# HCL (New Zealand) Limited
# Financial Statements
# for the year ended 31 March 2022

**HCL (New Zealand) Limited**
**Financial statements - 31 March 2022**

**Contents**

**Annual report**

The directors present their report, together with the financial statements, of HCL (New Zealand) Limited ("the Company") for the year ended 31 March 2022.

With the unanimous agreement of all shareholders, the Company has taken advantage of the reporting concessions available to it under section 211(3) of Companies Act 1993.

The directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the Company as at 31 March 2022 and its financial performance for the year ended on that date.

The directors consider that the financial statements of the Company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates and that all relevant financial reporting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The directors consider they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This report is made in accordance with a resolution of directors, pursuant to section 211(1) (k) of the Companies Act 1993.

On behalf of the directors

Sundaram Sridharan
Director
Date: 10 August 2022

Shiv Kumar Walia
Director
Date: 10 August 2022

# Independent Auditor's Report

To the shareholder of HCL (New Zealand) Limited

**Report on the audit of the financial statements**

## Opinion

In our opinion, the financial statements of HCL (New Zealand) Limited (the 'company') on pages 5 to 28:

i. present fairly in all material respects the company's financial position as at 31 March 2022 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2022;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

## Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

## Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error ; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objective is:

- 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 independent 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 ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/

This description forms part of our independent auditor's report.

KPMG

KPMG
Auckland

10 August 2022

## Corporate Information

**Directors**
Mr. Prateek Aggarwal
Mr. Sundaram Sridharan
Mr. Glenn Thomas Merchant
Mr. Shiv Kumar Walia

**Registered office**
HCL (New Zealand) Limited
1st Floor,
79 Taranaki Street,
Wellington 6011, New Zealand

**Principal place of business**
HCL (New Zealand) Limited
1618,Level 16,
Vodafone on the Quay, 157 Lambton Quay,
Wellington, New Zealand

**Bankers**
Citi Bank

**Auditors**
KPMG, a New Zealand Partnership

**Statement of Comprehensive Income**
**For the financial year ended 31 March 2022**

| | Notes | March 2022 $ | March 2021 $ |
|---|---|---|---|
| Revenue from contract with customers | 3 | 78,873,168 | 90,120,475 |
| Other revenue | 3 | 193,975 | 250,169 |
| **Revenue** | | 79,067,143 | 90,370,644 |
| Cost of sales | | (67,214,599) | (78,509,594) |
| **Gross profit** | | 11,852,544 | 11,861,050 |
| Sales and marketing expenses | | (1,872,209) | (1,424,999) |
| Administration and general expenses | | (5,614,252) | (3,609,498) |
| Finance costs | 4 | (296,712) | (97,619) |
| **Profit before income tax** | | 4,069,371 | 6,728,934 |
| Income tax expense | 6 | (1,152,719) | (1,856,184) |
| **Profit after income tax** | | 2,916,652 | 4,872,750 |
| **Net profit for the year** | | 2,916,652 | 4,872,750 |
| Other Comprehensive Income for the year | | - | - |
| **Total Comprehensive income for the year** | | 2,916,652 | 4,872,750 |

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**HCL (New Zealand) Limited**
**Statement of Financial Position**
**As at 31 March 2022**

