S.R. BATLIBOI & CO. LLP
Chartered Accountants

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Golf View Corporate Tower - B
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INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Axon Technologies Inc.

Opinion

We have audited the accompanying special purpose Ind AS financial statements of HCL Axon Technologies Inc. ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS 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 audit opinion on the special purpose Ind AS financial statements.

Responsibility of Management for the special purpose Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these special purpose Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose Ind AS financial statements, management is 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.

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

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Auditor's Responsibilities for the Audit of the special purpose Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose Ind AS 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 SAs 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 special purpose Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 special purpose Ind AS financial statements, including the disclosures, and whether the special purpose Ind AS 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.

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

Other Matter

These special purpose Ind AS financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1(a) to the Ind AS financial statements, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. This report covering the financial statements of the Company for the year ended March 31, 2019 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Per Nilangshu Katriar
Partner
Membership Number: 58814
Place of Signature: Gurugram
Date: June 28, 2019

S.R. BATLIBOI & CO. LLP
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HCL AXON TECHNOLOGIES INC.

STANDALONE FINANCIAL STATEMENTS
For the year ended 31 March 2019 and 31 March 2018

HCL AXON TECHNOLOGIES INC.
Balance Sheet as at 31 March 2019
(All amounts in CAD lakhs, unless otherwise stated)

	Note No.	As at 31-Mar-19 (CAD)	As at 31-Mar-18 (CAD)	As at 31-Mar-19 (Refer note 1 (a)) (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	2.1	18	17	941
(b) Capital work in progress		0	0	0
(c) Other intangible assets	2.2	0	0	0
(d) Financial assets				
(i) Others	2.3	5	2	253
(e) Deferred tax assets (net)	2.24	-	11	-
(f) Other non-current assets	2.4	2	3	105
		25	33	1,299
(2) Current assets				
(a) Inventories	2.5	5	5	266
(b) Financial assets				
(i) Trade receivables	2.6	460	378	23,677
(ii) Cash and cash equivalents	2.7	95	86	4,887
(iii) Loans	2.8	409	372	21,080
(iv) Others	2.3	118	71	6,105
(c) Other current assets	2.9	20	22	1,032
		1,107	934	57,047
TOTAL ASSETS		1,132	967	58,346
II. EQUITY				
(a) Equity share capital	2.10	2	2	107
(b) Other equity		589	523	30,356
TOTAL EQUITY		591	525	30,463
III. LIABILITIES				
(1) Non - current liabilities				
(a) Financial Liabilities				
(i) Others	2.11	0	-	21
(b) Provisions	2.12	3	4	165
(c) Other non-current liabilities	2.13	2	3	106
(d) Deferred tax liabilities (net)	2.24	0	-	12
		5	7	304
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.14	-	99	-
(ii) Trade payables	2.15	343	185	17,648
(iii) Others	2.11	160	102	8,237
(b) Other current liabilities	2.16	25	41	1,267
(c) Provisions	2.12	6	4	307
(d) Current Tax Liabilities (Net)		2	4	120
		536	435	27,579
TOTAL EQUITY AND LIABILITIES		1,132	967	58,346
Summary of significant accounting policies	1			

The accompanying notes are an integral part of financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/ E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 28 JUNE 2019

S.R. BATLIBOI & CO. LLP GURUGRAM

For and on behalf of the Board of Directors of HCL AXON TECHNOLOGIES INC.

C. Vijayakumar
Director

Robin Abrams
Director

Date: 28 JUNE 2019

HCL AXON TECHNOLOGIES INC.

Statement of Profit and Loss for the year ended 31 March 2019

(All amounts in CAD lakhs, unless otherwise stated)

		Note No.	Year ended 31-Mar-19 (CAD)	Year ended 31-Mar-18 (CAD)	Year ended 31-Mar-19 (Refer note 1 (a)) (₹)
I.	**Revenue**				
	Revenue from operations	2.17	1,669	1,488	85,933
	Other income	2.18	32	11	1,627
	Total Income		1,701	1,499	87,560
II	**Expenses**				
	Purchase of stock-in-trade		24	13	1,221
	Changes in inventories of stock-in-trade	2.19	(0)	(1)	(1)
	Employee benefits expense	2.20	558	508	28,739
	Finance costs	2.21	2	5	84
	Depreciation and amortisation expense	2.1 & 2.2	7	6	375
	Outsourcing costs	2.22	953	808	49,075
	Other expenses	2.23	38	86	1,957
	Total expenses		1,582	1,425	81,450
III	**Profit before tax**		119	74	6,110
IV	**Tax Expense**				
	Current tax	2.24	20	24	1,055
	Deferred tax charge (credit)		11	(2)	561
	Total tax expense		31	22	1,616
V	**Profit after tax**		87	52	4,494
	Earnings per equity share in CAD	2.29			
	Basic		872	516	44,945
	Diluted		872	0	44,945
	Summary of significant accounting policies	1			

The accompanying notes are an integral part of financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/ E300005
Chartered Accountants

per Nilanjshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 28. JUNE 2019

S.R. BATLIBOI & CO. LLP GURUGRAM

For and on behalf of the Board of Directors of HCL AXON TECHNOLOGIES INC.

