HCL (New Zealand) Limited

Special Purpose Financial Statements

For the year ended 31 March 2021

B S R & Co. LLP
Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase-II,
Gurugram – 122 002, India

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS of HCL (New Zealand) Limited

Report on the Audit of Special Purpose Financial Statements

Opinion

We have audited the Special Purpose Financial Statements of **HCL (New Zealand) Limited** ("the Company"), which comprise the Special Purpose Balance Sheet as at 31 March 2021, the Special Purpose Statement of Profit and Loss (including Other Comprehensive Income), Special Purpose Statement of Changes in Equity and Special Purpose Statement of Cash Flows for the year then ended, and notes to the special purpose financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'financial statements').These financial statements have been prepared by the management in accordance with the basis described in Note 1(a) to the accompanying notes to the financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2021, and of its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date in accordance with the basis described in Note 1(a) to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India. Our responsibilities under those SA's are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

We draw attention to Note 1(a) to the financial statements, wherein it is stated that these financial statements do not comply with the notes and disclosure requirements and do not include the previous year comparatives as required under the presentation requirements of Schedule III (Division II) to the Companies Act, 2013 and Ind AS 1, "Presentation of Financial Statements", as these financial statements have been prepared for limited use of the ultimate holding company, HCL Technologies Limited, to comply with the requirements of the Companies Act, 2013. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the basis described in Note 1(a) to the financial statements. This responsibility also includes maintenance of adequate accounting records, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

VIMAL CHAUHAN
Digitally signed by VIMAL CHAUHAN
Date: 2021.08.26 16:33:27 +05'30'

Vimal Chauhan
Partner
Membership No.: 511230
ICAI UDIN: 21511230AAAABB9734

Place: Gurugram
Date: 26 August 2021

HCL (New Zealand) Limited
Special Purpose Balance sheet as at 31 March 2021
(All amounts are in millions , except stated otherwise)

		Note No.	As at 31 March 2021 (NZD)	As at 31 March 2021 (₹)
I.	**ASSETS**			
	(1) Non-current assets			
	(a) Property, plant and equipment	**2.1**	9.39	480.72
	(b) Right-of-use assets	**2.25**	0.21	10.72
	(c) Goodwill	**2.2**	0.38	19.44
	(d) Other intangible assets	**2.3**	0.33	16.72
	(e) Financial assets			
	(i) Others	**2.4**	6.24	319.48
	(f) Deffered tax assets (net)	**2.23**	0.74	38.33
	(g) Other non-current assets	**2.5**	1.90	96.48
	(2) Current assets			
	(a) Inventories	**2.6**	0.64	32.75
	(b) Financial assets			
	(i) Trade receivables	**2.7**	20.99	1,074.06
	(ii) Cash and cash equivalents	**2.8**	0.02	1.02
	(ii) Others	**2.4**	15.50	793.23
	(c) Other current assets	**2.9**	8.04	411.40
	TOTAL ASSETS		**64.38**	**3,294.35**
II.	**EQUITY**			
	(a) Equity share capital	**2.10**	0.05	2.38
	(b) Other equity		10.51	537.71
	TOTAL EQUITY		**10.56**	**540.09**
III.	**LIABILITIES**			
	(1) Non - current liabilities			
	(a) Financial liabilities			
	(i) Lease liabilities	**2.25**	0.04	2.05
	(b) Provisions	**2.12**	1.12	57.31
	(c) Other non-current liabilities	**2.13**	0.62	31.73
	(2) Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	**2.14**	29.39	1,503.89
	(ii) Lease liabilities	**2.25**	0.17	8.70
	(iii) Trade payables	**2.14**	5.44	278.37
	(iv) Others	**2.11**	12.75	652.69
	(b) Other current liabilities	**2.16**	1.96	100.30
	(c) Provisions	**2.12**	1.43	73.17
	(d) Current tax liabilities (net)		0.90	46.05
	TOTAL EQUITY AND LIABILITIES		**64.38**	**3,294.35**
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

FOR B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Vimal Chauhan

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date : 26 August 2021

For and on behalf of the Board of Directors
of HCL (New Zealand) Limited

Sridharan S

Sundaram Sridharan
Director

Singapore
Date : 26 August 2021

Subramanian Gopalakrishnan

Subramanian Gopalakrishnan
Director

Noida, India
Date : 26 August 2021

HCL (New Zealand) Limited
Special Purpose Statement of Profit and Loss for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

