HCL Australia Services Pty Limited

ABN 72 081 196 983

General Purpose Annual Financial Report for the financial year ended 31 March 2019

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General Purpose Annual Financial Report 31 March 2019

Contents

Directors' report

Your directors submit their report for the year ended 31 March 2019.

Directors

The following persons were directors of HCL Australia Services Pty Limited ("the Company") and its 100% subsidiary Axon Solutions Pty Limited ("the Group") during the financial year and up to the date of this report:

Mr. Anil Kumar Chanana (resigned on 31 December 2018)
Mr. Prateek Aggarwal (appointed on 31 December 2018)
Mr. Sundaram Sridharan
Mr. Subramanian Gopalakrishnan
Mr. Glenn Merchant

Principal activities

The principal activity of the Group during the course of the financial year was to provide value added software services to clients.
There were no significant changes in the nature of the activities of the Group during the financial year ended 31 March 2019.

Dividends

Dividend of $ 13,000,000 was paid in the financial year 31 March 2019

Review of operations

The consolidated profit after tax for the financial year ended 31 March 2019 is $ 12,505,805 (2018 : $ 9,963,407). The Group generated total revenue from services of $ 362,674,034 (2018 : $ 308,743,217) in the current financial year. Trading conditions remained consistent with those experienced in the prior year.

Significant changes in the state of affairs

a) Otherwise stated in point (b), in the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the year under review, not otherwise disclosed in this report or the financial statements.
b) During the year, resolution for the liquidation of its 100% subsidiary, Axon Solutions Pty Limited, have been passed by the shareholder's and liquidator have been appointed. As at March'19, liquidation is under process, which Management believes will be concluded in the next financial year.

Matters subsequent to the end of the financial year

As stated above in point (b), apart from the liquidation of its subsidiary, Axon Solutions Pty Limited, no matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect:

a) The Group's operations in future financial year, or
b) The results of those operations in future financial year, or
c) The Group's state of affairs in future financial year.

Likely developments and expected results of operations

The Group will continue to pursue its policy of increasing profitability and market share during the next financial year.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Indemnification and insurance of officers

The Group has not, since the end of the previous financial year, in respect of any person who is or has been an officer of the Group:
i) Indemnified or made a relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
ii) Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Indemnification of auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the Terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecific amount). No payment has been made to indemnify Ernst & Young during or since the financial year

Environmental regulation

The Group's operations are not subject to significant environmental regulations under either Commonwealth or State legislation.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of directors

Mr. Sundaram Sridharan
Director

Ernst & Young
121 Marcus Clarke Street
Canberra ACT 2600 Australia
GPO Box 281 Canberra ACT 2601

Tel: +61 2 6267 3888
Fax: +61 2 6246 1500
ey.com/au

Auditor's Independence Declaration to the Directors of HCL Australia Services Pty Limited

As lead auditor for the audit of the financial report of HCL Australia Services Pty Limited for the financial year ended 31 March 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit*;* and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of HCL Australia Services Pty Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
24 June 2019

HCL Australia Services Pty Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 March 2019

	Notes	31 March 2019	31 March 2018
		$	$
Revenue			
Revenue from contract with customers	4	366,349,477	314,130,794
Cost of Sales	6	(316,194,985)	(273,736,574)
Gross Profit		**50,154,492**	**40,394,220**
Other operating expense	5	(75,752)	(131,925)
Selling and distribution expenses	6	(19,922,646)	(15,904,171)
Administrative expenses		(12,186,109)	(9,464,635)
Operating Profit		**17,969,985**	**14,893,489**
Finance income		40	57
Finance costs		(24,914)	(17,450)
Profit before income tax		**17,945,111**	**14,876,096**
Income tax expenses	7	(5,439,306)	(4,912,689)
Profit after income tax		**12,505,805**	**9,963,407**
Other Comprehensive Income for the period (net of Tax)			-
Total Comprehensive income for the year		**12,505,805**	**9,963,407**