C. Vijayakumar
Director

Robin Abrams
Director

Date: 28 JUNE 2019

HCL AXON TECHNOLOGIES INC.

Statement of changes in equity for the year ended 31 March 2019

(All amounts in CAD lakhs, unless otherwise stated)

CAD

Particulars	Equity share capital		Other equity			
	Shares	Share capital	Reserves and Surplus			Total
			Retained earnings	General Reserve	Securities premium	
Balance as at 1 April 2017	10,000	2	519	(87)	39	471
Profit for the year	-	-	52	-	-	52
Total comprehensive income for the year			52	-	-	52
Balance as at 31 March 2018	**10,000**	**2**	**571**	**(87)**	**39**	**523**
Balance as at 1 April 2018	10,000	2	571	(87)	39	523
Profit for the year			87			87
Redemption of Preference shares			-		(20)	(20)
Total comprehensive income for the year			87	-	(20)	67
Balance as at 31 March 2019	10,000	2	658	(87)	19	589

(₹)

Particulars	Equity share capital		Other equity			
	Shares	Share capital	Reserves and Surplus			Total
			Retained earnings	General Reserve	Securities premium	
Balance as at 1 April 2017	10,000	107	26,748	(4,498)	2,006	24,256
Profit for the year			2,659			2,659
Total comprehensive income for the year			2,659	-	-	2,659
Balance as at 31 March 2018	**10,000**	**107**	**29,407**	**(4,498)**	**2,006**	**26,915**
Balance as at 1 April 2018	10,000	107	29,407	(4,498)	2,006	26,915
Profit for the year			4,494	-	-	4,494
Redemption of Preference shares			-	-	(1,053)	(1,053)
Total comprehensive income for the year			4,494	-	(1,053)	3,441
Balance as at 31 March 2019	10,000	107	33,901	(4,498)	953	30,356

Summary of significant accounting policies 1

The accompanying notes are an integral part of financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/ E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 28 JUNE 2019

For and on behalf of the Board of Directors
of HCL AXON TECHNOLOGIES INC.

C. Vijayakumar
Director

Robin Abrams
Director

Date: 28 JUNE 2019

S.R. BATLIBOI & CO. LLP GURUGRAM

HCL AXON TECHNOLOGIES INC.
Statement of Cash flows
(All amounts in CAD lakhs, unless otherwise stated)

	Year ended 31-Mar-19 (CAD)	Year ended 31-Mar-18 (CAD)	Year ended 31-Mar-19 (Refer note 1 (a)) (₹)
A. Cash flows from operating activities			
Profit before tax	119	74	6,110
Adjustment for:			
Depreciation and amortization	7	6	375
Interest income	(13)	(11)	(673)
Interest expenses	1	5	49
Provision for doubtful debts/(Bad debts written back)	(4)	42	(188)
Other non cash (benefits) charges (net)	(15)	17	(772)
Operating profit before working capital changes	95	133	4,901
Movement in working capital :			
(Increase) decrease in trade receivables	(79)	25	(4,045)
(Increase) decrease in inventories	0	(1)	14
(Increase) decrease in other financial assets and other assets	(37)	12	(1,906)
Increase (decrease) in trade payables	158	(115)	8,098
Increase (decrease) in provisions, other financial liabilities and other liabilities	43	(0)	2,200
Cash generated from operations	180	53	9,262
Direct taxes paid (net of refunds)	(22)	(77)	(1,120)
Net cash flow from operating activities (A)	158	(24)	8,142
B. Cash flows from investing activities			
Proceeds from loans extended to group company	96	94	4,922
Loans extended to group company	(117)	(8)	(6,051)
Purchase of property, plant and equipment and intangibles, including capital work in progress and capital advances	(9)	(6)	(477)
Interest received	3	5	138
Net cash flow used in investing activities (B)	(29)	85	(1,468)
C. Cash flows from financing activities			
Repayment of/Proceeds from capital lease obligations	-	(0)	-
Redemption of preference shares	(120)	-	(6,180)
Interest paid	(0)	(1)	(23)
Net cash flow (used in)/ from financing activities (C)	(120)	(1)	(6,203)
Net increase (decrease) in cash and cash equivalents (A+B+C)	9	60	471
Cash and cash equivalents at the beginning of the year	86	26	4,416
Cash and cash equivalents at the end of the period as per note 2.7	95	86	4,887

Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/ E300005
Chartered Accountants

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 28 JUNE 2019

S.R. BATLIBOI & CO. LLP GURUGRAM

For and on behalf of the Board of Directors of HCL AXON TECHNOLOGIES INC.