| | Notes | March 2022 $ | March 2021 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 15,000 | 15,000 |
| Trade and other receivables | 8 | 24,064,492 | 31,588,625 |
| Finance lease receivable | 17(b) | 6,887,359 | 15,491,748 |
| Tax receivable | | 1,061,959 | - |
| Total current assets | | 32,028,810 | 47,095,373 |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 14,623,815 | 9,598,861 |
| Intangible Assets | 10 | 478,545 | 502,885 |
| Right of use asset | 17(a) | 40,681 | 210,176 |
| Deferred tax assets (net) | 11 | - | 734,515 |
| Finance lease receivable | 17(b) | 1,765,019 | 6,233,490 |
| Total non-current assets | | 16,908,060 | 17,279,927 |
| **Total assets** | | 48,936,870 | 64,375,300 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 12 | 20,240,976 | 20,428,424 |
| Short term loan from related entities | 18 | 10,499,364 | 17,150,110 |
| Bank overdraft | 13 | 1,014,478 | 12,237,048 |
| Lease liabilities | 17(a) | 215,702 | 173,618 |
| Provision for employee entitlements | 14 | 1,491,879 | 1,445,330 |
| Tax payable | | - | 911,095 |
| Total current liabilities | | 33,462,399 | 52,345,625 |
| **Non-current liabilities** | | | |
| Lease liabilities | 17(a) | 354,815 | 42,295 |
| Deferred tax liabilities (net) | 11 | 296,650 | - |
| Provision for employee entitlements | 14 | 1,352,578 | 1,433,604 |
| Total non-current liabilities | | 2,004,043 | 1,475,899 |
| **Total liabilities** | | 35,466,442 | 53,821,524 |
| **Net assets** | | 13,470,428 | 10,553,776 |
| **EQUITY** | | | |
| Contributed equity | 15 | 46,414 | 46,414 |
| Reserves | | 346,597 | 346,597 |
| Retained profits | | 13,077,417 | 10,160,765 |
| **Total equity** | | 13,470,428 | 10,553,776 |

*The above statement of financial position should be read in conjunction with the accompanying notes.*

Sundaram Sridharan
Director
Date: 10 August 2022

Shiv Kumar Walia
Director
Date: 10 August 2022

KPMG

| | Contributed Equity $ | Employee Equity Benefit Reserve $ | Retained Earnings $ | Total $ |
|---|---|---|---|---|
| At 31 March 2021 | 46,414 | 346,597 | 10,160,765 | 10,553,776 |
| Profit for the year | - | - | 2,916,652 | 2,916,652 |
| Total comprehensive income for the year | - | - | 2,916,652 | 2,916,652 |
| At 31 March 2022 | 46,414 | 346,597 | 13,077,417 | 13,470,428 |

| | Contributed Equity $ | Employee Equity Benefit Reserve $ | Retained Earnings $ | Total $ |
|---|---|---|---|---|
| At 31 March 2020 | 46,414 | 346,597 | 5,288,015 | 5,681,026 |
| Profit for the year | - | - | 4,872,750 | 4,872,750 |
| Total comprehensive income for the year | - | - | 4,872,750 | 4,872,750 |
| At 31 March 2021 | 46,414 | 346,597 | 10,160,765 | 10,553,776 |

| | Notes | March 2022 $ | March 2021 $ |
|---|---|---|---|
| **Cash Flow from operating activities** | | | |
| Profit for the year before tax | | 4,069,371 | 6,728,934 |
| Depreciation and amortisation | 4 | 5,043,771 | 3,156,887 |
| Assets written off | | 5,927 | - |
| Interest on deferred consideration for business acquisition | 4 | - | 1,557 |
| Interest expense on lease liabilities | 4 | 4,133 | 9,968 |
| Interest on short term borrowings | 4 | 222,695 | 4,510 |
| Unrealised foreign exchange losses | | 247,569 | 34,739 |
| **Change in working capital** | | | |
| Decrease/(Increase) in trade & other receivables | | 20,597,259 | (46,968,237) |
| Increase in trade & other payables | | 506,254 | 16,356,614 |
| (Decrease)/Increase in provision for employee entitlements | | (33,841) | 642,630 |
| **Cash flow from operating activities** | | 30,663,138 | (20,032,398) |
| Tax paid | | (2,094,608) | (1,078,733) |
| **Net cash flow from/(used in) operating activities** | | 28,568,530 | (21,111,131) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 9 | (9,880,817) | (12,295,965) |
| **Net cash flow used in investing activities** | | (9,880,817) | (12,295,965) |
| **Cash flows from financing activities** | | | |
| Interest on deferred consideration for business acquisition | 4 | - | (1,557) |
| (Repayment of)/Proceeds from short term borrowings | 18 | (7,113,344) | 17,156,400 |
| Payment of lease liabilities including interest | 17(a) | (351,799) | (157,424) |
| **Net cash flow (used in)/from financing activities** | | (7,465,143) | 16,997,419 |
| **Net increase/(decrease) in cash and cash equivalents** | | 11,222,570 | (16,409,677) |
| Cash and cash equivalents at the beginning of the financial year | | (12,222,048) | 4,187,629 |
| **Cash and cash equivalents at end of the year** | 7, 13 | (999,478) | (12,222,048) |