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

	Notes	31 March 2019 $	31 March 2018 $
ASSETS			
Current assets			
Cash and cash equivalents	8	-	21,488,560
Trade and other receivables	9	96,490,796	75,718,665
Contract assets		1,225,465	-
Inventories	10	937,862	330,591
Deferred Cost		1,224,982	1,714,843
Total current assets		99,879,105	99,252,659
Non-current assets			
Property, plant and equipment	11	7,518,320	6,798,818
Intangible Assets	12	184,021	260,173
Other Receivables	13	1,087,127	965,249
Deferred Cost		1,208,059	179,905
Deferred tax assets		8,482,578	5,941,213
Total non-current assets		18,480,105	14,145,358
Total assets		**118,359,210**	**113,398,017**
LIABILITIES			
Current liabilities			
Bank Overdraft	14	3,975,362	-
Trade and other payables	15	58,109,986	65,473,079
Contract liabilities	17	1,850,208	1,184,612
Accrued employee costs	16	6,275,707	5,535,743
Income tax payable		3,596,118	1,314,191
Total current liabilities		73,807,381	73,507,625
Non-current liabilities			
Accrued employee costs	16	14,464,673	9,215,253
Contract liabilities	17	-	93,788
Total non-current liabilities		14,464,673	9,309,041
Total liabilities		88,272,054	82,816,666
Net assets		**30,087,156**	**30,581,351**
EQUITY			
Contributed equity	18	500,000	500,000
Reserves	19	1,389,581	1,389,581
Retained profits		28,197,575	28,691,770
Total equity		**30,087,156**	**30,581,351**

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

Sundaram Sridharan
Director
Date: 24th June 2019

Subramanian Gopalakrishnan
Director
Date: 24th June 2019

	Contributed Equity	Other Equity Contribution	Retained Earnings	Total
	$	$	$	$
At 1st April 2018	500,000	1,389,581	28,691,770	30,581,351
Profit for the year			12,505,805	12,505,805
Total Comprehensive Income for the year	-	-	12,505,805	12,505,805
Share Based Payments	-		-	-
Dividend Paid		-	13,000,000	13,000,000
At 31 March 2019	500,000	1,389,581	28,197,575	30,087,156

	Contributed Equity	Other Equity Contribution	Retained Earnings	Total
	$	$	$	$
At 1st April 2017	500,000	1,389,581	18,728,363	20,617,944
Profit for the year			9,963,407	9,963,407
Total Comprehensive Income for the year	-	-	9,963,407	9,963,407
At 31st March 2018	500,000	1,389,581	28,691,770	30,581,351

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

HCL Australia Services Pty Limited
Consolidated Statement of Cash Flows
As at 31 March 2019

	Notes	31 March 2019 $	31 March 2018 $
Cash Flow from operating activities			
Profit/ (Loss) before tax for the period		17,945,111	14,876,096
Depreciation & amortization		2,455,124	1,246,966
Change in operating assets and liabilities			
(Increase) / Decrease in trade & other receivables		(20,894,009)	(21,644,408)
(Increase) / Decrease in contract assets		(1,225,465)	-
(Increase) / Decrease in inventories		(607,271)	199,757
(Increase) / Decrease in deferred cost		(538,293)	196,642
(Increase) / Decrease in contract liabilities		571,808	(806,448)
(Increase) / Decrease in accrued employee costs		5,989,384	2,659,253
Increase / (Decrease) in trade & other payables		(7,363,093)	38,703,700
Cash Flow (used in)/ from operating activities		(3,666,704)	35,431,558
Tax paid		(5,698,744)	(5,434,540)
Net cash (outflow)/ inflow from operating activities		(9,365,448)	29,997,018
Cash inflow/(outflow) from investing activities			
Purchase for property, plant and equipment (net)		(3,106,561)	(6,228,110)
Capital Work in progress		8,087	-
Net cash (outflow) from investing activities		(3,098,474)	(6,228,110)
Cash flows from financing activities			
Dividend paid		(13,000,000)	-
Net cash (outflow) from financing activities		(13,000,000)	-
Net increase/(decrease) in cash and cash equivalents		(25,463,922)	23,768,908
Cash and cash equivalents at the beginning of the financial year		21,488,560	(2,280,348)
Cash and cash equivalents/(Bank Overdraft) at end of the year	8	(3,975,362)	21,488,560

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

1 Corporate information

This financial report covers HCL Australia Services Pty Limited and its 100% subsidiary Axon Solutions Pty Limited ("the Group") as group entity. The financial report is presented in the Australian Dollars.

