The recoverable amount of a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

e. *Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows, at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, unless the effects of discounting are insignificant.

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Employee benefits

(i) Post-employment benefits

The obligation for post-employment benefits is calculated at the present value of estimated future benefits that the employees have earned in return for their services in the current and prior periods. The calculation is performed by a qualified actuary using the projected unit credit method.

Gains or losses arising from actuarial remeasurements of the net defined benefit liability are recognized immediately in other comprehensive income. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. The calculation is performed by a qualified actuary, using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

g. Financial instruments

The Company's financial assets comprise cash in banks, trade and other receivables, and unbilled receivables, which are categorized as "loans and receivables". Financial liabilities comprise short term loan, and trade and other payables which are categorized as "financial liabilities measured at amortized cost".

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company's contractual rights to the cash flows from the financial assets expire, i.e. when the asset is transferred to another party without retaining control, or when substantially all risks and rewards are transferred. Financial liabilities are derecognized if the Company's obligations expire, or are discharged or cancelled.

Financial assets that are categorized as loans and receivables are initially measured at fair value, plus any directly attributable transaction costs. Subsequent to initial measurement, they are carried at amortized cost, net of provision for impairment, if necessary. Amortized cost is measured by discounting the asset amounts using the effective interest rate, unless the effect of discounting would be insignificant. The effective interest rate is the rate that discounts expected future cash flows to the net carrying amount, on initial recognition. Interest effects from the application of the effective interest method are recognized in profit or loss.

An impairment provision is recognized for financial assets that are categorized as loans and receivables when there is objective evidence that the Company will not be able to recover the carrying amounts according to the original terms of the instrument. The amount of the impairment loss is the difference between the carrying amount of the financial asset and the present value of its estimated future cash flows, discounted at the original effective interest rate. Changes in the impairment provision are recognized in profit or loss.

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, changes therein are recognized in profit or loss. Transaction costs are recognized immediately in profit or loss as incurred.

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. *Financial instruments (Continued)*

Short term loan, and trade and other payables are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial measurement, these financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when there is a legal right of offset and there is an intention to settle on a net basis, or when the asset is realized and the liability settled simultaneously.

h. *Revenue recognition*

Revenue may be recognized, and prescribes the accounting treatment of revenue arising from certain types of transactions and events, and also provides practical guidance on the application of the criteria on revenue recognition as follow:

- Revenue from material contracts is recognized as related services are performed.
- Revenue from fixed price and fixed time frame contracts is recognized in accordance with the percentage of completion method under which the sales value of performance.
- Revenue from sale of licenses for the use of software applications is recognized when title in the user license are transfer.
- Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered.
- Income from revenue sharing agreements is recognized when the right to receive is established.

i. *Foreign currency transaction*

Transactions in foreign currencies are translated to the Company's functional currency (Rupiah) at the rates of exchange prevailing at transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Foreign currency gains or losses on monetary items are comprised of the difference between amortized cost measured in the functional currency at the beginning of the period as adjusted for effective interest and payments during the period, and the amortized cost measured in foreign currency translated at the exchange rate at reporting date.

Non-monetary assets and liabilities denominated in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency gains and losses on retranslation of monetary assets and liabilities that arise from operating activities are generally recognized in profit or loss.

j. *Finance income and finance costs*

Finance income comprises interest income on funds invested.

Finance costs comprise interest expense on short term loan, and fair value losses on financial liabilities carried at fair-value-through-profit-or-loss.

Foreign exchange gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements amount to a net gain or a net loss.

k. *Income tax*

Income tax expense comprises current and deferred corporate income tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Income tax (Continued)

Current tax is the expected tax payable or refundable on taxable income or loss for the year, using tax rates substantively enacted as of the reporting date, and includes true-up adjustments made to the previous years' tax provisions either to reconcile them with the income tax reported in annual tax returns, or to account for differences arising from tax assessments. Current tax payable or refundable is measured using the best estimate of the amount expected to be paid or received, taking into consideration the uncertainty associated with the complexity of tax regulations.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as of the reporting date. This method also requires the recognition of future tax benefits, such as tax loss carry forwards, to the extent that realization of such benefits is probable.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and any additional tax and penalties.

