c/c.

HCL AXON TECHNOLOGIES INC.

STANDALONE FINANCIAL STATEMENTS
Years ended 31 March 2018 and 2017

S.R. BATLIBOI & CO. LLP
Chartered Accountants

Golf View Corporate Tower - B
Sector - 42, Sector Road
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INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Axon Technologies Inc.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL Axon Technologies Inc. ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the accounting and auditing standards We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view 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 financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements 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, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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Other matters

This report covering the financial statements of the Company for the year ended March 31, 2018 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. These 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 financial statements of the company, 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. 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

Nilangshu Katriar

S.R. BATLIBOI & CO. LLP
GURUGRAM

per Nilangshu Katriar
Partner
Membership Number: 58814

Place: Gurugram
Date: August 10, 2018

HCL Axon Technologies Inc.
Balance Sheet as at 31 March 2018
(All amounts in CAD lakhs, unless otherwise stated)

	Note No.	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018 (Refer note 1 (a)) (₹) in lakhs
I. ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	2.1	17	16	861
(b) Capital work in progress		0	1	11
(c) Intangible assets	2.2	0	0	2
(d) Financial Assets				
(i) Others	2.3	2	1	119
(e) Deferred tax assets (net)	2.24	11	9	539
(f) Other non-current assets	2.4	3	1	129
		33	28	1,661
(2) Current Assets				
(a) Inventories	2.5	5	4	276
(b) Financial Assets				
(i) Trade receivables	2.6	378	445	19,124
(ii) Cash and cash equivalents	2.7	86	26	4,331
(iii) Loans	2.8	372	475	18,841
(iv) Others	2.3	71	79	3,609
(c) Other current assets	2.9	22	22	1,089
		934	1,051	47,270
TOTAL		967	1,079	48,931
II. EQUITY				
(a) Equity Share Capital	2.10	2	2	105
(b) Other Equity		523	471	26,443
		525	473	26,548
III. LIABILITIES				
(1) Non - current liabilities				
(a) Provisions	2.11	4	5	188
(b) Other non-current liabilities	2.12	3	-	168
		7	5	356
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.13	99	95	5,015
(ii) Trade payables	2.14	185	300	9,352
(iii) Others	2.15	102	86	5,202
(b) Other current liabilities	2.16	41	61	2,077
(c) Provisions	2.11	4	3	199
(d) Current tax liabilities (net)		4	56	182
		435	601	22,027
TOTAL		967	1,079	48,931
Summary of significant accounting policies and notes to financial statements	1 to 4			

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: 058814

Gurugram, India
Date: 10 August, 2018

S.R. BATLIBOI & CO. LLP * GURUGRAM *

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

C. Vijayakumar
Director

Robin Abrams
Director

Date: 10 August, 2018

HCL Axon Technologies Inc.
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in CAD lakhs, unless otherwise stated)

	Note No.	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018 (refer note 1 (a)) (₹) in lakhs
Income				
Revenue from operations	2.17	1,488	1,523	75,276
Other income	2.18	11	15	579
Total Income		**1,499**	**1,538**	**75,855**
Expenses				
Purchases of traded goods		13	11	645
Change in inventories of traded goods	2.19	(1)	(1)	(74)
Employee benefit expenses	2.20	508	532	25,725
Finance costs	2.21	5	5	252
Depreciation and amortisation expense	2.1 & 2.2	6	4	291
Outsourcing Cost	2.22	808	573	40,909
Other expenses	2.23	86	47	4,369
Total expenses		**1,425**	**1,171**	**72,117**
Profit before tax		**74**	**367**	**3,738**
Tax Expense	2.24			
- current tax expenses		24	105	1,221
- deferred tax charge(credit)		(2)	(8)	(95)
Total tax expense		22	97	1,126
Profit after tax		**52**	**270**	**2,612**
Earnings per share				
Basic	2.29	516.2	2,703.9	26,121.4
Diluted		0.5	2.3	23.4
Summary of significant accounting policies and notes to financial statements	**1 to 4**			