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## 1 Corporate information

The financial statements of HCL (New Zealand) Limited ("the Company") for the financial year ended 31 March 2022 were authorized for issue in accordance with a resolution of the directors on 10 August 2022.

HCL (New Zealand) Limited is engaged in a business of providing software-related IT solutions, remote infrastructure management services and business process outsourcing services.

The Company is a limited liability company incorporated and domiciled in New Zealand. The registered office address is 1st Floor, 79 Taranaki Street, Wellington, 6011, New Zealand.

## Summary of significant accounting policies

### (a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Companies Act 1993 and the Financial Reporting Act 2013. The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Whilst the Company has continued to earn profits from operations of NZD 2,916,652 (2021: NZD 4,872,750). The Company has positive net worth amounting NZD 13,470,428 (2021: NZD 10,553,776) as at March 31, 2022. However, the current liabilities of the company exceed its current assets by NZD 1,433,589 as at March 31, 2022 (2021: NZD 5,250,252).

HCL Technologies Limited, 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.

The financial report has been prepared in New Zealand (NZ) dollars in accordance with General Accepted Accounting Practice in New Zealand to the extent described in Note 2(b).

### (b) Statement of Compliance

The financial report is a general purpose financial statements and have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable Financial Reporting Standards.

The Company is eligible and has elected to report in accordance with Tier 2 for-Profit accounting standards on the basis that the Company has no public accountability and is not a large for-profit public-sector entity. The company has elected to report in accordance with New Zealand International Financial Reporting Standards Reduced Disclosure Requirements and has applied disclosure concessions.

### (c) New accounting standards and interpretations

*Changes in accounting policy and disclosures.*

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of the company. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### (d) Foreign currency translation

*(i) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### (e) Revenue recognition

Revenue from contract with customers

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. A 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 applicable taxes, 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.

**(e) Revenue recognition (continued)**

*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 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 ratably 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 estimate standalone selling price by using the expected cost plus a margin approach. We 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 group 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 and generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future are considered as contract fulfillment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs and other upfront fee paid to customer are deferred and classified as Deferred contract cost and amortized to revenue or cost, 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.

**(e) Revenue recognition (continued)**

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 standalone balance sheet. Contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition and right to consideration is not unconditional. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due). A contract liability arises when there is excess billing over the revenue recognized.

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.

<u>Interest income</u>

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**(f) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.
Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax asset against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(g) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or part of the expense item or as part of the cost of acquisition of the assets as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a part of receivables or payables in the balance sheet. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authorities.

**(h) 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. 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 IFRS 16.

Effective 1 April 2019, 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.

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, in the country where the lease was executed. 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 comprehensive income. 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.

**(h) Leases (continued)**

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.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

**(i) Borrowing cost**

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

Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds. HCL (New Zealand) Limited does not currently hold qualifying assets but, if it did, the borrowing cost directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

**(j) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(k) Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect all the receivables. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

**(l) Property, plant and equipment**

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line basis over the estimated useful life of the specific assets as follows:

| Particulars | Useful life |
|---|---|
| Plant and Machinery | 10 years |
| Computers | 5 years |
| Laptops | 3 to 4 years |
| Office Equipment | 4 to5 years |
| Leasehold Improvements | 5 to 7 years |
| Furniture and Fixture | 7 years |

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount.

**(m) 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 recognised in the statement of comprehensive income and when the asset is derecognised.