4. TRADE AND OTHER RECEIVABLES

	31 March	
	2020	2019
	Rp million	Rp million
Receivables resulting from revenue generation activities consist of:		
Trade receivables from third parties	38,929	21,852
Trade receivables from related parties	6,913	8,378
	45,842	30,230
Other receivables	2,198	729
Less: provision for impairment	(1,265)	(2,201)
	46,775	28,758

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. UNBILLED RECEIVABLES

	31 March	
	2020	2019
	Rp million	Rp million
Unbilled receivables resulting from revenue generation activities		
consist of:		
Third parties	4,504	5,132
Related parties	45	726
	<u>4,549</u>	<u>5,858</u>

6. INVENTORIES

	31 March	
	2020	2019
	Rp million	Rp million
Hardware	1,025	1,268
Less: provision for slow moving and obsolete inventories	-	(184)
	<u>1,025</u>	<u>1,084</u>

The management of the Company believes that the carrying values of inventories already reflect their net realizable value and the above allowance is sufficient to cover any possible losses that may arise from a decline in inventory value.

Inventories are hardware as component requirement that used to support the installation of the Company's service to customers. These are mainly laptops, servers, networking equipment's and other accessories which are purchased from vendor and will be bill to the customer as and when project requirement will be received.

7. FIXED ASSETS

	Year ended 31 March 2020			
	Beginning balance	Additions	Disposals and reclassifications	Ending balance
	Rp million			
Cost				
Computer	496	-	-	496
Laptop	764	671	(29)	1,406
Machinery	43	-	-	43
Office equipment	20	90	-	110
	<u>1,323</u>	<u>761</u>	<u>(29)</u>	<u>2,055</u>
Asset under constructions	-	6	-	6
	<u>1,323</u>	<u>767</u>	<u>(29)</u>	<u>2,061</u>
Accumulated depreciation				
Computer	(277)	(99)	-	(376)
Laptop	(563)	(168)	29	(702)
Machinery	(13)	(4)	-	(17)
Office equipment	(11)	(17)	-	(28)
	<u>(864)</u>	<u>(288)</u>	<u>29</u>	<u>(1,123)</u>
Carrying amount	<u>459</u>			<u>938</u>

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. FIXED ASSETS (Continued)

	Year ended 31 March 2019			
	Beginning balance	Additions	Disposals and reclassifications	Ending balance
	Rp million			
Cost				
Computer	496	-	-	496
Laptop	592	172	-	764
Machinery	43	-	-	43
Office equipment	20	-	-	20
	<u>1,151</u>	<u>172</u>		<u>1,323</u>
Accumulated depreciation				
Computer	(177)	(100)	-	(277)
Laptop	(342)	(221)	-	(563)
Machinery	(9)	(4)	-	(13)
Office equipment	(7)	(4)	-	(11)
	<u>(535)</u>	<u>(329)</u>		<u>(864)</u>
Carrying amount	<u>616</u>			<u>459</u>

As of 31 March 2020, management has reviewed the estimated useful lives of fixed assets and has found them to be appropriate. The useful lives are based on the estimated period over which future economic benefits will be received by the Company, taking into account any unexpected adverse changes in circumstances or events.

As of 31 March 2020 and 2019, balances amounting to Rp 412 million and Rp nil, respectively, remained unpaid for purchases of certain machinery and equipment.

As of 31 March 2020 and 2019, fixed assets were not covered with insurance against fire and other possible losses.