C. Vijayakumar
Director

Robin Abrams
Director

Date: 28 JUNE 2019

HCL Axon Technologies Inc.
Notes to financial statements for the year ended 31 March 2019
(All amounts in CAD lakhs, unless otherwise stated)

ORGANIZATION AND NATURE OF OPERATIONS

HCL Axon Technologies Inc. (hereinafter referred to as 'Company') is a Business Transformation Consultancy Company providing medium and large size organizations with Business Transformation solutions that encompass all elements of business consulting, solution implementation and ongoing application management. The Company also provides range of software services and infrastructure services. The Company was incorporated on July 1, 2012 in Winnipeg (Canada) having its registered office at 55 City Centre Drive, Unit# 303, Mississauga Ontario, L5B 1M3, Canada.

The financial statements for the year ended 31 March 2019 were approved and authorized for issue by the Board of Directors on 28 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under 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 to the financial statements. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

As the Company is not domiciled in India and hence not registered under Companies Act 2013, these financial statements have not been prepared to fully comply with the Companies Act 2013, and so they do not reflect all the disclosures requirements of the Act.

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).

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.

The functional currency of the Company is CAD. The translation from CAD to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of CAD 1 = ₹ 51.50/- the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the amount represents, or have been or could be converted into, CAD at that or any other rate.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon 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. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivable, income taxes, future obligations under employee benefit plans, the useful lives of property, plant and equipment and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

c) Foreign currency and translation

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional 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.

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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 relevant functional currencies using the exchange rate in effect on the date of the transaction.

d) 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.

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 methodology.

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.

e) Revenue recognition

Adoption of new accounting principles

Effective 1 April 2018, the Company has adopted Ind AS 115 using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information is not restated in the financial statement. The adoption of the standard did not have any material impact to the financial statements of the Company.

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 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, ERP 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.

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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.

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 fulfillment 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).

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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.

f) 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 this case it is recognized in equity. 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.

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 or substantively 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 period 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.

g) 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.

All other 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 period 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.

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

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

Asset description	Asset life (in years)
Office equipment's	5
Computers	4-5

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

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The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

h) Intangibles assets

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation 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 or loss when the asset is derecognized.

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

Asset description	Asset life (in years)
Software	3

i) Leases

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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 period in which they are earned.

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 net investment in the leased assets. 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.

j) Inventory

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. 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.

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Cost of stock in trade procured for specific projects is assigned by identification of 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.

k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of 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.

l) Impairment of non-financial assets

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 assets exceeds the estimated recoverable amount of the asset.

m) 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 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. Actuarial gain/loss are directly taken to the statement of profit and loss and not deferred. The expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

ii. The Company and employees contribute to the social security scheme in accordance with the local statutory requirements to the RRSP (Registered Retirement Savings Plan) governed by The Federal Income Tax Act and administered by Canada Revenue Agency. Contributions are charged to income in the period in which they accrue.

n) 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 the 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 short-term deposits

Cash and short-term deposits in the balance sheet comprise cash in banks and cheques in hand, 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

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losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, loans, unbilled receivables, trade and other receivables.

Derecognition of financial assets

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Group 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 the statement of profit and loss.

(ii) Financial liabilities

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.

The Company's financial liabilities include trade and other payables, loans and borrowings.

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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

o) 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.

p) Nature and purpose of reserves

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

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Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares and buyback of shares in accordance with the provisions of the Companies Act, 2013.

q) Recently issued accounting pronouncements

Ind AS 116 - Leases

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

2. Notes to financial statements

2.1 Property, Plant and Equipment

The changes in the carrying value for the year ended 31 March 2019

Particulars	Office Equipment	Computers	Total
Gross Block as at 1 April 2018	0	26	27
Additions	0	8	8
Deletions	-	0	0
Gross Block as at 31 March 2019	**1**	**34**	**35**
Accumulated Depreciation as at 1 April 2018	0	9	9
Charge for the year	0	7	7
Deletions	-	0	0
Accumulated Depreciation as at 31 March 2019	**0**	**17**	**17**
Net Block as at 31 March 2019	**1**	**17**	**18**
Net Block as at 31 March 2018	**0**	**17**	**17**