The intangible assets are amortized over the estimated useful life of the assets as mentioned below except certain Licensed IPRs which include the right to modify, enhance or exploit are amortized in proportion to the expected benefits over the useful life which could range up to 10 years:

| **Particulars** | **Life** |
|---|---|
| Customer relationship | Over 10 years |

Customer related intangibles recognized on acquisition is amortized in the proportion of estimated revenue.

**(n) 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 comprehensive income.

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.

**(o) Goodwill**

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**(p) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

**(p) Impairment of non-financial assets (continued)**

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified; an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**(q) Trade and other payables**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid and arise when the Company becomes obliged to make payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(r) Provisions**

Provisions for legal claims, service warranties and rental obligations are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

**(s) Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settle within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are rates paid or payable.

**(t) Capital management**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management is constantly adjusting the capital structure to take advantage of favorable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**(u) Share capital**

Ordinary shares are classified as equity.

**(v) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

**(w) Current versus non-current classification**

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**(x) Financial Instruments**

**Recognition**

Financial assets and financial liabilities are initially recognized on the balance sheet when the enterprise becomes party to the contractual provisions of the instrument. Recognition is based on the trade date.

**Measurement**

Financial instruments are initially measured at fair value, plus in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

**Cash and cash equivalents**

Cash and cash equivalents are after initial recognition measured at amortised costs. Gains and losses are recognised in profit or loss when the cash and bank balances are derecognised or impaired as well as through the amortisation process. Cash and cash equivalents comprise cash in bank and cash on short notice and money in transit.

**Trade and other receivables**

Trade and other receivables are after initial recognition measured at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in profit or loss when the trade and other receivables are derecognised or impaired as well as through the amortisation process.

**Trade and other payables**

Trade and other payables are classified as financial liabilities originated by the enterprise and are carried after initial recognition at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the trade and other payables are derecognised or impaired as well as through the amortisation process.

**Derecognition**

**(i) Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either;

(a) has transferred substantially all the risks and rewards of the asset, or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the company's continuing involvement is the amount of the transferred asset that the company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**(ii) Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**(y) Cash Dividend**

The Company recognises a liability to pay a dividend when the distribution is authorised and approved by the directors. A corresponding amount is recognised directly in equity.

## 3 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods.

### (a) Critical accounting estimates and assumptions

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

*Revenue recognition*

The Company determines the amount of revenue to be recognised on certain projects in progress based on the estimated amount of work completed in relation to the projects. This estimation is based on management's assessment of costs incurred as well as an estimation of the percentage of the project completed.

*Lease*

As a lessee, the Company has to determine whether or not a contract contains a lease. As a Lessor, the Company has to determine whether the lease should be classified as an operating or finance lease.

| | March 2022 $ | March 2021 $ |
|---|---|---|
| **3 Revenue and other revenue** | | |
| **Revenue** | | |
| Revenue from contract with customers comprises: | | |
| Service income | 75,226,121 | 68,464,630 |
| Sale of goods* | 1,242,110 | 3,050,217 |
| Sale under finance lease | 2,404,937 | 18,605,628 |
| | 78,873,168 | 90,120,475 |
| *Sale of goods comprises of sale of IT hardware items to customers | | |
| **Other revenue** | | |
| Interest income on finance lease | 192,523 | 248,814 |
| Other interest income | 1,452 | 1,355 |
| | 193,975 | 250,169 |
| **Disaggregate Revenue Information** | | |
| The disaggregated revenue from contracts with the customers for the year ended 31 March: | | |
| Contract type | | |
| Fixed price | 63,386,523 | 77,666,068 |
| Time and material | 15,486,645 | 12,454,407 |
| Total revenue from contract with customers | 78,873,168 | 90,120,475 |
| Timing of revenue recognition | | |
| Goods transferred at a point in time | 3,647,046 | 21,655,845 |
| Services transferred over time | 75,226,122 | 68,464,630 |
| Total revenue from contract with customers | 78,873,168 | 90,120,475 |
| **4 Expenses** | | |
| **Profit before income tax includes the following specific expenses:** | | |
| Depreciation and amortisation | 5,043,782 | 3,156,887 |
| Rental expense | 58,776 | 75,264 |
| Net foreign exchange (gain)/losses | 386,101 | (150,057) |
| Employee benefits expense | 18,853,077 | 19,879,047 |
| Superannuation contribution expense | 226,359 | 197,258 |
| **Finance costs:** | | |
| Interest on deferred consideration for business acquisition | - | 1,557 |
| Interest expense on lease liabilities | 4,133 | 9,968 |
| Interest on short term borrowings | 222,695 | 4,510 |
| Commission fees on corporate guarantee | 25,622 | 11,723 |
| Other interest expense | 44,262 | 69,861 |
| **Total finance costs** | 296,712 | 97,619 |
| **5 Remuneration of auditors** | | |
| Current year amount due and receivable by Statutory Auditors | 8,500 | 12,000 |
| | 8,500 | 12,000 |