		Note No.	Year ended 31 March 2021 (NZD)	Year ended 31 March 2021 (₹)
I	**Revenue**			
	Revenue from operations	**2.17**	90.12	4,611.84
	Other income	**2.18**	0.40	20.47
	Total income		**90.52**	**4,632.31**
II	**Expenses**			
	Purchase of stock-in-trade		19.17	980.93
	Changes in inventories of stock-in-trade	**2.19**	(0.53)	(27.12)
	Employee benefits expense	**2.20**	20.07	1,026.98
	Finance costs	**2.21**	0.09	4.35
	Depreciation and amortization expense		3.15	161.19
	Outsourcing costs		38.73	1,981.81
	Other expenses	**2.22**	3.11	159.82
	Total expenses		**83.79**	**4,287.96**
III	**Profit before tax**		**6.73**	**344.35**
IV	**Tax expense**	**2.23**		
	Current tax		2.03	103.88
	Deferred tax credit		(0.17)	(8.89)
	Total tax expense		1.86	94.99
V	**Profit for the year**		**4.87**	**249.36**
VI	**Total comprehensive income for the year**		**4.87**	**249.36**
	Earnings per equity share	**2.24**		
	Basic		104.93	5,372.52
	Diluted		104.93	5,372.52
	Summary of significant accounting policies	**1**		

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Date : 26 August 2021

Subramanian Gopalakrishnan

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Director

Noida, India
Date : 26 August 2021

HCL (New Zealand) Limited
Special Purpose Statement of Changes in Equity for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

(Amount in NZD)

	Equity share capital		Other equity		Total other equity
	Number of shares	Share capital	Retained earnings	Other reserves*	
Balance as at 1 April 2020	**46,414**	**0.05**	**5.29**	**0.35**	**5.64**
Profit for the year	-	-	4.87	-	4.87
Total comprehensive income for the year	**-**	**-**	**4.87**	**-**	**4.87**
Balance as at 31 March 2021	**46,414**	**0.05**	**10.16**	**0.35**	**10.51**

* other reserves are employee equity benefit reserve

(Amount in INR)

	Equity share capital		Other equity		Total other equity
	Number of shares	Share capital	Retained earnings	Other reserves	
Balance as at 1 April 2020	**46,414**	**2.38**	**270.59**	**17.76**	**288.35**
Profit for the year	-	-	249.36	-	249.36
Total comprehensive income for the year	**-**	**-**	**249.36**	**-**	**249.36**
Balance as at 31 March 2021	**46,414.00**	**2.38**	**519.95**	**17.76**	**537.71**

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the special purpose financial statements

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Noida, India
Date : 26 August 2021

HCL (New Zealand) Limited
Special Purpose Statement of Cash flows for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

		Year ended 31 March 2021 (NZD)	Year ended 31 March 2021 (₹)
A. Cash flows from operating activities			
Profit before tax		6.73	344.35
Adjustment for:			
Interest income		(0.25)	(12.79)
Interest expenses		0.08	3.84
Depreciation and amortization expense		3.15	161.19
Provision for doubtful debts		0.04	2.05
Operating profit before working capital changes		**9.75**	**498.64**
Net changes in			
Trade receivables		(15.68)	(801.97)
Inventories		(0.56)	(28.59)
Other financial assets and other assets		(30.76)	(1,574.38)
Trade payables		6.88	352.00
Provisions, other financial liabilities and other liabilities		10.19	521.63
Cash used in operations		**(20.18)**	**(1,032.67)**
Direct taxes paid		(1.08)	(55.20)
Net cash used in operating activities	**(A)**	**(21.26)**	**(1,087.87)**
B. Cash flow from investing activities			
Purchase of property, plant and equipment and intangibles		(12.34)	(631.11)
Interest received		0.20	10.02
Net cash used in investing activities	**(B)**	**(12.14)**	**(621.09)**
C. Cash flows from financing activities			
Payment of lease liabilities including interest (note 2.25)		(0.16)	(8.19)
Proceeds from short term borrowings from related parties (note 2.14)		17.15	877.57
Net cash flow from financing activities	**(C)**	**16.99**	**869.38**
Net decrease in cash and cash equivalents (A+B+C)		(16.41)	(839.58)
Cash and cash equivalents at the beginning of the year		4.19	214.28
Cash and cash equivalents at the end of the year as per note 2.8 and 2.14		**(12.22)**	**(625.30)**
Summary of significant accounting policies (Note 1)			

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date.

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Singapore
Date : 26 August 2021

Subramanian Gopalakrishnan

Subramanian Gopalakrishnan
Director

Noida, India
Date : 26 August 2021

ORGANIZATION AND NATURE OF OPERATIONS

HCL (New Zealand) Limited is a company incorporated in New Zealand. The registered office is 1st Floor, 79 Taranaki Street, Wellington, 6011, New Zealand. The Company's principal activities are to provide services associated with IT and business services, engineering and R&D services and services related to products and platforms and to act as holding company for the investment in the shares of companies providing services associated with IT and business services, engineering and R&D services and services related to products and platforms.