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: 058814

Gurugram, India
Date: 10 August, 2018

S.R. BATLIBOI & CO. LLP * GURUGRAM *

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

C. Vijayakumar
Director

Robin Abrams
Director

Date: 10 August, 2018

HCL Axon Technologies Inc.
Cash flow statement for the year ended 31 March 2018
(All amounts in CAD lakhs, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018 (refer note 1 (a)) (₹) in lakhs
A. Cash flows from operating activities			
Profit before tax	74	367	3,738
Adjustment for:			
Depreciation and amortisation expenses	6	4	292
Provision for bad debts	42	3	2,128
Interest income	(11)	(5)	(577)
Interest expenses	5	5	230
Other non cash income	17	(4)	838
Operating profit before working capital changes	**133**	**370**	**6,649**
Movement in Working Capital			
(Increase)/Decrease in trade receivables	25	(149)	1,260
Increase in inventories	(1)	(1)	(74)
Increase in financial assets and other assets	12	17	624
Increase in liabilities and provisions	(116)	33	(5,845)
Cash generated from operations	**53**	**270**	**2,614**
Direct taxes paid	(77)	(76)	(3,895)
Net cash generated from operating activities (A)	**(24)**	**194**	**(1,281)**
B. Cash flows from investing activities			
Purchase of fixed assets, including intangible assets, CWIP	(6)	(13)	(318)
Loans given to related parties	(8)	(789)	(385)
Proceeds from repayment of loans given to related parties	94	609	4,749
Interest received	5	3	241
Net cash used in investing activities (B)	**85**	**(190)**	**4,287**
C. Cash flows from financing activities			
Repayment of/Proceeds from capital lease obligations	(0)	0	(5)
Interest paid	(1)	(1)	(37)
Net cash used in financing activities (C)	**(1)**	**(1)**	**(42)**
Net increase/ (decrease) in cash and bank balances (A+B+C)	60	2	3,016
Cash and bank balances at the beginning of the year	26	24	1,316
Cash and bank balances at the end of the period as per note 2.7	**86**	**26**	**4,332**

Summary of significant accounting policies and notes to financial statements **1 to 4**

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: 058814

Gurugram, India
Date: 10 August, 2018

S.R. BATLIBOI & CO. LLP * GURUGRAM *

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

C. Vijayakumar
Director

Robin Abrams
Director

Date: 10 August, 2018

HCL Axon Technologies Inc.
Statement of Changes in Equity for the period ended 31 March 2018
(All amounts in CAD lakhs, unless otherwise stated)

	Equity share capital		Other equity			
			Reserves and Surplus			
	Shares	Share capital	Retained earnings	General Reserve	Other Equity	Total
Balance as of 1 April 2016	10,000	207,316	249	(87)	39	201
Profit for the period	-	-	270	-	-	270
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	270	-	-	270
Balance as of 31 March 2017	10,000	207,316	519	(87)	39	471
Balance as of 1 April 2017	10,000	207,316	519	(87)	39	471
Profit for the period	-	-	52	-	-	52
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	52	-	-	52
Balance as of 31 March 2018	10,000	207,316	571	(87)	39	523

(₹) in lakhs

	Equity share capital		Other equity			
			Reserves and Surplus			
	Shares	Share capital	Retained earnings	General Reserve	Other Equity	Total
Balance as of 1 April 2016	10,000	10,490,479	12,596	(4,419)	1,971	10,148
Profit for the period	-	-	13,682	-	-	13,682
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	13,682	-	-	13,682
Balance as of 31 March 2017	10,000	10,490,479	26,279	(4,419)	1,971	23,830
Balance as of 1 April 2017	10,000	10,490,479	26,279	(4,419)	1,971	23,831
Profit for the period	-	-	2,612	-	-	2,612
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,612	-	-	2,612
Balance as of 31 March 2018	10,000	10,490,479	28,891	(4,419)	1,971	26,443

Summary of significant accounting policies and notes to financial statements **1 to 4**

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: 058814

Gurugram, India
Date: 10 August, 2018

S.R. BATLIBOI & CO. LLP GURUGRAM

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

C. Vijayakumar
Director

Robin Abrams
Director

Date: 10 August, 2018

HCL Axon Technologies Inc.
Notes to financial statements for the year ended 31 March 2018
(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 2018 were approved and authorized for issue by the Board of Directors on 10 August, 2018

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), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

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).

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.

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 = ₹ 50.60/- 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

The financial statements of the company are presented in its functional currency CAD. For each foreign operation, the company determines the functional currency which is its respective local currency.

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.

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.

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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.

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

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

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

a) Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting 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

Contracts involving provision of services

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Contracts can be primarily categorized as time-and-material or fixed price contracts.

Time-and-material contracts

Revenue with respect to time-and-material contracts is recognized as the related services are performed.

Fixed Price contracts

Revenue related to contracts providing maintenance and support services, is recognized over the term of the contract.

Revenue from technology integration and complex network building contracts is recognized in accordance with the Percentage-Of-Completion (POC) method. Under the POC method, progress towards completion is measured based on either achievement of specified contract milestones, cost incurred as a proportion of estimated total cost or other measures of progress when available. If circumstances arise that change the original estimates of revenues, costs, or extent of progress towards completion, revisions are made to the estimates. These revisions may result in increase or decrease in estimated revenues or costs, and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known to the management. If at any time these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

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Revenue related to other fixed price contracts is recognized in accordance with the Percentage of Completion method (POC). The cost incurred on the projects is used to measure progress towards completion. Costs are recorded as incurred over the contract period. Any revision in cost to complete would result in increase or decrease in revenue and income 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 cost estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenues that will be generated by the contract and are included in Cost of services and classified in other accrued liabilities.