HCL Australia Services Pty Limited is a group limited by shares, incorporated and domiciled in Australia. Its principal place of business is Part Level 20,101 Miller Street, North Sydney NSW 2060 and registered office is Level 7, 10 Barrack Street, Sydney NSW 2000.

The financial report of HCL Australia Services Pty Limited for the financial year ended 31 March 2019 was authorized for issued by the directors on 24th June 2019

The Group is ultimately controlled by HCL Technologies Limited, which is incorporated in India.

2 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 the requirements of the Corporations Act 2001, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a for-profit, private sector entity which is not publicly accountable. Therefore, the consolidated financial statements for the Group are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

(i) The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

(ii) For the year ended 31 March 2018, the Group prepared its first General Purpose financial statements in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDR's), which had resulted in the inclusions of certain disclosures. The Group has continued the same pattern in the current financial year ended 31 March 2019.

(b) Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

(c) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of goods or services is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to be that which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.
Revenue from the sale of goods is recognised on the transfer of the significant risks and rewards of ownership, which generally, coincides with the time of delivery of goods.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract balances

- Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional

- Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(d) Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(ii) Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.
Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(e) 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 liabilities are recognised for all taxable temporary differences except:

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

- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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 assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

HCL Australia Services Pty Limited and its wholly-owned Australian controlled entity - Axon Solutions Pty Ltd. implemented the tax consolidation legislation as of 1 November 2011. The head entity, HCL Australia Services Pty Limited and the controlled entity in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current tax amounts, HCL Australia Services Pty Limited also recognises the current tax liabilities or assets arising from unused tax losses and unused tax credits assumed from controlled entity in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entity in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognized as a contribution to (or distribution from) wholly-owned tax consolidated entity.

(f) 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.

For the purposes of the cash flow statement, the Group has included bank overdrafts within cash and cash equivalents as they are considered an integral part of the Group's cash management.

(g) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less an allowance for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 365 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Finance lease receivable are recognized at an amount equal to net investment in the lease, which comprises the present value of the minimum lease payments receivable, plus the present value of an unguaranteed residual value expected to accrue at the end of the lease. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective that the Group will not be able to collect the amount due according to the original terms of receivables. The amount of the provision is recognized in the consolidated statement of comprehensive income.

(h) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance are charged to the Statement of Comprehensive Income during the reporting period in which they are incurred.

Depreciation is calculated on straight-line basis over the estimated useful lives of the assets, as follows:

Category of asset	Useful life (Years)
Computer equipment	4 to 5
Furniture fitting and equipments	7

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.

(i) Trade and other payables

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

(j) Intangible Assets

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

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of Comprehensive Income in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic 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 is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing 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 Comprehensive Income in the expense category consistent with the function of the intangible assets. The following are the finite lives of the intangible assets in the group.

Category of asset	Useful life (Years)	Amortization method	Life
Intangible assets	5	Amortized on SLM basis over the useful life.	Definite

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 derecognised.

(k) Employee benefits

i) Wages and salaries

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

(ii) Long service leave

The liability for long service leave is recognized in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Contributions to the defined contribution fund are recognized as an expense as they become payable.

The amount charged to the statement of comprehensive income in respect of superannuation represents the contributions made by the Group to the superannuation fund.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the HCL Australia Services Pty Limited Employee Option Plan ("the Plan") and an employee share scheme, providing options or shares in HCL Technologies Limited.

The fair value of options granted under the Plan is recognized as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefits expense recognized each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognized in the profit and loss with a corresponding adjustment to equity.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognized as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(m) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(n) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(o) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group 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 Group is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date 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 or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group 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.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging 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.

(p) New accounting standards and interpretations

Changes in accounting policy and disclosures.