The special purpose financial statements for the year ended 31 March, 2021 were approved and authorized for issue by the Board of Directors on 26 August 2021.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared on the request of HCL Technologies Limited, being the Ultimate Holding Company, for their limited use and are accordingly Special Purpose Financial Statements ('financial statements').

These financial statements have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ("Act") read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and certain presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as considered relevant to these financial statements.

As the Company is not domiciled in India and hence not registered under Companies Act 2013, these financial statements do not include all the notes and disclosures (mainly in respect of Financial instruments, Segment and Taxes) and also do not include the previous year comparatives as per Schedule III (Division II) to the Companies Act, 2013 and Ind AS.

These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose.

The Ultimate Holding Company prepares its financial statements for purpose of consolidation in accordance with recognition and measurement principle laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, and accordingly the previous GAAP for the Company for the purpose of consolidation is Ind AS and accordingly, the transition provisions as enumerated in Ind AS 101, First time adoption is not applicable.

Whilst the Company has earned profits from operations of NZD 4.87 million (₹ 249.36 million) during the current year as well as in the earlier years. The Company has positive net worth amounting NZD 10.56 (₹ 540.09 million) as at March 31, 2021, however, the current liabilities of the company exceed its current assets by NZD 6.85 Million (₹ 350.71 million) as at March 31, 2021.

The ability of the Company to continue as a going concern is dependent upon the continued financial support from its ultimate parent Company, HCL Technologies Limited, without which there is significant doubt in relation to the Company's ability to continue as a going concern. The ultimate parent Company has confirmed its agreement in writing to support the Company financially and operationally for a period of at least 12 months from the date of signing these financial statements to enable the Company to pay its debts as and when they become due and payable.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under the indirect method. The functional currency of the Company is sterling pound (NZD). The translation from NZD to ₹ is included solely for the convenience of readers in India and has been performed using rate of NZD 1 = ₹ 51.17, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amounts represent, or have been or could be converted into NZD at that or any other rate.

(b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the consolidated financial statements in the year in which the changes are made.
Significant estimates and assumptions are used for, but not limited to:

i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note 1(f)
ii. Allowance for uncollectible accounts receivables, refer note 1(o)(i)
iii. Fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis in case of business combination, refer note 1(c)
iv. Recognition of income and deferred taxes, refer note 1(g) and note 2.23
v. Useful lives of property, plant and equipment, refer note 1(h)
vi. Lives of intangible assets, refer note 1(i)
vii. Key assumptions used for impairment of goodwill, refer note 1(l)
viii. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(q)
ix. Provisions and contingent liabilities, refer note 1(m)

In view of pandemic relating to COVID -19, the company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, goodwill, intangible assets, other assets, impact on revenues and costs, impact on leases including but not limited to the assessment of liquidity and going concern assumption. However, the actual impact of COVID-19 on the Company's financial statements may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

(c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the 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 values of the net assets.

(d) Foreign currency transactions

Transactions in foreign currencies are initially recorded by company at reporting currency spot rates at the date the transaction first qualifies for recognition. Foreign-currency denominated monetary assets and liabilities are translated to the reporting currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.
Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of initial transaction.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

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

(e) Fair value measurement

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain equity securities, which must be measured using the guidance for fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.
Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

In accordance with Ind AS 113, assets and liabilities are to be measured based on the following valuation techniques:

a. Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
b. Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.
c. Cost approach – Replacement cost method.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

(f) Revenue recognition

Contracts involving provision of services and material

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring those products or

services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.
Contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Time-and-material / Volume based / Transaction based contracts

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

Fixed Price contracts

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, System implementations and Application development are recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified. Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Contract losses are determined to be the amount by which the estimated incremental cost to complete exceeds the estimated future revenues that will be generated by the contract and are included in cost of revenues and recorded in other accrued liabilities.

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established.

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Proprietary Software products

Revenue from distinct proprietary perpetual license software is recognized at a point in time at the inception of the arrangement when control transfers to the client. Revenue from proprietary term license software is recognized at a point in time for the committed term of the contract. In case of renewals of proprietary term licenses with existing customers, revenue from term license is recognized at a point in time when the renewal is agreed on signing of contracts. Revenue from support and subscription (S&S) is recognized over the contract term on a straight-line basis as the Company is providing a service of standing ready to provide support, when-and-if needed, and is providing unspecified software upgrades on a when-and-if available basis over the contract term. In case software are bundled with one year of support and subscription either for perpetual or term based license, such support and subscription contracts are generally priced as a percentage of the net fees paid by the customer to purchase the license and are generally recognized as revenues rateably over the contractual period that the support services are provided. Revenue from these proprietary software products is classified under sale of services.