8. INTANGIBLE ASSETS AND GOODWILL

	Year ended 31 March 2020			
	Beginning balance	Additions	Disposals and reclassifications	Ending balance
	Rp million			
Acquisition cost				
Goodwill arising from business combinations	-	2,676	-	2,676
Customer relationships	-	1,557	-	1,557
	<u>-</u>	<u>4,233</u>		<u>4,233</u>
Accumulated amortization				
Customer relationships	-	(118)	-	(118)
	<u>-</u>	<u>(118)</u>		<u>(118)</u>
Carrying amount	<u>-</u>			<u>4,115</u>

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TRADE AND OTHER PAYABLES

	31 March	
	2020	2019
	Rp million	Rp million
Payables arising from purchases of products and services consist of the following:		
Trade payables to third parties	3,216	4,984
Trade payables to related parties	60,927	18,018
	64,143	23,002
Other payables including accrued expenses	3,651	12,889
	67,794	35,891

10. EMPLOYEE BENEFITS

In accordance with Indonesian labor regulations, the Company is required to provide certain post-employment benefits to its employees when their employment is terminated or when they retire. These benefits are primarily based on years of service and the employees' compensation at termination or retirement.

The following table reflects the balance of the obligation for post-employment benefits as of the reporting dates, as well as the movements in the obligation, and the expense recognized during 2020 and 2019:

	Year ended 31 March	
	2020	2019
	Rp million	Rp million
Movement in the defined benefit obligation		
Defined benefit obligation, beginning of year	963	546
Included in profit or loss		
- Current service cost	361	488
- Past service cost (credit)	(267)	-
- Interest cost	43	35
Included in other comprehensive income		
Actuarial losses (gains) arising from:		
- demographic assumptions	-	(65)
- financial assumptions	(1)	(51)
- experience adjustment	(11)	(67)
Others		
- Adjustment of past services liabilities		
- Provision for leave encashment	(7)	77
Defined benefit obligation, end of year	1,081	963

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE BENEFITS (Continued)

Actuarial assumptions

Principal assumptions used in the actuarial calculations were as follows:

	31 March	
	2020	2019
Discount rate	8.55% per annum	8% per annum
Future salary increase rate	5% per annum	5% per annum

At 31 March 2020, the weighted-average duration of the defined benefit obligation was 10.65 years (2019: 9.56 years).

The discount rate is used in determining the present value of the benefit obligation at valuation date. In general, the discount rate correlates with the yield on high quality zero coupon government bonds that are traded in active capital markets at the reporting date.

The future salary increase assumption projects the benefit obligation starting from the valuation date through the normal retirement age. The salary increase rate is generally determined by applying inflation adjustments to pay scales, and by taking account of the length of service.

Sensitivity analysis

Reasonably possible changes to key actuarial assumptions, would have affected the defined benefit obligation at the reporting date by the following amounts:

	31 March			
	2020		2019	
	1% increase	1% decrease	1% increase	1% decrease
	Rp million	Rp million	Rp million	Rp million
Discount rate	(49)	56	(42)	47
Future salary rise	54	(48)	46	(41)

This analysis provides an approximation of the sensitivity of the assumptions shown, but does not take account of the variability in the timing of the distribution of benefit payments expected under the plan.

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. SHARE CAPITAL

The Company's authorized, issued and paid-up share capital amounted to Rp 9,074 million or USD 1,000,000 (1,000,000 shares at nominal value of Rp 9,074 or USD 1 per share). The Company's shareholding as of 31 March 2020 and 2019 was as follows:

Stockholders	Number of shares	Percentage of ownership (%)	Par value Rp million
HCL Bermuda Limited	990,000	99	8,983
HCL Singapore Pte. Ltd.	10,000	1	91
Total	1,000,000	100	9,074

12. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital represents foreign exchange fluctuations from share capital payments resulted from the difference between the share capital payments effected in US Dollar at the exchange rate on the date of capital contribution, and the exchange rate specified in the Company's articles of association for translating the nominal value of shares (Rp 9,074/USD).

