

# **PT HCL TECHNOLOGIES INDONESIA**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2021**

## **PT HCL TECHNOLOGIES INDONESIA**

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INDEPENDENT AUDITORS' REPORT



PT HCL Technologies Indonesia  
GD One Pacific Place, LT 15 SCBD JL,  
Jend Sudirman KAV 52-53,  
Senayan, Kebayoran Baru,  
Jakarta, Selatan,  
DKI Jakarta 12190  
[www.hcl.in](http://www.hcl.in)

**DIRECTORS' STATEMENT OF RESPONSIBILITY  
FOR THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2021  
PT HCL TECHNOLOGIES INDONESIA ("THE COMPANY")**

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


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  
Office Phone : +62 21 2550 2550
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  
Office Phone : +62 21 2550 2550

declare that:


1. We are responsible for the preparation and presentation of the financial statements of the Company;
2. The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. The disclosures we have made in the financial statements are complete and accurate;  
b. The financial statements 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;
5. We are responsible for the compliance with laws and regulations.

This statement is made truthfully.

5 August 2021

  
Prahlad Rai Bansal  
President Director



  
Subramanian Gopalakrishnan  
Director

**HCL**

**PT HCL TECHNOLOGIES INDONESIA**

**STATEMENT OF FINANCIAL POSITION**

		31 March	
<u>In millions of Rupiah</u>	Notes	2021	2020
ASSETS			
CURRENT ASSETS			
Cash in banks		29,410	52,221
Trade and other receivables	4	27,781	46,775
Unbilled receivables	5	5,511	4,549
Finance lease receivables - current	6	4,271	-
Inventories		1,170	1,025
Prepaid expenses		293	261
Prepaid taxes	18a	389	2,599
Advance payments		3	499
Security deposits		62	62
Deferred cost – current	7	8,216	18
TOTAL CURRENT ASSETS		77,106	108,009
NON-CURRENT ASSETS			
Fixed assets, net	8	3,877	938
Intangible assets and goodwill	9	3,845	4,115
Finance lease receivables – non-current	6	3,812	-
Refundable taxes		186	-
Deferred cost – non-current	7	3	6
Deferred tax assets	18e	1,069	947
Other non-current assets		47	45
TOTAL NON-CURRENT ASSETS		12,839	6,051
TOTAL ASSETS		89,945	114,060

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

**PT HCL TECHNOLOGIES INDONESIA**  
**STATEMENT OF FINANCIAL POSITION (Continued)**

<i>In millions of Rupiah</i>	Notes	31 March	
		2021	2020
LIABILITIES AND EQUITY			
<u>CURRENT LIABILITIES</u>			
Trade and other payables	10	36,218	67,794
Short term loan	19f	3,268	7,340
Deferred income	11	5,877	-
Lease Liabilities		333	-
Taxes payable	18b	4,803	8,650
TOTAL CURRENT LIABILITIES		50,499	83,784
<u>NON-CURRENT LIABILITIES</u>			
Deferred income	11	157	5,430
Lease Liabilities		530	-
Employee benefits obligation	12	1,335	1,081
TOTAL NON-CURRENT LIABILITIES		2,022	6,511
TOTAL LIABILITIES		52,521	90,295
<u>EQUITY</u>			
Share capital	13	9,074	9,074
Additional paid-in capital	14	1,326	1,326
Retained earnings		27,024	13,365
TOTAL EQUITY		37,424	23,765
TOTAL LIABILITIES AND EQUITY		89,945	114,060

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	
		2021	2020
Revenue	15	94,619	94,331
Cost of sales	16	(63,268)	(66,976)
Gross profit		31,351	27,355
Selling and marketing expenses		(28)	(123)
General and administrative expenses	17	(13,002)	(8,447)
Gain (loss) on foreign exchange, net		151	(492)
Other expenses, net		(397)	(1,523)
Operating profit		18,075	16,770
Finance income		91	36
Finance costs		(74)	(271)
Net finance income (costs)		17	(235)
Profit before tax		18,092	16,535
Income tax expenses	18c	(4,467)	(4,173)
Profit		13,625	12,362
Other comprehensive income:			
Changes resulting from actuarial remeasurements of employee benefits obligation	12	44	13
Income tax on other comprehensive income	18e	(10)	(4)
Total other comprehensive income		34	9
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>13,659</b>	<b>12,371</b>

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 2019	9,074	1,326	994	11,394
Profit	-	-	12,362	12,362
Total comprehensive income	-	-	9	9
<b>Balance as of 31 March 2020</b>	9,074	1,326	13,365	23,765
Profit	-	-	13,625	13,625
Total comprehensive income	-	-	34	34
<b>Balance as of 31 March 2021</b>	<b>9,074</b>	<b>1,326</b>	<b>27,024</b>	<b>37,424</b>