Multiple performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which company would sell a promised good or service separately to the customer. When not directly observable, we typically estimate standalone selling price by using the expected cost plus a margin approach. We typically establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a company is then allocated to each software obligation and lease deliverable.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract are considered as contract fulfilment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the company is a principal to the transaction and net of costs when the company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the company is a principal or an agent, most notably being company control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our statements of financial position, contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Revenue from sales-type leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client.

Interest attributable to sales-type leases and direct financing leases included therein is recognized on an accrual basis using the effective interest method and is recognized as other income.

(g) Income taxes

Income tax expense comprises current and deferred income tax.
Income tax expense is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity, wherever applicable. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties, wherever applicable.
Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

Expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from derecognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

The management's estimates of the useful lives of various assets for computing depreciation are as follows:

Asset description	Asset life (in years)
Plant and equipment (including air conditioners, electrical installations)	10
Leasehold improvements	5-7
Computers and networking equipment	3-5
Furniture and fixtures	7

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at their fair value at the date of acquisition. Subsequently, following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The intangible assets are amortized over the estimated useful life of the assets as mentioned below:

Asset description	**Asset life (in years)**
Software	3
Customer relationship	10

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(k) Inventory

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of stock in trade procured for specific projects is assigned by identifying individual costs of each item. Cost of stock in trade, that are interchangeable and not specific to any project and cost of stores and spare parts are determined using the weighted average cost formula.

(l) Impairment of non-financial assets

Goodwill

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset.

(m) Provision and contingent liabilities

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 resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

(n) Retirement and other employee benefits

i. Compensated absences: The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the period in which the absences occur.

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

    The contributions are recognized as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

(o) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. **Financial assets**

    All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair

value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date.

Cash and cash equivalents
Cash in the balance sheet comprise cash in banks, which are subject to an insignificant risk of changes in value.

Financial instruments at amortized cost
A financial instrument is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

Equity investments in subsidiaries

Equity investments in subsidiaries are measured at cost less impairment if any.

Other Equity investments

Equity investments other than in subsidiaries are initially measured at fair value and are subsequently re-measured with all changes recognized in the statement of profit and loss. In limited circumstances, investments, for which sufficient, more recent information to measure fair value is not available cost represents the best estimate of fair value within that range.
Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in statement of profit and loss.

ii. **Financial liabilities - Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. Changes in fair value of such liability are recognized in the statement of profit or loss.

Financial liabilities at amortized cost
The Company's financial liabilities at amortized cost includes trade payables, borrowings including bank overdrafts and other payables.
After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest

rate (EIR) method except for deferred consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(p) Earnings per share (EPS)

Basic EPS amounts are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the year.
Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(q) Leases

A lease is a contract that contains right to control the use of an identified asset for a period of time in exchange for consideration.
Company as a lessee

Company is lessee in case of office space & IT equipment. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in Ind AS 116.

All leases with a term of more than 12 months are recognized as right-of-use assets along-with associated lease liabilities, in the balance sheet.

Right-of-use asset represents the Company's right to control the underlying assets under lease and the lease liability is the obligation to make the lease payments related to the underlying asset under lease. Right-of-use asset is measured initially based on the lease liability adjusted for any initial direct costs, prepaid rent, and lease incentives. Right-of-use asset is depreciated based on straight line method over the lease term or useful life of right-of-use asset, whichever is less. Subsequently, right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of lease liability.

The lease liability is measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the Company is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease. Lease liability is subsequently measured by increase the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any.

The Company has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the statement of profit and loss. For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the year in which they are earned or contingency is resolved.
Leases in which the Company transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the present value of lease receivable. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the statement of profit and loss.

When arrangements include multiple performance obligations, the Company allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

(r) Recently issued accounting pronouncements

On 24 March 2021, the Ministry of Corporate Affairs (MCA), notified amendments in Schedule III to the Companies Act, 2013 effective from 1 April 2021. The Company is currently evaluating the impact of these amendments on its financial statements.

(s) Acquisition of select IBM software products

On 7 December 2018, the ultimate holding Company had signed a definitive agreement to acquire business relating to select IBM software products.

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

Acquisition has been consummated effective 30 June 2019.

As part of the deal the Company had paid NZD 321,078 till 30th June'19 and NZD 258,792 in 30th June'20 as per the agreement. At the beginning of FY 20-21 it was fair valued at NZD 257,235 and interest expense of NZD 1,557 has been recorded in FY 20-21.