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| | March 2022 $ | March 2021 $ |
|---|---|---|
| **6 Income tax** | | |
| **(a) Income tax expense** | | |
| The major components of income tax expenses are: | | |
| Current income tax charge | 129,942 | 2,033,480 |
| Deferred tax | 1,024,113 | (136,305) |
| Adjustment in respect of current income tax of previous years | (8,388) | (7,767) |
| Adjustments for deferred tax of prior periods | 7,052 | (33,224) |
| Others | - | - |
| Income tax expense reported in Statement of Comprehensive Income | 1,152,719 | 1,856,184 |
| **(b) Reconciliation of effective tax rate** | | |
| Profit before tax | 4,069,371 | 6,728,934 |
| Income tax @28% (P.Y: 28%) | 1,139,425 | 1,884,102 |
| Permanent difference | 14,631 | 13,073 |
| Adjustment in respect of prior years | (1,336) | (40,991) |
| Aggregate income tax expense | 1,152,719 | 1,856,184 |
| **(c) Imputations credits** | | |
| Imputation credit account balance at 1 April | 3,898,464 | 3,869,251 |
| Tax payments net of refunds | 2,095,400 | 29,213 |
| Balance at 31 March | 5,993,864 | 3,898,464 |
| **7 Cash and cash equivalents** | | |
| Cash at bank and in hand | 15,000 | 15,000 |
| **8 Trade and other receivables** | | |
| Trade receivables | | |
| Unsecured considered good | 15,481,540 | 20,298,285 |
| | 15,481,540 | 20,298,285 |
| Amounts owing by related entities | 2,072,926 | 1,284,899 |
| Unbilled receivables | 2,085,014 | 4,354,764 |
| Contract assets | - | 132,561 |
| Other assets | 4,425,012 | 5,518,116 |
| | 24,064,492 | 31,588,625 |

**Effective interest rates and credit risk**

The Company is not exposed to interest rate risk on these receivable balances as they are non-interest bearing. There is no concentration of credit risk with respect to current receivables as the group has a large number of customers.

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months. Each customer has a maximum credit limit. The Company seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company’s trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. They are stated net of loss allowance.

The Company does not hold any collateral or other credit enhancements over these balances.

Movements in the loss allowance for trade receivables are as follows:

| | March 2022 $ | March 2021 $ |
|---|---|---|
| At the beginning of the year | 98,246 | 57,817 |
| Impairment losses, net | 11,750 | 40,429 |
| Amount written back | - | - |
| At the end of the year | 109,996 | 98,246 |

**Impairment of trade receivables under IFRS 9 for the year ended 31 March 2022 and 31 March 2021**

The Company applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses have also incorporated forward looking information. The loss allowance as at 31 March 2022 and 31 March 2021 is determined as follows:

| **As at 31 March 2022** | **Current** | **Upto 6 months past due** | **Over 6 months past due** | **Total** |
|---|---|---|---|---|
| Expected loss rate (%) | - | - | 82 | 0.71 |
| Gross carrying amount ($) | 12,896,877 | 2,560,768 | 133,891 | 15,591,536 |
| Expected credit losses ($) | 3 | 18 | 109,975 | 109,996 |

| **As at 31 March 2021** | **Current** | **Upto 6 months past due** | **Over 6 months past due** | **Total** |
|---|---|---|---|---|
| Expected loss rate (%) | - | - | 81 | 0.48 |
| Gross carrying amount ($) | 12,535,450 | 7,739,420 | 121,661 | 20,396,531 |
| Expected credit losses ($) | - | - | 98,246 | 98,246 |