13. REVENUE

	Year ended 31 March	
	2020 Rp million	2019 Rp million
Support and maintenance service	94,331	63,995

14. COST OF SALES

	Year ended 31 March	
	2020 Rp million	2019 Rp million
Consultancy	31,676	24,732
Salaries and wages	32,030	19,382
Material cost	2,896	8,796
Project expenses	2	45
Others	372	318
Total	66,976	53,273

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 March	
	2020	2019
	Rp million	Rp million
Professional charges	7,854	4,584
Post-employment benefit (Note 10)	137	523
Depreciation (Note 7)	288	329
Amortization (Note 8)	118	-
Others	50	361
Total	8,447	5,797

16. TAXATION

- a. Prepaid taxes consist of the following:

	31 March	
	2020	2019
	Rp million	Rp million
Prepaid income tax art 23	1,954	748
Value added tax	645	746
	2,599	1,494

- b. Taxes payable consist of:

	31 March	
	2020	2019
	Rp million	Rp million
Employee income tax	14	42
Withholding taxes	4,506	4,473
Corporate income tax	4,130	1,623
	8,650	6,138

- c. The components of income tax recognized in profit or loss are as follows:

	Year ended 31 March	
	2020	2019
	Rp million	Rp million
Current tax expense:		
Current year	4,763	1,157
Adjustments to prior years' tax expense	(625)	940
	4,138	2,097
Deferred tax expense:		
Origination and reversal of temporary differences	35	(44)
	35	(44)
	4,173	2,053

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. TAXATION (Continued)

d. Income tax expense is reconciled with profit before tax as follows:

	Year ended 31 March	
	2020	2019
	Rp million	Rp million
Profit before tax	16,535	4,067
Statutory tax rate	25%	25%
	4,134	1,017
Non deductible expenses	530	96
Effect of changes in tax rate	134	-
Adjustments to prior years' income tax expense	(625)	940
Income tax expense	4,173	2,053

e. Recognized deferred tax balances, and the movement thereof during the year were comprised of the following:

	31 March 2019	Recognized in profit or loss	Recognized in other comprehensive income	31 March 2020
	Rp million			
Deferred tax assets (liabilities):				
Provision for decline in inventory value	46	(1)	-	45
Employee benefits obligation	241	1	(4)	238
Provision for impairment loss on trade receivables	550	(271)	-	279
Fixed assets	11	(26)	-	(15)
Other provisions	26	51	-	77
Bonus	112	211	-	323
	986	(35)	(4)	947

	31 March 2018	Recognized in profit or loss	Recognized in other comprehensive income	31 March 2019

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. TAXATION (Continued)

On 31 March 2020, the President of Republic of Indonesia issued Government Regulation in lieu of the Law (“Perpu”) No. 1 Year 2020 on State Financial Policy and Stability on Financial Systems for the Management of Corona Virus Disease 2019 (COVID-19) and/or encounter the Threat to National Economy and/or Stability of Financial Systems, which among others included reduction in corporate income tax rate to 22% for fiscal years 2020 and 2021, and 20% for fiscal year 2022 onwards. The impact of this tax rate adjustment has been accounted in this financial statement.

- f. Under the taxation laws of Indonesia, the Company submits tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within the statute of limitations, under prevailing regulations.

The Company’s tax positions may be challenged by the tax authorities. The Company’s tax positions are formed on sound technical bases, in compliance with the tax regulations. Accordingly, management believes that no accruals for potential income tax liabilities is necessary. This assessment relies on estimates and assumptions and may involve judgment about future events. New information may become available that causes management to change its judgment. Such changes will impact tax expense in the period in which such determination is made.

17. RELATED PARTIES TRANSACTIONS AND BALANCES

The Company is part of HCL Technologies Limited, India, which have subsidiaries around the world.