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in the current fiscal year 2018-19, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Group did not apply any of the other available optional practical expedients.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for the classification and measurement of financial assets and financial liabilities; impairment for financial assets; and general hedge accounting.

The Group has applied the classification and measurement requirements (including impairment) of IFRS 9 retrospectively as at 1 April 2018 (date of initial application) to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between the carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 is recognised in the opening retained profits and other components of equity as at 1 April 2018, without restating comparative information.

The Group has not designated any financial liabilities as at fair value through profit or loss, there are no changes in classification and measurement for the Group's financial liabilities.

Changes to Classification and measurement

On 1 April 2018, the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its contract liabilities into the appropriate IFRS 9 categories.
There has been no impact on the Group's accounting for financial liabilities that are designated at fair value through profit or loss and Group does not have such liabilities.

Changes to the impairment model

IFRS 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI. The Group recognizes impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. The Group has carried out an assessment of reviewing its bad debt allowances and estimating its Expected Credit Losses on the basis of prior period actuals. Due to the short-term maturity of its receivables, management believes that the existing accounting policy for bad debt provisions is appropriate. The Group will be looking at outside factors on a regular basis which could potentially impact the recoverability of these short-term receivables. Elements include changes in macroeconomic conditions such as unemployment rates, inflation, liquidity of customers and specific loss trends within a specified industry group.

(i) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group of receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information. Management has closely monitored the credit qualities and the collectability of the trade receivables. Trade receivables in dispute are assessed individually for impairment to determine whether specific loss allowance provisions are required. The adoption of the simplified expected credit loss approach under IFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 April 2018.

(ii) Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, including bills receivable, financial assets included in prepayments and deposits and amounts due from the ultimate holding company and fellow subsidiaries, the expected credit loss is based on the 12-month expected credit loss. This represents the portion of lifetime expected credit loss that results from default events on the financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of other financial assets at amortised cost and considers that the expected credit loss is immaterial.

The following table represents the required or elected reclassifications upon the adoption of IFRS 9:

	Financial assets at amortised cost	Loans and receivables
	March 2019	March 2018
	$	$
Trade receivables	62,687,244	49,354,272
Receivables from related parties	21,813,491	14,057,484
Prepayments and other assets	2,680,209	1,905,503
Other receivables	10,396,979	11,366,655
Total	**97,577,923**	**76,683,914**

(q) Borrowing Costs

Borrowing costs 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 capitalized as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Group does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalized (Including any other associated costs directly attributable to the borrowing cost and temporary investment income earned on the borrowings).

(r) Current versus non-current classification

The group 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 Group classifies all other liabilities as non-current.
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(s) 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 amortized costs. Gains and losses are recognized in profit or loss when the cash and bank balances are derecognized or impaired as well as through the amortization 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 amortized cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognized in profit or loss when the trade and other receivables are derecognized or impaired as well as through the amortization process.

The Group recognises an allowance for expected credit losses (ECLs) for all trade receivables not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade and other payables

Trade and other payables are classified as financial liabilities originated by the enterprise and are carried after initial recognition at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the trade and other payables are derecognized or impaired as well as through the amortization 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 group 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 group 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.

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.

Impairment

The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

i) Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's

original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the Statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

ii) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

(t) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(u) Cash Dividend

The Group recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws of Australia, a distribution is authorized when it is approved by the director's. A corresponding amount is recognized directly in equity.

(vi) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability
Or
In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(w) Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

i) Raw materials: purchase cost on a first-in/first-out basis.

ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

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

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.

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.

Recovery of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilize those temporary differences. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

Income taxes

The Group is subject to income taxes in Australia. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The preparation of financial statements in conformity with AIFRS requires management to exercise its judgment in determining taxable profit in order to estimate the Group's current tax liability. The key judgments involve the process of applying a transfer pricing methodology to determine an appropriate profit level indicator. Accordingly, management has selected a method which it believes is reasonable, based on advice from external professional advisers. The basis of this transfer pricing methodology and selection of profit level indicator is based on arm's length transfer pricing principles in accordance with Australian transfer pricing legislation. Those principles are however subject to the tax authority's review.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Revenue Recognition

The Group 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.