**9 Property plant and Equipment**

| | Plant And Machinery | Computer | Laptop | Capital Work in progress IT | Furniture and fixtures | Leasehold Improvements | Total |
|---|---|---|---|---|---|---|---|
| | | | | | | | 31 March 2022 |
| **Cost** | | | | | | | $ |
| At March 31 2021 | 122,810 | 3,525,199 | 9,021,465 | 2,125 | 34,177 | 125,405 | 12,831,181 |
| Acquisition | - | 5,811,492 | 4,009,440 | 10,470 | - | 49,414 | 9,880,817 |
| Adjustments | (4,455) | (17,431) | (87,475) | - | - | - | (109,361) |
| At March 31 2022 | 118,355 | 9,319,260 | 12,943,430 | 12,595 | 34,177 | 174,819 | 22,602,637 |
| **Accumulated Depreciation** | | | | | | | |
| At March 31 2021 | 53,471 | 786,822 | 2,353,039 | - | 8,550 | 30,438 | 3,232,320 |
| Depreciation | 14,630 | 1,774,922 | 3,030,609 | - | 4,882 | 24,893 | 4,849,936 |
| Adjustments | (1,154) | (16,342) | (85,938) | - | - | - | (103,434) |
| At March 31 2022 | 66,947 | 2,545,402 | 5,297,710 | - | 13,432 | 55,331 | 7,978,822 |
| Net Book Value 2022 | 51,408 | 6,773,858 | 7,645,720 | 12,595 | 20,745 | 119,488 | 14,623,815 |

| | Plant And Machinery | Computer | Laptop | Capital Work in progress IT | Furniture and fixtures | Leasehold Improvements | Total |
|---|---|---|---|---|---|---|---|
| | | | | | | | 31 March 2021 |
| **Cost** | | | | | | | $ |
| At March 31 2020 | 51,178 | 178,519 | 136,688 | 42,991 | 34,177 | 105,897 | 549,450 |
| Acquisition | 71,632 | 3,360,914 | 8,884,777 | - | - | 19,508 | 12,336,831 |
| Adjustments | - | (14,234) | - | (40,866) | - | - | (55,100) |
| At March 31 2021 | 122,810 | 3,525,199 | 9,021,465 | 2,125 | 34,177 | 125,405 | 12,831,181 |
| **Accumulated Depreciation** | | | | | | | |
| At March 31 2020 | 46,911 | 115,655 | 109,925 | - | 3,668 | 10,529 | 286,688 |
| Adjustments | - | (14,234) | - | - | - | - | (14,234) |
| Depreciation | 6,560 | 685,401 | 2,243,114 | | 4,882 | 19,909 | 2,959,866 |
| At March 31 2021 | 53,471 | 786,822 | 2,353,039 | - | 8,550 | 30,438 | 3,232,320 |
| Net Book Value 2021 | 69,339 | 2,738,377 | 6,668,426 | 2,125 | 25,627 | 94,967 | 9,598,861 |

## 10 Intangible Assets

| | | | 31 March 2022 |
|---|---|---|---|
| | **Customer relationships** | **Goodwill** | **Total** |
| **Cost** | $ | $ | $ |
| At March 31 2021 | 158,861 | 383,625 | 542,486 |
| At March 31 2022 | 158,861 | 383,625 | 542,486 |
| **Accumulated Amortization** | | | |
| At Mar 31 2021 | 39,601 | - | 39,601 |
| Amortisation | 24,340 | - | 24,340 |
| At March 31 2022 | 63,941 | - | 63,941 |
| Net Book Value 2022 | 94,920 | 383,625 | 478,545 |

| | | | 31 March 2021 |
|---|---|---|---|
| | **Customer relationships** | **Goodwill** | **Total** |
| **Cost** | $ | $ | $ |
| At March 31 2020 | 158,861 | 383,625 | 542,486 |
| At March 31 2021 | 158,861 | 383,625 | 542,486 |
| **Accumulated Amortization** | | | |
| At Mar 31 2020 | 12,079 | - | 12,079 |
| Amortisation | 27,522 | - | 27,522 |
| At March 31 2021 | 39,601 | - | 39,601 |
| Net Book Value 2021 | 119,260 | 383,625 | 502,885 |