The net assets acquired have been accounted for at fair value and are as follows:

	Amount (NZD)
Customer relationship	0.16
Goodwill	0.38

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2021 Amount in NZD

	Plant and equipment	Leasehhold improvements	Computers and networking equipment	Furniture and fixtures	Total
Gross block as at 1 April 2020	**0.05**	**0.11**	**0.30**	**0.03**	**0.49**
Additions	0.07	0.02	11.76	-	**11.85**
Disposals	-	-	0.01	-	**0.01**
Gross block as at 31 March 2021	**0.12**	**0.13**	**12.05**	**0.03**	**12.33**
Accumulated depreciation as at 1 April 2020	**0.05**	**0.01**	**0.21**	-	**0.27**
Charge for the year	0.01	0.02	2.65	-	**2.68**
Deduction/other adjustments	-	-	0.01	-	**0.01**
Accumulated depreciation as at 31 March 2021	**0.06**	**0.03**	**2.85**	**-**	**2.94**
Net block as at 31 March 2021	**0.06**	**0.10**	**9.20**	**0.03**	**9.39**

The changes in the carrying value for the year ended 31 March 2021 Amount in INR

	Plant and equipment	Building	Computers and networking equipment	Furniture and fixtures	Total
Gross block as at 1 April 2020	**2.62**	**5.42**	**15.46**	**1.75**	**25.25**
Additions	3.67	1.00	601.55	-	**606.22**
Disposals	-	-	0.73	-	**0.73**
Gross block as at 31 March 2021	**6.29**	**6.42**	**616.28**	**1.75**	**630.74**
Accumulated depreciation as at 1 April 2020	**2.40**	**0.54**	**10.87**	-	**13.81**
Charge for the year	0.34	1.02	135.58	-	**136.94**
Deduction/other adjustments	-	-	0.73	-	**0.73**
Accumulated depreciation as at 31 March 2021	**2.74**	**1.56**	**145.72**	**-**	**150.02**
Net block as at 31 March 2021	**3.55**	**4.86**	**470.56**	**1.75**	**480.72**

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

2.2 Goodwill

The following table presents the changes in goodwill based on CGUs for the year ended 31 March 2021.

	Total (NZD)	Total (INR)
Opening balance as at 1 April 2020	**0.38**	**19.44**
Less impairment	-	-
Closing balance as at 31 March 2021	**0.38**	**19.44**

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU), which benefit from the synergies of the acquisition.

Goodwill is tested annually on March 31, for impairment, or sonner, where ever there is an indication that goodwill may be impaired. Impairment is recognised, when the carrying amount of cash generating units (CGU) including goodwill, exceeds the estimated recoverable amount of CGU. The estimated value-in-use of this CGU is based on the future cash flows are forecast for 5 years & then on perpetuity on the basis of certain assumptions which includes revenue growth, earnings before interest and taxes, taxes, capital outflow and working capital requirements. The assumptions are taken on the basis of past trends and management estimates and judgement. Future cash flows are discounted with "Weighted Average Cost of Capital". The key assumptions are as

	As at
	31 March 2021
Growth rate (%)	5%
Terminal growth rate (%)	2%
Pre tax discount rate (%)	9.73

As at 31 March 2021 the estimated recoverable amount of CGU exceeded its carrying amount and accordingly, no impairment was recognized.An analysis of the sensitivity of the computation to a change in key assumptions based on reasonable probability did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

2.3 Intangible assets

The changes in the carrying value for the year ended 31 March 2021 Amount in NZD

	Software	Customer relationships	Total
Gross block as at 1 April 2020	**0.01**	**0.16**	**0.17**
Additions	0.49	-	0.49
Gross block as at 31 March 2021	**0.50**	**0.16**	**0.66**
Accumulated amortization as at 1 April 2020	**0.01**	**0.01**	0.02
Charge for the year	0.28	0.03	0.31
Accumulated amortization as at 31 March 2021	**0.29**	**0.04**	**0.33**
Net block as at 31 March 2021	**0.21**	**0.12**	**0.33**

The changes in the carrying value for the year ended 31 March 2021 Amount in INR

	Software	Customer relationships	Total
Gross block as at 1 April 2020	**0.67**	**8.13**	**8.80**
Additions	24.89	-	24.89
Gross block as at 31 March 2021	**25.56**	**8.13**	**33.69**
Accumulated amortization as at 1 April 2020	**0.67**	**0.62**	**1.29**
Charge for the year	14.27	1.41	15.68
Accumulated amortization as at 31 March 2021	**14.94**	**2.03**	**16.97**
Net block as at 31 March 2021	**10.62**	**6.10**	**16.72**

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

2.4 Other financial assets

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Non - current		
Carried at amortized cost		
Finance lease receivables (refer note 2.25)	6.23	318.97
Security deposits	0.01	0.51
	6.24	319.48
Current		
Carried at amortized cost		
Security deposits	0.01	0.51
Finance lease receivables (refer note 2.25)	15.49	792.72
	15.50	793.23

2.5 Other non- current assets

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Unsecured, considered good		
Others		
Prepaid expenses	1.87	94.94
Deferred contract cost	0.03	1.54
	1.90	**96.48**

2.6 Inventories

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Stock in trade	0.64	32.75
	0.64	**32.75**