The significant related parties transactions and balances are as follows:

- (a) Trade receivables from related parties as of 31 March 2020 and 2019 consist of (Note 4):

	31 March	
	2020	2019
	Rp million	Rp million
The ultimate parent	3,804	34
Entities under common control	3,109	8,344
	<u>6,913</u>	<u>8,378</u>

- (b) Unbilled receivables from related parties as of 31 March 2020 and 2019 consist of (Note 5):

	31 March	
	2020	2019
	Rp million	Rp million
The ultimate parent	-	719
Entities under common control	45	7
	<u>45</u>	<u>726</u>

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

(c) Trade payables to related parties as of 31 March 2020 and 2019 consist of (Note 9):

	31 March	
	2020	2019
	Rp million	Rp million
The ultimate parent	49,107	14,510
Entities under common control	11,820	3,508
	<u>60,927</u>	<u>18,018</u>

(d) Accrued expenses payable to related parties as of 31 March 2020 and 2019 consist of:

	31 March	
	2020	2019
	Rp million	Rp million
The ultimate parent	577	8,787
Entities under common control	208	391
	<u>785</u>	<u>9,178</u>

(e) Short term loan from related party as of 31 March 2020 and 2019 consist of:

	31 March			
	2020		2019	
	Current Rp million	Non-current Rp million	Current Rp million	Non-current Rp million
Borrowings from related parties: HCL Singapore Pte. Ltd.; bearing interest at LIBOR rate + 100 bps per annum; maximum facility USD 1,500,000; unsecured. Outstanding amount as of 31 March 2020 : USD 450,000 (2019: USD 450,000).	7,340	-	6,409	-
	<u>7,340</u>	<u>-</u>	<u>6,409</u>	<u>-</u>

On 22 January 2014, the Company entered into unsecured short-term loan facility agreement with HCL Singapore Pte. Ltd. in amount of USD 500,000. This loan was intended for the Company's working capital and would be payable on demand with interest of LIBOR rate + 200 bps per annum.

On 12 March 2014, the Company amended the unsecured short-term loan facility agreement with HCL Singapore Pte. Ltd. with amount not exceeding USD 1,000,000. As of 31 March 2020 and 2019, the outstanding amount of this loan was USD 250,000 (equivalent to Rp 4,078 million and Rp 3,561 million), respectively.

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

On 28 January 2016, the Company amended the unsecured short-term loan facility agreement with HCL Singapore Pte. Ltd. in amount of up to USD 500,000 which shall be payable on demand at an interest of LIBOR rate + 100 bps per annum. As of 31 March 2020 and 2019, the outstanding amount of this loan was USD 200,000 (equivalent to Rp 3,262 million and Rp 2,848 million), respectively.

- (f) Consultancy fees charged by related parties for years ended 31 March 2020 and 2019 consist of (Note 14):

	Year ended 31 March	
	2020	2019
	Rp million	Rp million
The ultimate parent	25,881	21,848
Entities under common control	5,795	2,733
	<u>31,676</u>	<u>24,581</u>

Consultancy fees charged by HCL Technologies Limited relate to a Master Service Agreement dated 28 October 2015. Bases on the agreement, HCL Technologies Limited agrees to provide various consultancy services to the Company. The agreement shall be deemed to have taken effect from the effective date of 1 July 2014 and shall continue thereafter until terminated at any time by both parties.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

The Company's financial assets and liabilities are expected to be realized, or settled in the near term. Therefore, their carrying amounts approximate their fair values.

Financial risk management

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk.

Credit risk

The Company's credit risk mainly arises from risk of loss if customers fail to discharge their contractual obligations. The Company manages and controls the credit risk of receivables by assessing and monitoring the credit worthiness of customers and by requiring certain customers to provide guarantee deposits.

PT HCL TECHNOLOGIES INDONESIA**NOTES TO THE FINANCIAL STATEMENTS (Continued)****18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)****Financial risk management (Continued)****Credit risk (Continued)**

To avoid concentration of risk of loss that might result from bank failures, cash in banks and cash equivalents are deposited at multiple financial institutions of good standing.

The ultimate amount of exposure to credit risk of financial assets is equal to their carrying amounts, as follows:

	31 March	
	2020	2019
	Rp million	Rp million
Cash in banks	52,221	21,212
Trade and other receivables	46,775	28,758
Unbilled receivables	4,549	5,858
Security deposit	62	62
Total	103,607	55,890

The Company's most significant customer, Allianz SE (a financial services providers), accounts for Rp 15,215 million of the trade receivables carrying amount at 31 March 2020 (2019: Rp 9,400 million).