(₹) in lakhs

Particulars	Office Equipment	Computers	Total
Gross Block as at 1 April 2018	18	1,361	1,379
Additions	23	414	437
Deletions	-	0	0
Gross Block as at 31 March 2019	**41**	**1,775**	**1,816**
Accumulated Depreciation as at 1 April 2018	7	494	501
Charge for the year	8	366	374
Deletions	-	0	0
Accumulated Depreciation as at 31 March 2019	**15**	**860**	**875**
Net Block as at 31 March 2019	**26**	**915**	**941**
Net Block as at 31 March 2018	**11**	**867**	**878**

The changes in the carrying value for the year ended 31 March 2018

Particulars	Office Equipment	Computers	Total
Gross Block as at 1 April 2017	0	20	21
Additions	0	6	6
Gross Block as at 31 March 2018	0	26	27
Accumulated Depreciation as at 1 April 2017	0	4	4
Charge for the year	0	5	5
Accumulated Depreciation as at 31 March 2018	0	9	9
Net Block as at 31 March 2018	0	17	17

2.2 Intangible Assets

The changes in the carrying value for the year ended 31 March 2019

Particulars	Software	Total
Gross Block as at 1 April 2018	2	2
Additions	-	-
Gross Block as at 31 March 2019	2	2
Accumulated amortization as at 1 April 2018	2	2
Charge for the year	0	0
Accumulated amortization as at 31 March 2019	2	2
Net Block as at 31 March 2019	0	0
Net Block as at 31 March 2018	0	0

(₹) in lakhs

Particulars	Software	Total
Gross Block as at 1 April 2018	89	89
Additions	-	-
Gross Block as at 31 March 2019	89	89
Accumulated amortization as at 1 April 2018	88	88
Charge for the year	1	1
Accumulated amortization as at 31 March 2019	89	89
Net Block as at 31 March 2019	0	0
Net Block as at 31 March 2018	1	1

The changes in the carrying value for the year ended 31 March 2018

Particulars	Software	Total
Gross Block as at 1 April 2017	2	2
Additions	0	0
Gross Block as at 31 March 2018	2	2
Accumulated amortization as at 1 April 2017	1	1
Charge for the year	1	1
Accumulated amortization as at 31 March 2018	2	2
Net Block as at 31 March 2018	0	0

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2.3 Other financial assets

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹)in lakhs
Non-Current			
Security Deposits	0	0	13
Finance lease receivables (refer note 2.26 (ii))	5	2	240
	5	**2**	**253**
Current			
Security deposits	1	1	47
Finance lease receivables (refer note 2.26 (ii))	6	1	315
Unbilled receivables (previous year : Unbilled revenue)	68	49	3,505
Unbilled receivables-related parties (refer note 2.28(d))	22	11	1,153
Contract assets	2	-	105
Interest receivable-related parties (refer note 2.28(d))	19	9	980
	118	**71**	**6,105**

2.4 Other non-current assets

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Unsecured considered good unless otherwise stated			
Prepaid expenses	0	1	10
Deferred contract asset (previous year : Deferred cost)	2	2	95
	2	**3**	**105**

2.5 Inventories

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Stock in trade	5	5	266
	5	**5**	**266**

2.6 Trade receivables

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Unsecured, considered good	461	381	23,732
Trade receivables which have significant increase in credit risk	2	11	88
Trade Receivables - credit impaired	-	31	-
	463	**423**	**23,820**
Impairment allowance for bad and doubtful debts			
-Unsecured, considered good	(1)	(3)	(38)
-Trade receivables which have significant increase in credit risk	(2)	(11)	(105)
-Trade receivables - credit impaired	-	(31)	-
	460	**378**	**23,677**

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Note:

1. Trade receivables include receivables from related parties amounting to CAD 141 lakhs (₹7,276 lakhs), (previous year: CAD 75 lakhs).

2.7 Cash and bank balances

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Balance with banks			
- in current accounts	95	85	4,887
Cheques in hand	-	1	-
	95	**86**	**4,887**

2.8 Financial assets – Loans

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Unsecured, considered good			
Loans to related party (refer note 2.28(d))	409	372	21,080
	409	**372**	**21,080**

2.9 Other Current assets

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹)in lakhs
Unsecured , considered good			
Advances other than capital advances			
Advance to employees	1	1	37
Deferred contract asset (previous year : Deferred cost)	2	1	121
Deferred contract cost-related parties (refer note 2.28(d))	10	7	516
Prepaid Expenses	5	6	246
Prepaid Expenses-related parties (refer note 2.28(d))	0	0	20
Others	2	6	92
	20	**22**	**1,032**
Unsecured , considered doubtful			
Loans and advances to others	1	1	55
	1	**1**	**55**
Less: Provision for doubtful advances	(1)	(1)	(55)
	20	**22**	**1,032**

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2.10 Share Capital

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹)in lakhs
Authorized			
Equity Shares	-	-	-
Issued, subscribed and fully paid up equity shares			
10,000 equity shares (no specified par value) (refer note 1 below)	2	2	107
	2	2	107

Note:

1. The Company has one class of shares referred to as equity having no par value. Each holder of equity shares is entitled to one vote per share.