2.7 Trade Receivables

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Unsecured, considered good	20.39	1,043.36
Unsecured, considered good-related parties (refer note 2.28)	0.69	35.31
Trade receivables - credit impaired	0.01	0.51
	21.09	**1,079.18**
Impairment allowance for bad and doubtful debts	(0.10)	(5.12)
	20.99	**1,074.06**

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

2.8 Cash and cash equivalents

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Balance with banks		
- in current accounts	0.02	1.02
	0.02	**1.02**

2.9 Other current assets

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Unsecured , considered good		
Advances other than capital advances		
Advance to suppliers	0.61	31.21
Others		
Deferred contract cost	0.01	0.51
Deferred contract cost - related parties (refer note 2.28)	0.20	10.23
Contract assets - related parties (refer note 2.28)	0.40	20.47
Contract assets	4.48	229.24
Prepaid expenses	2.34	119.74
	8.04	**411.40**

2.10 Share capital

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Allotted, called up and fully paid		
46,414 ordinary shares of NZD 1 each	0.05	2.38

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as ordinary shares having a par value of NZD 1 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding at the beginning and at the end of the financial year

	As at
	31 March 2021
Number of shares at the beginning	46,414
Add: shares issued during the year	-
Number of shares at the end	**46,414**

Details of shareholders holding more than 5 % shares in the Company:-

Name of the shareholder	As at	
	31 March 2021	
	No. of shares	% holding in the class
Ordinary shares of NZD 1 each		
HCL Bermuda Limited	46,414	100%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

2.10 Share capital (continued)

Capital management

The primary objective of the company's capital management is to support business continuity and growth of the company while maximizing the shareholder value. The company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated.

2.11 Other financial liabilities

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Current		
Carried at amortized cost		
Accrued salaries and benefits		
Employee bonuses accrued	0.48	24.56
Other employee costs	0.03	1.54
Others		
Liabilities for expenses	2.69	137.65
Liabilities for expenses - related parties (refer note 2.28)	6.87	351.54
Capital accounts payables	2.68	137.40
	12.75	**652.69**

2.12 Provisions

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Non - current		
Provision for leave benefits	1.12	57.31
Current		
Provision for leave benefits	1.43	73.17
	2.55	**130.48**

2.13 Other non-current liabilities

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Contract liability	0.62	31.73
	0.62	**31.73**

2.14 Borrowings

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Short term borrowings		
Unsecured		
Short term loan - related parties (refer note 1 below and note 2.28)	17.15	877.57
Bank Overdraft (refer note 2 below)	12.24	626.32
	29.39	**1,503.89**

Notes

1. The Company entered into unsecured short-term loan facility agreement with HCL America Inc. amounting to USD 12 million. This loan is intended for the Company's working capital requirement and will be payable on demand with interest of LIBOR rate + 100 bps per annum. Unrealised foreign exchange gain on this loan as at 31 March 2021 is NZD 0.01 million (₹ 0.51 million).

2. Bank overdraft is bearing floating interest rate at RBNZ+0.30%.

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

2.15 Trade payables

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Trade payables	3.22	164.77
Trade payables - related parties (refer note 2.28)	2.22	113.60
	5.44	**278.37**

2.16 Other current liabilities

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Contract liability	0.52	26.61
Deferred contract liability-related parties (refer note 2.28)	0.21	10.75
Others		
Withholding and other taxes payable	1.23	62.94
	1.96	**100.30**

2.17 Revenue from operations

	Year ended	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Sale of services	68.46	3,503.50
Sale of hardware and software	21.66	1,108.34
	90.12	**4,611.84**

Note: Please refer note 2.28 for revenue from related parties.

Disaggregate Revenue Information

(a) The disaggregated revenue from contracts with the customers by contract type is as follows:

	Year ended	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Fixed Price	7.77	397.63
Time and material	82.35	4,214.21
	90.12	**4,611.84**

(b) The disaggregated revenue from customers by geographic area based on location of customer is as follows:

	Year ended	
	31 March 2021	31 March 2021
	(NZD)	(₹)
New Zealand	87.74	4,489.79
Rest of World	2.38	122.05
	90.12	**4,611.84**

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

2.18 Other income

	Year ended	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Interest income		
- on customer receivables	0.25	12.79
Exchange differences (net)	0.15	7.68
	0.40	**20.47**

2.19 Changes in inventories of traded goods

	Year ended	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Opening stock	0.11	5.63
Less : Closing stock	0.64	32.75
	(0.53)	**(27.12)**

2.20 Employee benefits expense

	Year ended	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Salaries, wages and bonus	19.87	1,016.75
Contribution to other employee funds	0.20	10.23
	20.07	**1,026.98**