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>	Notes	Year ended 31 March	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit		13,625	12,362
Adjustments for:			
Depreciation expense of fixed assets	8	1,317	288
Amortization of intangible assets	9	270	118
Income tax expense	18d	4,467	4,173
Allowance for impairment losses on trade receivables	4	44	(936)
Foreign exchange on short term loans		(754)	930
Net finance (income) costs		(17)	235
Operating profit before working capital changes		18,952	17,170
Changes in working capital:			
Changes in:			
Trade and other receivables		16,790	(17,081)
Unbilled receivables		(962)	1,309
Lease receivables		(5,923)	-
Inventories		(145)	59
Prepaid expenses		(32)	(55)
Prepaid taxes		2,210	(1,105)
Refundable taxes		(186)	-
Advance payments		496	(435)
Deferred cost		(8,195)	601
Other non-current assets		(2)	(12)
Trade and other payables		(31,175)	29,359
Taxes payable		282	1
Employee benefits obligation		298	131
Deferred income		604	5,386
Interest paid		(99)	(271)
Interest received		91	36
Payment of income tax		(8,730)	(1,626)
Net cash (used in) from operating activities		(15,726)	33,467
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of fixed assets	8	(4,630)	(355)
Acquisition of intangible assets		-	(2,103)
Net cash used in investing activities		(4,630)	(2,458)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Payments on short term loans		3,468	-
Repayments of short term loans		(6,786)	-
Addition of lease liabilities		872	-
Payment of Lease Liability		(9)	-
Net cash used in financing activity		(2,455)	-
NET (DECREASE) INCREASE IN CASH IN BANKS		(22,811)	31,009
CASH IN BANKS AT BEGINNING OF YEAR		52,221	21,212
CASH IN BANKS AT END OF YEAR		29,410	52,221

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

## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 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:

	5 August and 31 March 2021	31 March 2020
Commissioner	: Mr. Sundharam Sridharan	Mr. Sundharam Sridharan
President Director	: Mr. Prahlad Rai Bansal	Mr. Subramanian Gopalakrishnan
Directors	: Mr. Subramanian Gopalakrishnan	Mr. Shiv Walia
	: Mr. Shiv Walia	Mr. Raghu Raman Lakshmanan
	: 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 Board of Directors approved the financial statements for issuance on 5 August 2021.

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.

## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. BASIS OF PREPARATION (Continued)

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

###### (i) *Judgments*

Information about judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the note 14 – revenue recognition: contractual performance obligations, timing of revenue recognition, revenue classification and determining whether the Company act as an agent or principal.

###### (ii) *Assumptions and estimation uncertainties*

Information about the assumptions and estimation uncertainties that may result in material adjustments to the carrying amounts of assets and liabilities in the following year is included in the following notes:

- Note 7 – fixed assets useful lives estimation;
- Note 11 – measurement of employee benefits obligation: actuarial assumptions.

Measurement of fair value: 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*

###### (i) *Statements of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK") which became applicable in 2020*

###### - *PSAK 71, Financial Instruments*

The adoption of PSAK 71, mandates adherence with the newly amended PSAK 1, *Presentation of Financial Statements*, which requires impairment of financial assets to be presented separately in the statement of profit or loss and other comprehensive income instead of being classified as administrative expenses. Also, certain additional disclosures have been added to conform the 2020 information with the related amendments to PSAK 60, *Financial Instruments: Disclosures*.



# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 2. BASIS OF PREPARATION (Continued)

#### f. Changes in accounting policies (Continued)

##### (i) Statements of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK") which became applicable in 2020 (Continued)

##### - PSAK 71, Financial Instruments (Continued)

##### i. Classification of financial assets

In accordance with PSAK 71, financial assets are classified in one of three categories based on the underlying business model by which a financial asset is managed and its contractual cash flow characteristics: measured at amortized cost, measured at fair value through other comprehensive income (FVOCI), or measured at fair value through profit or loss (FVTPL). The following table contrasts the original measurement categories under PSAK 55 and the new measurement categories under PSAK 71 for each of the Group's financial assets and financial liabilities as at 1 April 2020:

<i>In millions of Rupiah</i>	Original classification under PSAK 55	New classification under PSAK 71	Original carrying amount under PSAK 55	New carrying amount under PSAK 71
<b>Financial assets</b>				
Cash in banks	Amortized cost	Amortized cost	52,221	52,221
Trade and other receivables	Amortized cost	Amortized cost	46,775	46,775
Unbilled receivables	Amortized cost	Amortized cost	4,549	4,549
Security deposit	Amortized cost	Amortized cost	62	62
<b>Total financial assets</b>			<b>103,607</b>	<b>103,607</b>
<b>Financial liabilities</b>				
Short term loan	Amortized cost	Amortized cost	7,340	7,340
Trade and other payables	Amortized cost	Amortized cost	67,794	67,794
<b>Total financial liabilities</b>			<b>75,134</b>	<b>75,134</b>

##### ii. Impairment of financial assets

PSAK 71 replaced the "incurred loss" impairment model of PSAK 55 with the "expected credit loss" (ECL) impairment model. The new impairment model applies to all financial assets measured at amortized cost.