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period

	As at			
	31 March 2019		31 March 2018	
	No. of shares	CAD	No. of shares	CAD
Number of shares at the beginning	10000	2	10,000	2
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	10000	2	10,000	2

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

	As at			
	31 March 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of CAD 20.7316, fully paid				
HCL Bermuda Limited, Bermuda	9,999	100%	9,999	99.99%

As per the records of the Company, including its register of shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

c) There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back during the period of five years immediately preceding the reporting date.

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2.11 Other financial liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Non-Current			
Employee bonuses accrued	0	-	21
	0	-	21
Current			
Capital accounts payables	1	2	55
Accrued Salary & benefits			
Employee bonuses accrued	16	9	800
Other employee costs	7	4	335
Other liabilities			
Liabilities for expenses	76	74	3,890
Liabilities for expenses - related parties (refer note 2.28(d))	61	13	3,157
	160	**102**	**8,237**

2.12 Provisions

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹)in lakhs
Non-Current			
Provision for compensated absences	3	4	165
	3	**4**	**165**
Current			
Provision for compensated absences	6	4	307
	6	**4**	**307**

2.13 Other non-current liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹)in lakhs
Contract liabilities (previous year: Revenue received in advance)	2	3	106
	2	**3**	**106**

2.14 Borrowings

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹)in lakhs
Unsecured			
7.5% non-cumulative convertible preference shares	-	99	-
	-	**99**	**-**

Note:
The Company has redeemed the preference shares during the year of CAD 120 lakhs. The 7.5% non-cumulative convertible preference shares as of March 2019 and March 2018 is Nil and CAD 99 lakhs respectively.

2.15 Trade Payables

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Trade payables others	21	19	1,059
Trade payables - related parties (refer note 2.28(d))	322	166	16,589
	343	**185**	**17,648**

2.16 Other current liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹)in lakhs
Other Current liabilities			
Advance received from customers	-	1	-
Contract liabilities (previous year: Revenue received in advance)	9	29	445
Withholding and other taxes payable	16	11	822
	25	**41**	**1,267**

2.17 Revenue from operations

	Year ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹)in lakhs
Sale of hardware and software	26	11	1,333
Sale of services	1,643	1,477	84,600
	1,669	**1,488**	**85,933**

2.18 Other Income

	Year ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Interest income -related parties (refer note 2.28(d))	13	11	673
Bad debts written back	4	-	188
Exchange differences (net)	15	-	766
	32	**11**	**1,627**

2.19 Changes in inventories of stock-in-trade

	Year ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Opening stock	5	4	281
Closing stock	(5)	(5)	(282)
	(0)	**(1)**	**(1)**

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2.20 Employee benefit expenses

	Year ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Salaries, wages and bonus	528	504	27,188
Contribution to employee benefits	30	3	1,535
Staff welfare expenses	0	1	16
	558	**508**	**28,739**

2.21 Finance cost

	Year ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Interest			
-on loan from bank	0	1	19
-others	1	0	30
-on borrowings	-	4	-
Bank charges	1	0	35
	2	**5**	**84**

2.22 Outsourcing cost

	Year ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Outsourcing Cost	262	219	13,479
Outsourcing Cost-related parties (refer note 2.28(c))	691	589	35,596
	953	**808**	**49,075**

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2.23 Other expenses

	Year ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Rent	2	5	128
Power and fuel	1	1	30
Insurance	1	1	37
Repairs and maintenance			
- Buildings	0	0	1
- Others	2	0	93
Communication costs	3	3	170
Travel and conveyance	18	11	952
Business promotion	1	-	34
Legal and professional charges	8	8	388
Recruitment, training and development	1	0	59
Provision for doubtful debts/ bad debts	-	42	-
Exchange differences (net)	-	14	-
Miscellaneous expenses	1	1	65
	38	**86**	**1,957**

2.24 Income Taxes

	Year ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Income tax charged to statement of profit and loss			
Current Income Tax Charge	20	24	1,055
Deferred tax charge (credit)	11	(2)	561
	31	**22**	**1,616**