4 Revenue from contract with customers

	31 March 2019	31 March 2018
	$	$
Revenue from contract with customers	366,349,477	314,130,794
	366,349,477	314,130,794

a) Disaggregate Revenue Information

	31 March 2019	31 March 2018
	$	$
Contract type		
Fixed price	29,924,247	41,729,514
Time and material	332,749,787	267,013,703
Sale of goods	3,675,443	5,387,577
Total revenue from contract with customers	366,349,477	314,130,794

	31 March 2019	31 March 2018
	$	$
Timing of revenue recognition		
Goods transferred at a point in time	3,675,443	5,387,577
Services transferred over time	362,674,034	308,743,217
Total revenue from contract with customers	366,349,477	314,130,794

b) Contract balances as on 31 March 2019

	31 March 2019	31 March 2018
	$	$
Trade receivables and unbilled (Note 14)	94,113,834	73,602,282
Contract assets	1,225,465	-
Contract liabilities (Note 17)	1,850,208	1,278,400
	97,189,507	74,880,682

5 Other expenses

	31 March 2019	31 March 2018
	$	$
Net foreign exchange (loss) / gain	(31,438)	(131,925)
Profit/(loss) on disposal of asset	(44,314)	-
	(75,752)	(131,925)

6 Expenses

	31 March 2019 $	31 March 2018 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Furniture, fittings and equipment	70,279	60,073
Computers	2,308,693	1,110,745
Intangible Assets	76,152	76,149
Total depreciation	2,455,124	1,246,967
Finance costs		
Interest and finance charges paid/payable	24,914	17,450
Rental expense relating to operating leases		
Minimum lease payments	632,351	976,744
Net foreign exchange (losses)/gain	(31,438)	(131,925)
Defined contribution superannuation expense	6,664,830	4,937,452
Employee benefits expense	165,741,678	139,983,484
Gain on disposal of asset	(44,314)	-

7 Income tax expense

	31 March 2019 $	31 March 2018 $
(a) Income tax expense		
Current tax	7,981,155	5,228,534
Deferred tax	(2,547,981)	(332,556)
Adjustments for current tax of prior periods	(485)	2,732
Adjustments for deferred tax of prior periods	6,617	13,979
Income tax expense	5,439,306	4,912,689
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	17,945,111	14,876,096
Tax at the Australian tax rate of 30% (2018 - 30%)	5,383,533	4,462,829
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	(45,539)	37,831
Effect of timing differences	10,680	-
Permanent Difference	55,662	53,323
Non Deductible Items	28,838	372,342
	5,433,174	4,926,325
Group Relief from subsidiary		
Deferred tax assets written off	-	(30,059)
Adjustments for current tax of prior periods	6,132	16,423
Income tax expense	5,439,306	4,912,689

8 Current assets - Cash and cash equivalents

	31 March 2019 $	31 March 2018 $
Cash at bank and in hand	-	21,488,560

Cash at bank and in hand are bearing floating interest rates at an average of nil%.

9 Current assets - Trade and other receivables

	31 March 2019 $	31 March 2018 $
Trade receivables		
Unsecured considered good	62,687,244	49,354,272
	62,687,244	49,354,272
Receivables from related parties	21,813,491	14,057,484
Prepayments and other assets	1,841,035	1,507,765
Employee advances	166,774	102,430
Unbilled receivables	9,613,099	10,190,526
Other Receivables	369,153	506,188
	96,490,796	75,718,665

Effective interest rates and credit risk

The group 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:

	31 March 2019 $	31 March 2018 $
At the beginning of the year	599,958	286,283
Effect of adoption of IFRS 9	-	-
Impairment losses, net	-	313,675
Amount written back	(142,278)	-
At the end of the year	457,680	599,958

Impairment of trade receivables under IFRS 9 for the year ended 31 March 2019

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 2019 is determined as follows:

As at 31 March 2019

	Current	Upto 6 months past due	Over 6 months past due	Total
Expected loss rate (%)	0.13	1.64	54.37	0.72
Gross carrying amount ($)	50,173,102	12,633,279	338,543	63,144,924
Expected credit losses ($)	65,907	207,700	184,073	457,680