The Company has changed its accounting policy for financial instruments as disclosed in Note 3g. The adoption of PSAK 71 had no material effect on the Company's financial statements.

##### - PSAK 72, Revenue from Contracts with Customers

PSAK 72 is based on the principle of recognizing revenue when the control of goods or services is transferred to customers at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that depicts the entity's performance, or at a point in time, when control of goods or services is transferred to the customer. The adoption of PSAK 72 had no material effect on the amount reported for the current or prior period financial statements to the Company's financial statements.

## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. BASIS OF PREPARATION (Continued)

##### f. Changes in accounting policies (Continued)

##### (i) Statements of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK") which became applicable in 2020 (Continued)

##### - PSAK 73, Leases

In accordance with the transitional provisions of the Standard, the Company has applied PSAK 73 using the modified retrospective approach. Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized on the date of initial application of PSAK 73. Therefore, the 31 March 2020 comparative information has not been restated, i.e. it is reported in accordance with PSAK 30, *Leases*.

##### i. Definition of a lease

PSAK 73 defines a lease as a contract that conveys the right to control the use of an asset for a period of time. Under the new standard, the previous dual accounting model for lessees, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases, has been eliminated.

On transition, the Company elected to apply the practical expedient in PSAK 73 to grandfather the assessment of which transactions are leases. It applied PSAK 73 only to contracts that were previously identified as leases. Contracts that were not identified as leases under PSAK 30 and ISAK 8 were not reassessed for whether there is a lease. Therefore, the definition of a lease under PSAK 73 was applied only to contracts entered into or changed after 1 April 2020.

##### ii. Classification – lessee

As a lessee, the Company previously categorized leases as "finance" or "operating" lease based on whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under PSAK 73, a right-of-use asset and a lease liability is recognized for most leases – i.e. there are no off-balance sheet leases.

The Company has opted to apply the Standard's recognition exemption for short-term lease of office building premises (see Note 3h).

##### *Leases previously considered as "operating lease" under PSAK 30*

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate at 1 April 2020.

The Company used the following practical expedients allowed in PSAK 73 for leases that previously were treated as operating lease under PSAK 30:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption for not recognizing right-of-use assets and liabilities for leases with a remaining term of less than 12 months;
- Used hindsight when determining the lease term if the contract contained an option to extend or terminate the lease.



## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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#### 2. BASIS OF PREPARATION (Continued)

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f. *Changes in accounting policies (Continued)*

(i) *Statements of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK") which became applicable in 2020 (Continued)*

- PSAK 73, Leases (Continued)

ii. *Impact on financial statements*

The Company has changed its accounting policy for leases as disclosed in Note 3h. The adoption of PSAK 73 had no material effect on the amount reported for the current or prior period of the Company's financial statements.

(ii) *Statement of Financial Accounting Standards ("PSAKs") issued but not yet effective*

Certain new/revised accounting standards and interpretations have been issued that are not yet effective for the year ended 31 March 2021 and have not been applied in preparing these financial statements. Among them, the following PSAKs, which will become effective for reporting periods beginning on or after 1 April 2021, 2022 and 2023, 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":

Effective starting on or after 1 April 2021:

- PSAK 71, PSAK 55, PSAK 60, PSAK 73 (amendments), "Interest Rate Benchmark Reform – Phase 2"

Effective starting on or after 1 April 2022:

- Annual improvements 2020 (Amendments to PSAK 71)
- Annual improvements 2020 (Amendments to PSAK 73)

Effective starting on or after 1 April 2023:

- Classification of liabilities as current or noncurrent (Amendments to PSAK 1).

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

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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*

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

##### 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.

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.



## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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d. *Impairment of non-financial assets*

The carrying amount of the each cash-generating unit ("CGU") within non-financial assets is 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 CGU exceeds its recoverable amount. A CGU 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 CGU 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.

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.

## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### g. *Financial instruments*

##### (i) *Financial assets*

##### Policy applicable from 1 April 2020 (PSAK 71)

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income ("FVOCI") or, fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The financial assets that are measured at amortized cost consist of cash in banks, trade and other receivables, and unbilled receivables. These financial assets are initially recognized at fair value plus directly attributable transaction costs, and subsequently are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains or losses on derecognition of these financial assets are recognized in profit or loss.