The reconciliation between the Company's provision for income tax and amount computed by applying the statutory income tax rate in Canada is as follows:

	Year ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Profit before income tax	119	74	6,110
Statutory tax rate in Canada	26.50 %	26.50%	26.50%
Expected tax expense	32	20	1,629
Permanent Difference	0	1	4
Prior period adjustment	-	2	-
Reversal of prior year provision	(0)	-	(5)
Others	(0)	(1)	(12)
Total taxes	**31**	**22**	**1616**
Effective income tax rate	**26.28%**	**30.11%**	**26.28%**

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HCL Axon Technologies Inc.
Notes to financial statements for the year ended 31 March 2019
(All amounts in CAD lakhs, unless otherwise stated)

Components of deferred tax assets and liabilities as on 31 March 2019

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Accrued employee costs	4	0	4
Others	9	(8)	1
Gross deferred tax assets (A)	**13**	**(8)**	**5**
Deferred tax liabilities			
Depreciation and amortization	2	0	2
Others	0	3	3
Gross deferred tax liabilities (B)	**2**	**3**	**5**
Net deferred tax assets (A-B)	**11**	**(11)**	**(0)**

(₹) in lakhs

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Accrued employee costs	189	3	192
Others	455	(432)	23
Gross deferred tax assets (A)	**644**	**(429)**	**215**
Deferred tax liabilities			
Depreciation and amortization	95	8	103
Others	-	125	125
Gross deferred tax liabilities (B)	**95**	**132**	**227**
Net deferred tax assets (A-B)	**549**	**(561)**	**(12)**

Components of deferred tax assets and liabilities as on 31 March 2018

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Accrued employee costs	4	(0)	4
Others	9	(0)	9
Gross deferred tax assets (A)	**13**	(0)	**13**
Deferred tax liabilities			
Depreciation and amortization	1	1	2
Others	3	(3)	0
Gross deferred tax liabilities (B)	**4**	(2)	**2**
Net deferred tax assets (A-B)	**9**	**2**	**11**

2.25 Financial Instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2019 is as follows:

	Amortized cost	Total Carrying Value
Financial Assets		
Trade receivables	460	460
Cash and cash equivalents	95	95
Loans	409	409
Others	123	123
Total	**1,087**	**1,087**
Financial Liabilities		
Trade payables	343	343
Others	160	160
Total	**503**	**503**

The carrying value of financial instruments by categories as at 31 March 2019 is as follows:

(₹) in lakhs

	Amortized cost	Total Carrying Value
Financial Assets		
Trade receivables	23,677	23,677
Cash and cash equivalents	4,887	4,887
Loans	21,080	21,080
Others	6,358	6,358
Total	**56,002**	**56,002**
Financial Liabilities		
Trade payables	17,648	17,648
Others	8,258	8,258
Total	**25,906**	**25,906**

The carrying value of financial instruments by categories as at 31 March 2018 is as follows:

	Amortized cost	Total Carrying Value
Financial Assets		
Trade receivables	378	378
Cash and cash equivalents	86	86
Loans	372	372
Others	73	73
Total	**909**	**909**
Financial Liabilities		
Borrowings	99	99
Trade payables	185	185
Others	102	102
Total	**386**	**386**

(b) Financial risk management

The Company is exposed to market risk and credit risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks.

The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

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Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's operations.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency and foreign currency forecasted revenue and cash flows. A significant portion of the Company revenue and cost is in USD, CNY, PHP and Pound Sterling (GBP). The fluctuation in exchange rates in respect to the CAD may have potential impact on the statement of profit and loss and other comprehensive income and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately CAD 4 lakhs for the year ended 31 March, 2019.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March 2019, 31 March 2018 in major currencies is as below:

	Net Financial Assets		Net Financial Liabilities	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD/CAD	507	422	-	-
CNY/CAD	7	9	-	-
AUD/CAD	4	2	2	1
PHP/CAD	-	-	13	9
GBP/CAD	0	-	1	2

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in the market interests rate arises on loans given with floating interest rate.

Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled revenue, finance lease receivables. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

The customers of the Company are primarily corporations based in the United States of America and Europe and accordingly, trade receivables and finance lease receivables are concentrated in the respective countries. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables.

The allowance for lifetime expected credit loss on customer balances is as below:

	As at		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Balance at the beginning of the year	45	3	2,325
Additional provision during the year	2	45	81
Deductions on account of write offs and collections	44	3	2,262
Balance at the end of the year	3	45	144

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Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

2.26 Leases

i) Operating Leases: In case assets taken on lease

The Company leases office spaces under operating lease agreements. The lease rental expense recognised in the statement of profit and loss account for the year is CAD 2 (₹128 lakhs) (previous year CAD 5).