## 11 Deferred tax assets

Components of deferred tax assets and liabilities as on 31 March 2022

| | Opening balance $ | Recognized in profit and loss $ | Closing balance $ |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Provision for doubtful debts | 27,509 | 3,290 | 30,799 |
| Provision for Bonus | 80,596 | 9,846 | 90,442 |
| Accrued employee costs | 669,080 | (13,525) | 655,555 |
| Others | 12,776 | 58,365 | 71,141 |
| **Gross deferred tax assets (A)** | **789,961** | **57,976** | **847,937** |
| **Deferred tax liabilities** | | | |
| Depreciation and amortization | 55,446 | 1,089,141 | 1,144,587 |
| Intangibles | - | - | - |
| **Gross deferred tax liabilities (B)** | **55,446** | **1,089,141** | **1,144,587** |
| **Net deferred tax liabilities (B-A)** | **734,515** | **(1,031,165)** | **296,650** |

Components of deferred tax assets and liabilities as on 31 March 2021

| | Opening balance $ | Recognized in profit and loss $ | Closing balance $ |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Provision for doubtful debts | 16,189 | 11,320 | 27,509 |
| Provision for Bonus | 60,865 | 19,731 | 80,596 |
| Accrued employee costs | 543,741 | 125,339 | 669,080 |
| Others | 1,336 | 11,440 | 12,776 |
| **Gross deferred tax assets (A)** | **622,131** | **167,830** | **789,961** |
| **Deferred tax liabilities** | | | |
| Depreciation and amortization | 16,047 | 39,399 | 55,446 |
| Intangibles | 41,099 | (41,099) | - |
| **Gross deferred tax liabilities (B)** | **57,146** | **(1,700)** | **55,446** |
| **Net deferred tax assets (A-B)** | **564,985** | **169,530** | **734,515** |



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| | March 2022 $ | March 2021 $ |
|---|---|---|
| **12 Trade and other payables** | | |
| Trade payables | 1,717,651 | 972,000 |
| Payables to related entities | 8,324,061 | 9,093,499 |
| Accrued Expenses | 8,296,290 | 9,008,608 |
| Contract liability | 1,902,974 | 1,141,593 |
| Contract liability-related entities | - | 212,724 |
| | 20,240,976 | 20,428,424 |
| **13 Bank Overdraft** | | |
| Bank Overdraft | 1,014,478 | 12,237,048 |
| **14 Provision for employee entitlements** | | |
| **(a) Leave encashment** | | |
| Opening balance | 2,555,989 | 1,988,267 |
| Add: Charge during the year | 1,124,756 | 1,070,373 |
| Less: Reversals/payouts | (1,269,219) | (502,651) |
| Closing balance | 2,411,526 | 2,555,989 |
| **(b) Employee bonus** | | |
| Opening balance | 322,945 | 200,653 |
| Add: Charge during the year | 710,193 | 520,731 |
| Less: Reversals/payouts | (600,207) | (398,439) |
| Closing balance | 432,931 | 322,945 |
| | 2,844,457 | 2,878,934 |
| Current portion | 1,491,879 | 1,445,330 |
| Non current portion | 1,352,578 | 1,433,604 |
| | 2,844,457 | 2,878,934 |
| **15 Contributed equity** | | |
| **Share capital** | | |
| (a) Ordinary shares, fully paid | 46,414 | 46,414 |

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

| | March 2022 | March 2021 |
|---|---|---|
| | $ | $ |

**16 Contingencies**

As at 31 March 2022, the Company had no contingent liabilities or assets (FY21 : Nil).