##### Policy that was applicable before 1 April 2020 (PSAK 55)

The Company's financial assets comprise cash in banks, trade and other receivables, and unbilled receivables, which were categorized as "Loans and receivables".

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

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

##### (ii) *Financial liabilities*

Financial liabilities are classified as either measured-at-amortized cost, or at FVTPL. A FVTPL financial liability is measured as such if it is classified as held-for-trading, if it is a derivative, or if it is designated as measured-at-FVTPL on initial recognition.

Short-term loan, trade and other payables and lease liabilities are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Gains or losses on derecognition are also recognized in profit or loss.



## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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g. *Financial instruments (Continued)*

(iii) *Derecognition*

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred: i.e. when control over the financial asset is relinquished.

In transactions where a financial asset is transferred but the risks and rewards associated with ownership are somehow retained the transferred asset is not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or otherwise extinguished. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability, based on the modified terms, is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) *Impairment*

Policy applicable from 1 April 2020 (PSAK 71)

The Company recognizes loss allowances for expected credit loss ("ECL") on financial assets measured at amortized cost.

Measurement of ECLs

ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### g. Financial instruments (Continued)

##### (vi) Impairment (Continued)

##### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company measures loss allowances at an amount that reflects the lifetime ECL, except for cash in banks for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, wherein the loss allowances are determined based on the 12-month ECL.

Loss allowances for trade and other receivables that are measured at amortized cost, are measured at an amount that represents the lifetime ECL.

##### Policy that was applicable before 1 April 2020 (PSAK 55)

An impairment provision was recognized for financial assets that were categorized as loans and receivables when there was 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 was 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 were recognized in profit or loss as part of other expenses.

##### h. Leases

##### Policy applicable from 1 April 2020 (PSAK 73)

At inception of a contract, the Company determines if a contract is, or contains, a lease by considering whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. A contract conveys the right to control the use of an identified asset if all of the following conditions are met:

- the contract involves the use of substantially all of the capacity of an identified asset that is physically distinct (as specified explicitly or implicitly in the contract). If the supplier has a substantive substitution right, then the asset cannot be considered as identifiable;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset: i.e. it has decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.



## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### h. *Leases (continued)*

###### Policy applicable from 1 April 2020 (PSAK 73) (Continued)

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of fixed assets. In addition, the right-of-use asset is periodically reduced by impairment losses if any and adjusted for certain remeasurements (as described below) of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability consist of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an option renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is measured this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company's lease liabilities is presented as "Lease liabilities" in the statement of financial position.

###### *Short-term leases*

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of the Company's office building premises that have a lease term of 12 months or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### h. Leases (continued)

##### Policy that was applicable before 1 April 2020 (PSAK 30)

Leases in which the Company assumes substantially all the risks and rewards of ownership of the assets acquired were classified as "finance leases". Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the leased asset was accounted for in accordance with the accounting policy applicable to that asset.

If there was no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset was fully depreciated over the shorter of the lease term and its useful life.

Leasing arrangements in which risks and rewards of ownership were not conveyed to the Company were categorized as "operating leases" and treated as an executory contract, wherein lease payments were recognized as expense over the lease term, and the underlying assets were not recognized in the statement of financial position.

#### i. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The recognizes revenue when it transfers control over a product or services to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms, and the related revenue recognition policies, both under PSAK 72 and PSAK 23.

Types of products or services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under PSAK 72 (applicable from 1 April 2020)	Revenue recognition under PSAK 23 (applicable before 1 April 2020)
Time and material/ volume based/ Transactions based contracts	Revenue is recognized at point in time. Credit period of 30 to 90 days is allowed from invoice date.	Revenue is recognized based on time elapsed mode and revenue is straight lined over the period of performance.	Revenue is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
Fixed price and fixed time frame contracts	Revenue is recognized overtime as and when the services are performed. Credit period of 30 to 90 days is allowed from invoice date.	Revenue is recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (percentage-of-completion (POC) method of accounting).	Revenue from fixed price and fixed time frame contracts is recognized in accordance with the percentage of completion (POC) method. The stage of completion is assessed using the "cost-to cost method".



# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i. Revenue recognition (Continued)

Types of products or services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under PSAK 72 (applicable from 1 April 2020)	Revenue recognition under PSAK 23 (applicable before 1 April 2020)
Licenses for the use of software applications	Revenue is recognized at a point in time for the committed term of the contract. Credit period of 30 to 90 days is allowed from invoice date.	Revenue is recognized at a point in time at the inception of the arrangement when control transfers to the client.	Revenue from sale of licenses for the use of software applications is recognized when title in the user license are transferred.
Product and platform	Revenue is recognized at a point in time for the product delivery and services are performed. Credit period of 30 to 90 days is allowed from invoice date.	Revenue is recognized at a point in time at the inception of the arrangement when control transfers to the client and services are performed.	Revenue from sale of product is recognized when the product and platform is transferred to the customer.