2.21 Finance costs

	Year ended	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Interest		
-on lease liabilities	0.01	0.51
-on loans from banks	0.06	3.07
-on loan from related party (refer note 2.14 and 2.28)	0.01	0.26
Bank charges	0.01	0.51
	0.09	**4.35**

2.22 Other expenses

	Year ended	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Rent	0.08	4.09
Communication costs	0.14	7.16
Travel and conveyance	0.19	9.72
Legal and professional charges	0.21	10.75
Software license fee	1.45	74.20
Provision for doubtful debts / bad debts written off	0.04	2.05
Business promotion	0.02	1.02
Corporate guarantee fees (refer note 2.28)	0.01	0.60
Miscellaneous expenses	0.97	50.23
	3.11	**159.82**

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
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2.23 Tax expense

	Year ended	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Income tax charged to statement of profit and loss		
Current tax	2.03	103.88
Deferred tax charge (credit)	(0.17)	(8.89)
	1.86	**94.99**

Components of deferred tax assets and liabilities

	As at	
	31 March 2021	31 March 2021
	(NZD)	(₹)
Deferred tax assets		
Employee benefit	0.76	38.87
Provision for doubtful debts	0.03	1.41
Others	0.01	0.65
Gross deferred tax assets (A)	0.80	40.93
Deferred tax liabilities		
Depreciation and amortization	0.06	2.60
Gross deferred tax liabilities (B)	0.06	2.60
Net deferred tax assets (A-B)	**0.74**	**38.33**

2.24 Earnings Per Share

The computation of earnings per share is as follows:

	Year ended	
	31 March 2021	
	(NZD)	(₹)
Net profit as per statement of profit and loss for computation of EPS	4.87	249.36
Weighted average number of shares outstanding in calculating of EPS	46,414	46,414
Earnings per share		
- Basic	104.93	5,372.52
- Diluted	104.93	5,372.52

2.25 Leases

The Company's significant leasing arrangements are in respect of leases for office spaces and IT equipments.

The details of the right-of-use asset held by the Company is as follows:

(NZD)	**Buildings**
Balance as at 1 April 2020	**0.38**
Additions	-
Depreciation charge for the year	(0.17)
Balance as at 31 March 2021	**0.21**
(₹)	
Balance as at 1 April 2020	**19.39**
Additions	-
Depreciation charge for the year	(8.67)
Balance as at 31 March 2021	**10.72**

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
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2.25 Leases (continued)

The reconciliation of lease liabilities is as follows:

	Total	
	(NZD)	(₹)
Balance as at 1 April 2020	**0.36**	**18.43**
Additions	-	-
Amounts recognized in statement of profit and loss as interest expense	0.01	0.51
Payment of lease liabilities	(0.16)	(8.19)
Balance as at 31 March 2021	**0.21**	**10.75**

The lease rental expense relating to short-term leases recognized in the statement of profit and loss for the year amounted to NZD 0.08 million (₹ 4.09 million).

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March 2021:

	As at 31 March 2021	
	(NZD)	(₹)
Within one year	0.18	9.10
One to two years	0.04	2.39
Two to three years	-	-
Three to five years	-	-
Thereafter	-	-
Total lease payments	**0.22**	**11.49**
Imputed interest	0.01	0.74
Total lease liabilities	**0.21**	**10.75**

Certain lease agreements include options to terminate or extend the leases. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(b) Company as a lessor

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:

	Total minimum lease payments receivable	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
NZD			
As at 31 March 2021			
Not later than one year	15.78	0.29	15.49
Later than one year and not later than 5 years	6.31	0.08	6.23
	22.09	0.37	21.72
(₹)			
As at 31 March 2021			
Not later than one year	807.44	14.72	792.72
Later than one year and not later than 5 years	322.86	3.89	318.97
	1,130.30	18.61	1,111.69

2.26 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance. The Company's ultimate parent company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and Products & Platforms segments. The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment which is overall a part of the reorganized entity level business segments. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards - 108 "Operating segments".

Revenue disaggregation as per geography has been included in note 2.17.

2.27 Commitments and contingent liabilities

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as on 31 March 2021 is NZD 2.82 million (₹ 144.32 million).

The Company is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. Some of these matters include speculative and frivolous claims for substantial or indeterminate amounts of damages. The Company records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Company believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, results of the Company, or cash flows with respect to loss contingencies for legal and other contingencies as at 31 March 2021.