11 Non-current assets-Property, plant and equipment

	Furniture, fittings and equipment $	Computer equipment $	Total $
At 31st March 2019			
Opening net book amount	865,530	5,933,288	6,798,818
Additions	318,389	2,859,002	3,177,391
Fixed Asset Written off	(44,314)	(26,516)	(70,830)
Movement in Capital work in progress	(649)	(7,438)	(8,087)
Depreciation	(70,279)	(2,308,693)	(2,378,972)
Net book amount	1,068,677	6,449,643	7,518,320
At 31st March 2019			
Cost	2,248,336	11,795,626	14,043,962
Accumulated depreciation	(1,179,659)	(5,345,983)	(6,525,642)
Net book amount	1,068,677	6,449,643	7,518,320
At 31st March 2018			
Opening net book amount	917,298	824,227	1,741,525
Additions	11,712	6,219,806	6,231,518
Movement in Capital work in progress	(3,407)	-	(3,407)
Depreciation	(60,073)	(1,110,745)	(1,170,818)
Net book amount	865,530	5,933,288	6,798,818
At 31st March 2018			
Cost	1,974,910	8,970,578	10,945,488
Accumulated depreciation	(1,109,380)	(3,037,290)	(4,146,670)
Net book amount	865,530	5,933,288	6,798,818

12 Intangible assets

	Assembled workforce $	Total $
At 31st March 2019		
Opening net book amount	260,173	260,173
Additions	0	0
Depreciation	(76,152)	(76,152)
Net book amount	184,021	184,021
At 31st March 2019		
Cost	380,741	380,741
Accumulated depreciation	(196,720)	(196,720)
Net book amount	184,021	184,021
At 31st March 2018		
Opening net book amount	336,321	336,321
Additions	-	-
Depreciation	(76,148)	(76,148)
Net book amount	260,173	260,173
At 31st March 2018		
Cost	380,741	380,741
Accumulated depreciation	(120,568)	(120,568)
Net book amount	260,173	260,173

10 Inventories

	31 March 2019	31 March 2018
	$	$
Trading material (at cost)	937,862	307,104
Lease inventory (at cost)	-	23,487
	937,862	330,591

13 Non Current assets- Other Receivables

	31 March 2019	31 March 2018
	$	$
Prepayments and other assets	839,174	397,738
Unbilled receivables	34,861	431,391
Other Receivables	213,092	136,120
	1,087,127	965,249

14 Bank overdraft

	31 March 2019	31 March 2018
	$	$
Bank overdraft	3,975,362	-

15 Current liabilities - Trade and other payables

	31 March 2019	31 March 2018
	$	$
Trade payables	2,673,314	926,009
Amounts owing to related entities	27,383,415	42,234,738
Other employee payables	10,258,274	7,531,352
Other creditors and accruals	17,794,983	14,780,980
	58,109,986	**65,473,079**

16 Accrued employee costs

	31 March 2019	31 March 2018
	$	$
Leave encashment		
Opening balance	14,750,996	12,091,743
Add: Provision	9,692,627	6,252,995
Less: Reversal/payouts	(3,703,243)	(3,593,742)
Closing balance	**20,740,380**	**14,750,996**
Current portion	6,275,707	5,535,743
Non current portion	14,464,673	9,215,253
	20,740,380	**14,750,996**

17 Contract liabilities

	31 March 2019	March 2018
	$	$
Current	1,850,208	1,184,612
Non-current	-	93,788
	1,850,208	**1,278,400**

18 Contributed equity

	31 March 2019 $	March 2018 $
Ordinary shares	500,000	500,000

(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.

19 Reserves and retained profits

	31 March 2019 $	31 March 2018 $
(a) Other equity contribution		
Other equity contribution at the beginning of the year	1,389,581	1,389,581
Employee option expense	-	-
Other equity contribution at end of the year	1,389,581	1,389,581
(b) Retained profits		
Opening retained earnings	28,691,770	18,728,363
Net profit for the year	12,505,805	9,963,407
Dividends paid	(13,000,000)	-
Balance 31 March	28,197,575	28,691,770

20 Remuneration of auditors

	31 March 2019 $	March 2018 $
Fees paid to EY Australia	23,830	39,550
Total	**23,830**	**39,550**

21 Contingencies

The Group has given a financial guarantee for $ 456,988 (2018: $328,728). Other than that, there is no contingent assets and liabilities as at 31 March 2019: $Nil (2018: $Nil).