#### j. 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.

#### k. 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.

## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 1. *Income tax*

Income tax expense consists of current and deferred 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.

Current tax expense is the amount of tax paid, or payable on taxable income or loss for the year, using tax rates substantively enacted as of the reporting date. Current tax also 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 expense 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 accounting policy also requires the recognition of tax benefits, such as tax loss carry forwards, which are originated in the current period that are expected to be realized in the future periods, 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 their realization through 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	
	2021 Rp million	2020 Rp million
Receivables resulting from revenue generation activities consist of:		
Trade receivables from third parties	25,973	38,929
Trade receivables from related parties (Note 18a)	3,075	6,913
	29,048	45,842
Other receivables	42	2,198
Less: provision for impairment	(1,309)	(1,265)
	27,781	46,775

# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. UNBILLED RECEIVABLES

	31 March	
	2021 Rp million	2020 Rp million
Unbilled receivables resulting from revenue generation activities consist of:		
Third parties	4,150	4,504
Related parties (Note 18b)	1,361	45
	<u>5,511</u>	<u>4,549</u>

### 6. FINANCE LEASE RECEIVABLES

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

	31 March 2021 Rp million
Lease receivables are to be received as follows:	
Less than one year	4,427
More than one year and not later than 5 years	3,988
Total minimum lease payments receivable	<u>8,415</u>
Interest included in minimum lease payments receivable	(332)
Present value of minimum lease payments receivable	<u>8,083</u>
Lease receivables, current portion	(4,271)
Lease receivables, non-current portion	<u>3,812</u>

### 7. DEFERRED COST

	31 March	
	2021 Rp million	2020 Rp million
Balance as at beginning of the year	24	625
Additional cost capitalized during the year	75,673	10,408
Deduction on account of cost amortized during the year	(67,478)	(11,009)
Balance as at end of the year	<u>8,219</u>	<u>24</u>
Current portion	(8,216)	(18)
Non-current portion	<u>3</u>	<u>6</u>



# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 8. FIXED ASSETS

	Year ended 31 March 2021			
	Beginning balance	Additions	Disposals and reclassifications	Ending balance
	Rp million			
<b>Cost</b>				
Computer	496	43	-	539
Laptop	1,406	4,196	-	5,602
Machinery	43	-	-	43
Office equipment	110	-	-	110
	2,055	4,239	-	6,294
Asset under constructions	6	17	-	23
	2,061	4,256	-	6,317
<b>Accumulated depreciation</b>				
Computer	(376)	(102)	-	(478)
Laptop	(702)	(1,189)	-	(1,891)
Machinery	(17)	(4)	-	(21)
Office equipment	(28)	(22)	-	(50)
	(1,123)	(1,317)	-	(2,440)
<b>Carrying amount</b>	<b>938</b>			<b>3,877</b>
	Year ended 31 March 2020			
	Beginning balance	Additions	Disposals and reclassifications	Ending balance
	Rp million			
<b>Cost</b>				
Computer	496	-	-	496
Laptop	764	671	(29)	1,406
Machinery	43	-	-	43
Office equipment	20	90	-	110
	1,323	761	(29)	2,055
Asset under constructions	-	6	-	6
	1,323	767	(29)	2,061
<b>Accumulated depreciation</b>				
Computer	(277)	(99)	-	(376)
Laptop	(563)	(168)	29	(702)
Machinery	(13)	(4)	-	(17)
Office equipment	(11)	(17)	-	(28)
	(864)	(288)	29	(1,123)
<b>Carrying amount</b>	<b>459</b>			<b>938</b>

As of 31 March 2021, 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 2021 and 2020, balances amounting to Rp 37 million and Rp 412 million, respectively, remained unpaid for purchases of certain machinery and equipment.

As of 31 March 2021 and 2020, fixed assets were not covered with insurance against fire and other possible losses.