2.28 Related party transactions

a) Related parties where control exists

Holding company	**Ultimate holding company**
HCL Bermuda Limited	HCL Technologies Limited

b) Related parties with whom transactions have taken place during the year

Holding company	**Ultimate holding company**
HCL Bermuda Limited	HCL Technologies Limited

Fellow Subsidiaries

HCL Technologies Egypt Limited	HCL (Ireland) Information Systems Limited
HCL Sweden AB	HCL Axon Solutions(Shanghai) Co.Ltd Wuxi Brancl
HCL Technologies Sweden AB	HCL Technologies Germany Gmbh
HCL Technologies UK Limited	HCL Latin America Holding, LLC, Panama Branch
Axon Solutions Limited	HCL Axon Solutions (Shanghai) Co. Ltd
HCL Japan Limited	PT HCL Technologies Indonesia Limited
HCL Guatemala, Sociedad Anónima	HCL Technologies Denmark Aps
HCL Mexico S. de R.L.	HCL Technologies Beijing Co. Ltd.
HCL Technologies Limited, Russia Branch	HCL Technologies (Shanghai) Limited
HCL Australia Services Pty. Limited	HCL Technologies Columbia S.A.S.
HCL Technologies Malaysia Sdn. Bhd. .	HCL Technologies Lithuania UAB
HCL America Inc.	HCL Technologies Lanka Pvt Ltd

HCL (New Zealand) Limited
Notes to special purpose financial statements for the year ended 31 March 2021
(All amounts are in millions , except stated otherwise)

2.28 Related party transactions (continued)

Fellow Subsidiaries (continued)

HCL Singapore Pte. Limited
HCL Istanbul Bilisim Teknolojileri Limited Sirketi
HCL Great Britain Limited
HCL Technologies Philippines, Inc
HCL Technologies Limited - ME Branch
HCL Technologies Middle East FZ- LLC - Mainland Dubai Branch
HCL Technologies (PTY) Limited
HCL Technologies France SAS
HCL (Brazil) Technologia da informacao EIRELI
HCL Canada Inc.
HCL Technologies Belgium BVBA
HCLTechnologisLimited,organozacni slozka
HCL Technologies Limited, Swiss Branch.
HCL Technologies Norway AS
HCL Technologies Middle East FZ-LLC
HCL Technologies Czecj Republic s.r.o.
HCL Argentina s.a.
HCL Technologies Sweden AB
HCL Technologies South Africa (Proprietary) Limited
HCL Hong Kong SAR Limited
HCL Technologies B.V.
HCL Technologies Finland Oy
HCLTechnologiesLtd .Sucursal EM Portugal
HCL Technologies Vietnam Company Limited
HCL Technologies Luxembourg S.a.r.l
HCL Latin America Holding, LLC, Costa R
HCL Technologies (Thailand) Limited
HCL America Solutions Inc.
HCL Technologies Limited Ireland
HCL GmbH
HCL Technologies Austria GmbH
HCL Technologies Corporate Services Limited
HCL Asia Pacific Pte. Limited- Korea Branch
HCL Technologies (Taiwan) Ltd.
HCL Technologies Limited - Finland Branch
Filial Espanola De HCL Technoloiges S.L.
HCL Technologies Romania s.r.l.
HCL Arabia LLC

	Transactions with related parties during the normal course of business				
	Revenue from operations	Outsourcing costs	Corporate guarantee fees	Interest expense	Proceeds from borrowings
31 March 2021 (NZD)					
Ultimate holding company	0.79	22.05	-	-	-
Fellow subsidiaries	0.75	8.15	0.01	0.01	17.16
	1.54	**30.20**	**0.01**	**0.01**	**17.16**
31 March 2021 (₹)					
Ultimate holding company	40.63	1,128.35	-	-	-
Fellow subsidiaries	38.15	417.16	0.60	0.26	878.08
	78.78	**1,545.51**	**0.60**	**0.26**	**878.08**

Outstanding balances		
	Trade payables, other financial liabilities and other liabilities	Trade receivables, other financial assets and other assets
31 March 2021 (NZD)		
Ultimate holding company	6.70	1.02
Fellow subsidiaries	19.75	0.27
	26.45	**1.29**
31 March 2021 (₹)		
Ultimate holding company	342.84	52.00
Fellow subsidiaries	1,010.62	14.01
	1,353.46	**66.01**

2.29 Subsequent events

There have been no significant subsequent events since the year ended 31 March 2021 that would have material impact on the statement of financial position of the Company as shown in these financial statements.

2.30 Impact of Covid-19

In view of pandemic relating to COVID-19, the Company has considered and taken into account internal and external information on current estimates in assessing the recoverability of receivables, unbilled receivables, goodwill, intangible assets, other financial assets, impact on revenues and costs and impact on leases. However, the actual impact of COVID-19 on the financial statements may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

As per our report of even date

FOR B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Vimal Chauhan

Vimal Chauhan
Partner
Membership Number: 511230

Gurugram, India
Date : 26 August 2021

For and on behalf of the Board of Directors
of HCL (New Zealand) Limited

Sridharan S

Sundaram Sridharan
Director

Singapore
Date : 26 August 2021

Subramanian Gopalakrishnan

Subramanian Gopalakrishnan
Director

Noida, India
Date : 26 August 2021