Future minimum lease payments and payment profile of non-cancellable operating leases are as follows:

	Year ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
Not later than one year	2	1	108
Later than one year but not later than five years	4	0	184
Total	**6**	**1**	**292**

ii). Finance Leases: In case of assets given on lease

The Company has given IT equipment's to its customers on finance lease basis. The future lease payment receivables in respect of assets given on finance lease are as follows:

	Total minimum lease payments outstanding	Interest included in minimum lease payments	Present value of minimum lease payments
31 March 2019			
Not later than one year	6	0	6
Later than one year but not later than five years	5	0	5
	11	**0**	**11**
31 March 2018			
Not later than one year	1	0	1
Later than one year but not later than five years	3	0	2
	4	**0**	**3**
31 March 2019 (₹) in lakhs			
Not later than one year	324	9	315
Later than one year but not later than five years	258	18	240
	582	**27**	**555**

2.27 Segment reporting

The Company's operations predominantly relate to providing a range of IT services targeted at Global 2000 companies spread across America, Europe & Rest of the World. IT services include software services & IT infrastructure management services. Within software services, the Company provides application development & maintenance, enterprise application, next generation SAAS (Software As A Service) application services and engineering and R&D (Research and Development) services to several global customers. Infrastructure management services involve managing customer's IT assets effectively.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance by business segment, comprising software services, infrastructure management services and business process outsourcing services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting. The CODM assesses the performance of the operating segments based on a measure of segment earnings.

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The Company has three geographic segments: America, Canada and Rest of the world.

Segment accounting policies
The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in note 1 to the financial statements on significant accounting policies. The accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses
Segment revenue is directly attributable to the segment and segment expenses have been allocated to various segments on the basis of specific identification. However, segment revenue does not include other income. Segment expenses do not include finance cost.

b) Segment assets and liabilities
Assets and liabilities are not identified to any reportable segments, since these are increasingly used interchangeably across segments and consequently, the management believes that it is not practicable or meaningful to provide segment disclosures relating to assets and liabilities.

Segment revenue from customers by geographic area based on location of the customer is as follows:

Particulars	Year Ended		
	31 March 2019	31 March 2018	31 March 2019 (Refer note 1(a)) (₹) in lakhs
America	269	240	13,878
Canada	1,350	1,228	69,546
Others	49	20	2,509
Total	**1,669**	**1,488**	**85,933**

Financial information about the business segments for the year ended 31 March 2019 is as follows:

	Software services	Business process outsourcing services	IT Infrastructure services	Segment Total
Segment Revenues	621	169	879	1,669
Segment results	39	8	42	89
Unallocated corporate expenses				
Finance cost				(2)
Other income				19
Interest income				13
Net profit before taxes				**119**
Tax expense				31
Net profit after taxes				**87**
Significant non-cash adjustments				
Depreciation	1	-	6	7
Provision/written off for doubtful debts and advances				(4)

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(₹) in lakhs

	Software services	Business process outsourcing services	IT Infrastructure services	Segment Total
Segment Revenues	31,992	8,686	45,255	85,933
Segment results	1,988	407	2,173	4,567
Unallocated corporate expenses				
Finance cost				(84)
Other income				954
Interest income				673
Net profit before taxes				**6,110**
Tax expense				1,616
Net profit after taxes				**4,494**
Significant non-cash adjustments				
Depreciation				375
Provision/written off for doubtful debts and advances				(188)

Financial information about the business segment for the year ended 31 March 2018 is as follows:

	Software services	Business process outsourcing services	IT Infrastructure services	Segment Total
Segment Revenues	580	140	768	1,488
Segment results	(3)	(5)	76	68
Unallocated corporate expenses				
Finance cost	-	-	-	(5)
Other income	-	-	-	0
Interest income	-	-	-	11
Net profit before taxes	-	-	-	**74**
Tax expense	-	-	-	22
Net profit after taxes	-	-	-	**52**
Significant non-cash adjustments				
Depreciation	1	-	5	6
Provision/written off for doubtful debts and advances				42

2.28 Related party transactions

a) Related parties where control exists

Ultimate holding Company

HCL Technologies Limited

Holding Company

HCL Bermuda Limited, Bermuda

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

Ultimate holding Company

HCL Technologies Limited

Fellow subsidiaries

HCL America Inc.

Axon Solutions Limited

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HCL GmbH

HCL Australia Services Pty Limited

HCL Technologies Philippines Inc.

HCL Great Britain Limited

HCL (Brazil) Technologia Da Informacao Ltd

HCL Netherlands B.V.