**PT HCL TECHNOLOGIES INDONESIA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9. INTANGIBLE ASSETS AND GOODWILL**

	Year ended 31 March 2021			
	Beginning balance	Additions	Disposals and reclassifications	Ending Balance
	Rp million			
<b>Acquisition cost</b>				
Goodwill arising from business combinations	2,676	-	-	2,676
Customer relationships	1,557	-	-	1,557
	4,233	-	-	4,233
<b>Accumulated amortization</b>				
Customer relationships	(118)	(270)	-	(388)
	(118)	(270)	-	(388)
<b>Carrying amount</b>	<b>4,115</b>			<b>3,845</b>

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

**10. TRADE AND OTHER PAYABLES**

	31 March	
	2021	2020
	Rp million	Rp million
Payables arising from purchases of products and services consist of the following:		
Trade payables to third parties	981	3,216
Trade payables to related parties (Note 18d)	26,111	60,927
	27,092	64,143
Other payables including accrued expenses	9,126	3,651
	36,218	67,794

# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11. DEFERRED INCOME

	31 March	
	2021	2020
	Rp million	Rp million
Balance as at beginning of the year	5,430	44
Additional amounts billed but not recognized as revenue	8,417	8,323
Deduction on account of revenues recognized during the year	(7,813)	(2,937)
Balance as at end of the year	6,034	5,430
Current portion	(5,877)	-
Non-current portion	157	5,430

### 12. EMPLOYEE BENEFITS OBLIGATION

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 2021 and 2020:

	Year ended 31 March	
	2021	2020
	Rp million	Rp million
<b>Movement in the defined benefit obligation</b>		
Defined benefit obligation, beginning of year	1,081	963
<b>Included in profit or loss</b>		
- Current service cost	381	361
- Past service cost (credit)	-	(267)
- Interest cost	68	43
- Termination cost	24	-
<b>Included in other comprehensive income</b>		
Actuarial (gains) losses arising from:		
- financial assumptions	77	(1)
- experience adjustment	(121)	(11)
<b>Others</b>		
- Provision for leave encashment	(151)	(7)
- Benefits paid	(24)	-
Defined benefit obligation, end of year	1,335	1,081



## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 12. EMPLOYEE BENEFITS OBLIGATION (Continued)

##### *Actuarial assumptions*

Principal assumptions used in the actuarial calculations were as follows:

	31 March	
	2021	2020
Discount rate	7.05% per annum	8.55% per annum
Future salary increase rate	5% per annum	5% per annum

At 31 March 2021, the weighted-average duration of the defined benefit obligation was 9.18 years (2020: 10.65 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			
	2021		2020	
	1% increase Rp million	1% decrease Rp million	1% increase Rp million	1% decrease Rp million
Discount rate	(64)	70	(49)	56
Future salary rise	66	(61)	54	(48)

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.

#### 13. 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 2021 and 2020 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

# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 14. 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).

### 15. REVENUE

	Year ended 31 March	
	2021	2020
	Rp million	Rp million
<b>Major products/service</b>		
Sales of products	7,871	3,329
Rendering of services	86,748	91,002
	<u>94,619</u>	<u>94,331</u>
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	7,871	3,329
Products and services transferred over time	86,748	91,002
	<u>94,619</u>	<u>94,331</u>

### 16. COST OF SALES

	Year ended 31 March	
	2021	2020
	Rp million	Rp million
Salaries and wages	29,136	32,030
Consultancy (Note 18g)	26,990	31,676
Material cost	6,775	2,896
Project expenses	57	2
Others	310	372
Total	<u>63,268</u>	<u>66,976</u>

### 17. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 March	
	2021	2020
	Rp million	Rp million
Professional charges	8,231	7,854
Depreciation (Note 7)	1,317	288
Provision for tax contingencies	1,234	-
Bad debt	928	-
Post-employment benefit (Note 11)	473	137
Amortization (Note 8)	270	118
Others	549	50
Total	<u>13,002</u>	<u>8,447</u>

# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 18. TAXATION

- a. Prepaid taxes consist of the following:

	31 March	
	2021	2020
	Rp million	Rp million
Prepaid income tax art 23	-	1,954
Value added tax	389	645
	<u>389</u>	<u>2,599</u>

- b. Taxes payable consist of:

	31 March	
	2021	2020
	Rp million	Rp million
Employee income tax	1	14
Withholding taxes	4,802	4,506
Corporate income tax	-	4,130
	<u>4,803</u>	<u>8,650</u>

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

	Year ended 31 March	
	2021	2020
	Rp million	Rp million
Current tax expense:		
Current year	4,610	4,763
Adjustments to prior years' tax expense	(11)	(625)
	<u>4,599</u>	<u>4,138</u>
Deferred tax expense:		
Origination and reversal of temporary differences	(132)	35
	<u>(132)</u>	<u>35</u>
	<u>4,467</u>	<u>4,173</u>

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

	Year ended 31 March	
	2021	2020
	Rp million	Rp million
Profit before tax	18,092	16,535
Statutory tax rate	22%	25%
	<u>3,980</u>	<u>4,134</u>
Non deductible expenses	498	530
Effect of changes in tax rate	-	134
Adjustments to prior years' income tax expense	(11)	(625)
Income tax expense	<u>4,467</u>	<u>4,173</u>

# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 18. TAXATION (Continued)

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

	31 March 2020	Recognized in profit or loss	Recognized in other comprehensive income	31 March 2021
	Rp million			
Deferred tax assets (liabilities):				
Provision for decline in inventory value	45	36	-	81
Employee benefits obligation	238	102	(10)	330
Provision for impairment loss on trade receivables	279	10	-	289
Fixed assets	(15)	100	-	85
Other provisions	77	92	-	169
Bonus	323	(208)	-	115
	<u>947</u>	<u>132</u>	<u>(10)</u>	<u>1,069</u>

	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
	<u>986</u>	<u>(35)</u>	<u>(4)</u>	<u>947</u>

The temporary difference that gives rise to the deferred tax asset for the provision for impairment of trade receivables does not expire, however before such provision can be deductible there must be evidence that the receivables are written off, i.e. they must be proven as uncollectible balances.



## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 18. TAXATION (Continued)

- e. 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.

- f. Pursuant to Law No. 2/2020, the corporate income tax rate is reduced from the previous statutory rate of 25% to 22% for 2020 and 2021, and to 20% for 2022 onwards.

#### 19. RELATED PARTIES

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 2021 and 2020 consist of (Note 4):

	31 March	
	2021	2020
	Rp million	Rp million
The ultimate parent	14	3,804
Entities under common control	3,061	3,109
	3,075	6,913

- (b) Unbilled receivables from related parties as of 31 March 2021 and 2020 consist of (Note 5):

	31 March	
	2021	2020
	Rp million	Rp million
The ultimate parent	1,341	-
Entities under common control	20	45
	1,361	45

- (c) Deferred cost from related parties as of 31 March 2021 and 2020 consist of:

	31 March	
	2021	2020
	Rp million	Rp million
The ultimate parent	8,214	16

# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 19. RELATED PARTIES (Continued)

- (d) Trade payables to related parties as of 31 March 2021 and 2020 consist of (Note 9):

	31 March	
	2021	2020
	Rp million	Rp million
The ultimate parent	20,630	49,107
Entities under common control	5,481	11,820
	26,111	60,927

- (e) Accrued expenses payable to related parties as of 31 March 2021 and 2020 consist of:

	31 March	
	2021	2020
	Rp million	Rp million
The ultimate parent	6,158	577
Entities under common control	14	208
	6,172	785

- (f) Short term loan from related party as of 31 March 2021 and 2020 consist of:

	31 March	
	2021	2020
	Rp million	Rp million
Borrowings from related parties:		
HCL Singapore Pte. Ltd; maximum facility USD 1,500,000; unsecured. Outstanding amount as of 31 March 2021: USD 225,000 (2020: USD 450,000).	3,268	7,340
	3,268	7,340

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. The latest amendment on 28 January 2016 was amended the unsecured short-term loan facility agreement with HCL Singapore Pte. Ltd. in amount of up to USD 1,500,000 which shall be payable on demand at an interest of LIBOR rate + 100 bps per annum. As of 31 March 2021 and 2020, the outstanding amount of this loan was USD 200,000 and USD 450,000 (equivalent to Rp 3,268 million and Rp 7,340 million), respectively

- (g) Consultancy fees charged by related parties for years ended 31 March 2021 and 2020 consist of (Note 15):

	Year ended 31 March	
	2021	2020
	Rp million	Rp million
The ultimate parent	24,508	25,881
Entities under common control	2,482	5,795
	26,990	31,676

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.

## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 19. RELATED PARTIES (Continued)

(h) Interest on loan charged by related parties for years ended 31 March 2021 and 2020 consist of:

	Year ended 31 March	
	2021	2020
	Rp million	Rp million
Entities under common control	61	231
	61	231

(i) Software income from related parties for years ended 31 March 2021 and 2020 consist of:

	Year ended 31 March	
	2021	2020
	Rp million	Rp million
The ultimate parent	2,015	3,647
Entities under common control	3,508	4,279
	5,523	7,926

#### 20. 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

Credit risk is the risk of financial loss in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk principally arises from trade receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure.

##### Trade receivables and unbilled receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.



# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### Financial risk management (Continued)

##### Credit risk (Continued)

##### Trade receivables and unbilled receivables

The Company minimizes its exposure to credit risk of trade receivables and unbilled receivables by assessing and monitoring the credit worthiness of customers. The exposure is also further limited by mandating payment terms of no longer than 90 days and by actively enforcing collection from customers prior to the due date.

The Company's most significant customer, Allianz SE (a financial services providers), accounts for Rp 13,083 million of the trade receivables carrying amount at 31 March 2021 (2020: Rp 15,215 million).