22 Commitments

a. The Group leases various offices under non cancellable operating leases expiring within one to five years. The leases have varying terms, escalator clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	31 March 2019 $	March 2018 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	892,539	358,796
Later than one year but not later than five years	1,470,678	372,672
	2,363,217	**731,468**

b. There is capital commitment as at balance sheet date 31 March 2019 of $ 177,545 (2018: $ 1,782,378).

23 Related Party Transactions

HCL Australia Services Pty 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 Group had the following material transactions with related parties during the financial year:

	March 2019 $	March 2018 $
Software Development charges received/receivable from related parties	30,589,142	28,661,950
Consulting charges paid /payable to HCL Technologies Limited	112,111,188	109,221,913
Software Development charges paid/payable to other related parties	10,728,601	5,403,135
Outstanding Balances as at 31 March 2019		
Account owing by related entities	21,813,491	15,595,569
Payable to related entities	27,383,415	42,234,738

24 Compensation to key management personnel

Compensation to key management personnel is zero.(2018: Nil)

Some of the directors 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. The directors do not believe that it is practicable to apportion the remuneration paid between their services as directors and key management personnel of the Company and their services as directors and key management personnel of the other group companies within the HCL group.

25 Events occurring after the balance sheet date

Otherwise as mentioned below, no matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

During the year, resolution for the liquidation of its 100% subsidiary, Axon Solutions Pty Limited, have been passed by the shareholder's and liquidator have been appointed. As at March'19, liquidation is under process, which Management believes will be concluded in the next financial year.

26 Group Information

Information about subsidiary

The consolidated financial statements of the group includes:

Name with country of incorporation	% equity interest March 2019	% equity interest March 2018
Axon Solutions Pty Limited, Australia	100	100

Principal activities

The company was primarily engaged in providing valued added software services.
During the year, resolution for the liquidation of its 100% subsidiary, Axon Solutions Pty Limited, have been passed by the shareholder's and liquidator have been appointed. As at March'19, liquidation is under process, which Management believes will be concluded in the next financial year.

27 Information relating to HCL Australia Services Pty Limited (the Parent)

	March 2019 $	March 2018 $
Current assets	93,286,579	96,694,930
Non current assets	19,905,171	15,539,974
Total assets	**113,191,750**	**112,234,904**
Current liabilities	69,832,017	73,738,404
Non current liabilities	14,464,673	9,309,041
Total liabilities	**84,296,690**	**83,047,445**
Contributed equity	500,000	500,000
Reserves	1,389,581	1,389,581
Retained profits	27,005,479	27,297,878
Total equity	**28,895,060**	**29,187,459**
Profit or loss of the Parent entity	12,707,601	9,847,927
Total comprehensive income of the Parent entity	12,707,601	9,847,927

In accordance with a resolution of the directors of HCL Australia Services Pty Limited, I state that:

1.) In the opinion of the directors:

(a) the financial statements and notes of HCL Australia Services Pty Limited for the financial year ended 31 March 2019 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2019 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Sundaram Sridharan
Director

Ernst & Young
121 Marcus Clarke Street
Canberra ACT 2600 Australia
GPO Box 281 Canberra ACT 2601

Tel: +61 2 6267 3888
Fax: +61 2 6246 1500
ey.com/au

Independent Auditor's Report to the Members of HCL Australia Services Pty Limited

Opinion

We have audited the financial report of HCL Australia Services Pty Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 March 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 March 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001* and to meet *Section 3CA* of the *Taxation Administration Act 1953*. Our report is intended solely for HCL Australia Services Pty Limited and its members and should not be used by parties other than HCL Australia Services Pty Limited and its members. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Group'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 report 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
Canberra
24 June 2019