**17 Leases**

**(a) Company as a lessee**

The Company's leasing arrangements are in respect of leases for office spaces only. The details of the right-of-use asset held by the entity is as follows:

| | March 2022 | March 2021 |
|---|---|---|
| **Building** | | |
| At 1 April | 210,176 | 378,929 |
| Additions | - | 746 |
| Depreciation charge for the year | (169,495) | (169,499) |
| At 31 March | **40,681** | **210,176** |

| | March 2022 | March 2021 |
|---|---|---|
| The reconciliation of lease liabilities is as follows: | | |
| At 1 April | 215,913 | 363,369 |
| Additions | 702,270 | - |
| Amounts recognized in statement of comprehensive income as interest expense | 4,133 | 9,968 |
| Payment of Lease Liabilities | (351,799) | (157,424) |
| At 31 March | **570,517** | **215,913** |

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

| | March 2022 | March 2021 |
|---|---|---|
| Not later than one year | 235,957 | 177,750 |
| Between one and three years | 367,518 | 42,563 |
| **Total Lease Payments** | **603,475** | **220,313** |
| Imputed Interest | (32,958) | (4,400) |
| **Total Lease Liabilities** | **570,517** | **215,913** |

**(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 |
|---|---|---|---|
| | $ | $ | $ |
| **As at 31 March 2022** | | | |
| Not later than one year | 7,018,035 | 130,676 | 6,887,359 |
| Later than one year and not later than 5 years | 1,811,001 | 45,982 | 1,765,019 |
| | **8,829,036** | **176,658** | **8,652,378** |
| **As at 31 March 2021** | | | |
| Not later than one year | 15,779,491 | 287,743 | 15,491,748 |
| Later than one year and not later than 5 years | 6,309,472 | 75,983 | 6,233,489 |
| | **22,088,963** | **363,726** | **21,725,237** |



KPMG

| | March 2022 | March 2021 |
|---|---|---|
| | $ | $ |

## 18 Related party transactions

HCL (New Zealand) Limited is a wholly owned subsidiary of HCL Bermuda Limited, incorporated in Bermuda, which in turn is a subsidiary of HCL Technologies Limited (ultimate holding Company), incorporated in India.

The Company had the following material transactions with related parties during the financial year:

| | March 2022 $ | March 2021 $ |
|---|---|---|
| Software development charges received/receivable from HCL Technologies Limited | 551,841 | 793,941 |
| Software development charges received/receivable from other related parties | 1,204,449 | 745,599 |
| Consulting charges paid /payable to HCL Technologies Limited | 25,927,837 | 20,830,161 |
| Consulting charges paid /payable to other related parties | 6,641,294 | 8,152,507 |
| Corporate Guarantee fees paid/payable to other related parties | 25,622 | 11,723 |
| Interest on short term loans paid/payable to other related parties | 222,695 | 4,510 |
| **Outstanding Balances as at 31 March** | | |
| Account owing by HCL Technologies Limited | 1,535,845 | 1,016,159 |
| Account owing by other related entities | 537,081 | 268,740 |
| Payable to HCL Technologies Limited | 7,622,491 | 6,490,632 |
| Payable to other related entities | 701,570 | 2,602,867 |
| Short term loan repayable to related entity | 10,499,364 | 17,150,110 |

## 19 Compensation to key management personnel

Director fees paid to key management personnel is NZD 3,223 (FY21 : NZD 3,210).

Some of the directors and key management personnel of the Company are also directors and key management personnel in other group companies within the HCL group and all of these companies together are viewed as one business unit and their remuneration is paid by the ultimate parent Company. No separate or additional remuneration are paid to these directors for their role as directors of this Company except as mentioned above.

## 20 Events occurring after the balance sheet date

There have been no significant subsequent events since the year ended 31 March 2022 that would have material impact on the statement of financial position of the Company as shown in these financial statements.

## 21 Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 10 August 2022.