An analysis of the credit quality of trade receivables and unbilled receivables is summarized below:

	2021	2020
	Carrying amount	Carrying amount
	Rp million	Rp million
Not past due	16,719	24,933
Past due 1 – 30 days	1,777	11,889
Past due 31 – 120 days	13,804	5,769
Past due 121 – 365 days	1,832	5,791
Past due more than one year	427	2,009
	34,559	50,391

The following table provides information about the exposure to credit risk and ECLs for trade receivables and unbilled receivables as at 31 March 2021:

	Year ended 31 March 2021		
	Weighted average loss rate	Gross carrying amount	Loss allowance
		Rp million	Rp million
Not past due	0.29%	16,719	51
Past due 1 – 30 days	1.64%	1,777	29
Past due 31 – 120 days	4.91%	13,804	679
Past due 121 – 365 days	6.69%	1,832	123
Past due more than one year	100%	427	427
		34,599	1,309



## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

##### Financial risk management (Continued)

##### Credit risk (Continued)

Comparative amounts for 2020 represent the allowance account for impairment losses under PSAK 55. The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	Year ended 31 March	
	2021	2020
	Rp million	Rp million
Balance at 1 April per PSAK 55	1,265	2,201
Adjustment on initial application of PSAK 71	-	-
Balance at 1 April per PSAK 71	1,265	2,201
Net measurement of loss allowance	44	(936)
Balance at 31 March	1,309	1,265

##### Cash in banks

The Company's cash in banks are deposited at reputable banks that are subject to tight regulations, therefore, the exposure to loss is minimized.

##### 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 Company aims to maintain the level of its cash in banks at an amount in excess of expected cash outflows on financial liabilities over the next 60-90 days. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and short term loan. As of 31 March 2021, the expected cash inflows from trade and other receivables maturing within 60 - 90 days were Rp 35,864 million (2020: Rp 46,775 million) and the expected cash outflows from trade and other payables due within 60 - 90 days were Rp 36,216 million (2020: Rp 67,794 million) and cash outflows from short term loan due on demand were Rp 3,268 million (2020: Rp 7,340 million).

# PT HCL TECHNOLOGIES INDONESIA

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

#### Financial risk management (Continued)

##### Liquidity risk (Continued)

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

	Carrying amount Rp million	Contractual cash flows			
		Total Rp million	Within 1 year Rp million	1 – 3 years Rp million	More than 3 years Rp million
<b>31 March 2021</b>					
<b>Financial liabilities</b>					
Trade and other payables	36,218	36,218	36,218	-	-
Short term loan	3,268	3,305	3,305	-	-
Lease liabilities	863	912	362	547	3
	<u>40,349</u>	<u>40,435</u>	<u>39,885</u>	<u>547</u>	<u>3</u>

	Carrying amount Rp million	Contractual cash flows	
		Total Rp million	Within 1 year Rp million
<b>31 March 2020</b>			
<b>Financial liabilities</b>			
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>

##### 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.

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

	31 March	
	2021 US Dollar	2020 US Dollar
Assets	529,270	-
Liabilities	-	(785,062)
Net exposure	<u>529,270</u>	<u>(785,062)</u>

## PT HCL TECHNOLOGIES INDONESIA

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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#### **20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**

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##### Financial risk management (Continued)

##### Market risk (Continued)

##### Currency risk (Continued)

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 14,525/US Dollar at year end 2021 and Rp 16,310/US Dollar at year end 2020.

A strengthening/weakening of the Rupiah against the US Dollar at 31 March 2021 and 2020 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.

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#### **21. COVID-19**

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The coronavirus outbreak ("COVID-19") since March 2020 has brought about additional uncertainties in the Company's operational. The Company has been closely monitoring the impact of the pandemic on the Company's business and put in place contingency measures.

These contingency measures include implementation working from home consecutively for employees and other action based on regional government regulation about restriction policy.

As far as the Company's business concern, management assessed that there was no event related to the pandemic which require adjustment to the Company's financial position and result of operations as of and for the year ended 31 March 2021. Assessment of impact of the pandemic to the Company's operating might be changed in the future as situation continue to evolve and more information may become available.





## **Siddharta Widjaja & Rekan** **Registered Public Accountants**

33<sup>rd</sup> Floor Wisma GKB  
28, Jl. Jend. Sudirman  
Jakarta 10210  
Indonesia  
+62 (0) 21 574 2333 / 574 2888

### **Independent Auditors' Report**

No.: 00563/2.1005/AU.1/05/1082-2/1/VIII/2021

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 2021, 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 2021, and its financial performance and its cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Siddharta Widjaja & Rekan  
Registered Public Accountants

A handwritten signature in blue ink, reading 'Jongky Titus Lazuardi' in a cursive script.

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

5 August 2021