Axon Solutions (Shanghai) Co. Limited

HCL Japan Limited

HCL Technologies UK Limited

HCL Technologies Sweden AB

HCL Technologies South Africa (Proprietary) Limited

HCL Axon Malaysia Sdn Bhd

HCL America Solutions Inc.

HCL Axon Sol. (Shanghai) Co., Ltd., Beijing Branch

HCL (Ireland) Information Systems Limited

HCL Technologies (Thailand) Ltd.

HCL Technologies (Shanghai) Ltd.

HCL Technologies Belgium BVBA

HCL Technologies Colombia SAS

HCL Technologies Germany GmbH

HCL Technologies Italy S.p.A.

HCL Technologies Norway AS

HCL Technologies Sweden (IOMC)

HCL Technologies, S.A.

Powerteam, LLC.

HCL Belgium N.V

HCL Hong Kong SAR Limited

PT. HCL Technologies Indonesia Limited

HCL Axon (Pty) Limited

HCL Technologies Corporate Services Limited

HCL Sweden AB

HCL Technologies Romania s.r.l

HCL Saudi Arabia LLC

HCL Argentina s.a.

HCL Poland SP.z o.o.

HCL Technologies Denmark Aps

Filial Espanola De HCL Technologies, S.L.(HCL Spain)

HCL Technologies Sollutions GmBh (fly Axon Soltns Schz GmbH)

HCL Technologies Vietnam Company Limited

Point to Point Products Limited

HCL İstanbul Bilişim Teknolojileri Limited Şirketi

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HCL Technologies Czech Republic S.R.O.

HCL Technologies Middle East FZ- LLC

HCL (New Zealand) Limited

HCL Technologies Finland Oy

Geometric China, Inc.

HCL Hungry

HCL Italy SLR

HCL Mexico

HCL Singapore Pte. Limited, Singapore

HCL Technologies BV

c) Transactions with related parties:

Transactions with related parties during the normal course of business	Ultimate Holding Company		Fellow Subsidiaries	
	Year ended			
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Revenue from operations	74	43	228	246
Consulting Charges	486	440	205	149
Interest Income	-	-	13	11
Insurance	0	0	-	-
Short term loan given	-	-	117	8
Repayment of short term loan given	-	-	96	94

(₹) in lakhs

Transactions with related parties during the normal course of business	Ultimate Holding Company	Fellow Subsidiaries
	Year ended 31 March 2019	
Revenue from operations	3,832	11,725
Consulting Charges	25,009	10,587
Interest Income	-	673
Insurance	23	-
Short term loan given	-	6,051
Repayment of short term loan given	-	4,922

d) Outstanding balances with related parties:

Outstanding balances	Ultimate Holding Company		Fellow Subsidiaries	
	As at			
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade Receivable	11	4	130	71
Prepaid Expenses	0	0	-	-
Deferred contract asset	10	7	-	-
Unbilled receivables	15	11	7	-
Trade payables	262	136	60	30
Interest Receivable	-	-	19	9
Liability for expenses	61	13	-	-
Loans and Advances	-	-	409	372

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HCL Axon Technologies Inc.
Notes to financial statements for the year ended 31 March 2019
(All amounts in CAD lakhs, unless otherwise stated)

(₹) in lakhs

Outstanding balances	Ultimate Holding Company	Fellow Subsidiaries
	As at 31 March 2019	
Trade Receivable	579	6,697
Prepaid Expenses	20	-
Deferred contract asset	516	-
Unbilled receivables	784	369
Trade payables	13,502	3,087
Interest Receivable	-	980
Liability for expenses	3157	-
Loans and Advances	-	21,080

2.29 Earning per share

Particulars	Year Ended		
	31 March 19	31 March 18	31 March 19(Refer note 1(a)) (₹) in lakhs
	CAD	CAD	INR
Net Profit as per Statement of Profit and Loss for computation of EPS	87	52	4,494
Weighted average number of equity shares outstanding in calculating Basic EPS	10,000	10,000	10,000
Equivalent numbers of equity shares for convertible preference shares	-	12,000,000	-
Weighted average number of equity shares outstanding in calculating Basic EPS	10,000	12,010,000	10,000
Earnings per equity share			
- Basic	872	516	44,945
- Diluted	872	0	44,945

As per our report of even date

FOR S.R. BATLIBOI & CO. LLP
ICAI Firm Registeration Number: 301003E/E300005
Chartered Accountants

Per Nilangshu Katriar
Partner
Membership Number: 058814
Gurugram, India
Date: 28 JUNE 2019

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For and on behalf of Board of Directors of HCL Axon Technologies Inc.

C. Vijayakumar
Director

Robin Abrams
Director

Date: 28 JUNE 2019