Impairment exposure

The aging of trade receivables that were not impaired was as follows at reporting dates:

	2020	2019
	Carrying amount	Carrying amount
	Rp million	Rp million
Not past due	20,385	19,117
Past due 1 – 30 days	11,889	3,702
Past due 31 – 120 days	5,768	3,141
Past due 121 – 365 days	5,791	1,750
Past due more than one year	2,009	2,520
	45,842	30,230

Management believes that the unimpaired amounts that are past due remain collectible, based on historical payment behavior and analyses of the underlying customers' credit worthiness.

The movement in the balance of allowance for impairment of trade receivables was as follows:

	Year ended 31 March	
	2020	2019
	Rp million	Rp million
Balance at 1 April	2,201	2,757
Amounts written off	(936)	(556)
Balance at 31 March	1,265	2,201

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages this liquidity risk by on-going monitoring of the projected and actual cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

		Contractual cash flows	
	Carrying amount	Total	Within 1 year
	Rp million	Rp million	Rp million
31 March 2020			
Financial liabilities			
Trade and other payables	67,794	67,794	67,794
Short term loan	7,340	7,371	7,371
	<u>75,134</u>	<u>75,165</u>	<u>75,165</u>
		Contractual cash flows	
	Carrying amount	Total	Within 1 year
	Rp million	Rp million	Rp million
31 March 2019			
Financial liabilities			
Trade and other payables	35,893	35,893	35,893
Short term loan	6,409	6,574	6,574
	<u>42,302</u>	<u>42,467</u>	<u>42,467</u>

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments. The objective of market risk management is to maintain market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Accounts payable arising from purchases of fixed assets and inventories from overseas suppliers expose the Company to fluctuating foreign exchange rates, from the currencies other than the Company's functional currency, primarily US Dollar. This risk is, to some extent, mitigated by entering into forward foreign exchange contracts and the Company's export sales which naturally hedge the currency risk. The Company manages this risk also by buying or selling foreign currencies at spot rates, when necessary.

PT HCL TECHNOLOGIES INDONESIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial risk management (Continued)

Market risk (Continued)

Currency risk (Continued)

The Company's net exposure to currency risk is as follows:

	31 March	
	2020	2019
	US Dollar	US Dollar
Assets	-	63,891
Liabilities	(785,062)	(456,457)
Net exposure	(785,062)	(392,566)

At reporting dates, balances of monetary assets and liabilities denominated in foreign currencies are translated into Indonesian Rupiah using the prevailing exchange rates, which were Rp 16,310/US Dollar at year end 2020 and Rp 14,243/US Dollar at year end 2019.

A strengthening/weakening of the Rupiah against the US Dollar at 31 March 2020 and 2019 would have not significantly impact equity and profit or loss after income tax.

Capital risk management

The Company manages capital with the objective of being able to continue as a going concern and sustaining its ability to provide returns for shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to minimize the effective cost of capital. This objective is achieved by limiting the amounts of dividends and by optimizing debt levels.



Siddharta Widjaja & Rekan **Registered Public Accountants**

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Independent Auditors' Report

No.: 00558/2.1005/AU.1/05/1082-1/1/IX/2020

The Shareholders,
Board of Commissioner and Board of Directors
PT HCL Technologies Indonesia:

We have audited the accompanying financial statements of PT HCL Technologies Indonesia, which comprise the statement of financial position as of 31 March 2020, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PT HCL Technologies Indonesia as of 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Other matter

The financial statements of PT HCL Technologies Indonesia as of and for the year ended 31 March 2019 were audited by other auditors who expressed an unmodified opinion on those statements on 27 June 2019.

Siddharta Widjaja & Rekan
Registered Public Accountants

A handwritten signature in blue ink, reading 'Jongky Titus Lazuardi', with a horizontal line underneath.

Jongky Titus Lazuardi, S.E., CPA
Public Accountant License No. AP. 1082

4 September 2020