In arrangements involving sharing of customer revenues, revenue is recognized when the amounts are known and the right to receive is established. Incremental revenue from existing contracts arising on future sales to the customers is recognized when it is earned and collectability is reasonably assured.

Revenues from unit-priced contracts are recognized as transactions are processed, based on objective measures of output.

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 is also deferred. Revenue from maintenance services is recognized ratably over the period of the contract.

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, hardware and software products and licenses, revenue for each element is determined based on its fair value.

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 activities in transition services not having standalone value in outsourcing arrangements is deferred and recognized over the period of the arrangement. Direct and incremental costs in relation to such an arrangement are also deferred to the extent of revenue. Certain upfront nonrecurring contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred 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 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 whether the company is the primary obligor to the customer, has established its own pricing, and has inventory and credit risks.

Revenue is recognized net of discounts and allowances, value-added tax and service tax, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Revenue from financing 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. Revenue from operating leases is accounted on a straight-line basis as service revenue over the rental period. Interest attributable to financing leases included therein is recognized on an accrual basis using the effective interest method.

Interest Income

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

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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 which 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.

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.

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.

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.

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.

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	3-5

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.

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.

S.R. BATLIBOI & CO. LLP * GURUGRAM *

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.
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.

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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

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.

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. Acturial 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.

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.

Financial instruments at amortized cost
A 'financial instrument' is measured at the amortized cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

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

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) Recently issued accounting pronouncements

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending the following standards:

Appendix B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration'

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

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Ind AS 115, Revenue from Contract with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts. The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

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

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Notes to financial statements for the year ended 31 March 2018
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2. Notes to financial statements

2.1 Property, Plant and Equipment

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
Deletions	-	0	0
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
Deletions	-	0	0
Accumulated Depreciation as at 31 March 2018	**0**	**9**	**9**
Net Block as at 31 March 2018	**0**	**17**	**17**

(₹) in lakhs

Particulars	Office Equipment	Computers	Total
Gross Block as at 1 April 2017	16	1,023	1,039
Additions	2	317	319
Deletions	-	3	3
Gross Block as at 31 March 2018	**18**	**1,337**	**1,355**
Accumulated Depreciation as at 1 April 2017	4	218	222
Charge for the year	3	272	275
Deletions	-	3	3
Accumulated Depreciation as at 31 March 2018	**7**	**487**	**494**
Net Block as at 31 March 2018	**11**	**850**	**861**

The changes in the carrying value for the year ended 31 March 2017

Particulars	Office Equipment	Computers	Total
Gross Block as at 1 April 2016	0	7	7
Additions	0	13	13
Gross Block as at 31 March 2017	**0**	**20**	**20**
Accumulated Depreciation as at 1 April 2016	0	1	1
Charge for the year	0	3	3
Accumulated Depreciation as at 31 March 2017	**0**	**4**	**4**
Net Block as at 31 March 2017	**0**	**16**	**16**

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2.2 Intangible Assets

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

(₹) in lakhs

Particulars	Software	Total
Gross Block as at 1 April 2017	88	88
Additions	0	0
Gross Block as at 31 March 2018	88	88
Accumulated amortization as at 1 April 2017	70	70
Charge for the year	16	16
Accumulated amortization as at 31 March 2018	86	86
Net Block as at 31 March 2018	2	2

The changes in the carrying value for the year ended 31 March 2017

Particulars	Software	Total
Gross Block as at 1 April 2016	2	2
Additions	0	0
Gross Block as at 31 March 2017	2	2
Accumulated amortization as at 1 April 2016	1	1
Charge for the year	1	1
Accumulated amortization as at 31 March 2017	2	2
Net Block as at 31 March 2017	0	0

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2.3 Other financial assets

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹)in lakhs
Non-Current			
Security Deposits	0	0	3
Finance lease receivables (refer note 2.26 (ii))	2	1	116
	2	**1**	**119**
Current			
Security deposits	1	0	36
Finance lease receivables (refer note 2.26 (ii))	1	1	56
Unbilled revenue	49	61	2,504
Unbilled revenue-related parties (refer note 2.28(d))	11	15	576
Interest receivable-related parties (refer note 2.28(d))	9	2	437
	71	**79**	**3,609**

2.4 Other non-current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Unsecured considered good unless otherwise stated			
Prepaid expenses	1	0	37
Deferred cost	2	1	92
	3	**1**	**129**

2.5 Inventories

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Stock in trade	5	4	276
	5	**4**	**276**

2.6 Trade receivables

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Unsecured, considered good	378	445	19,124
Unsecured, considered doubtful	45	3	2,284
	423	**448**	**21,408**
Provision for doubtful receivables	(45)	(3)	(2,284)
	378	**445**	**19,124**

Note:
1. Trade receivables include receivables from related parties amounting to CAD 75 lakhs (₹3,795 lakhs), (previous year: CAD 96 lakhs).

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2.7 Cash and bank balances

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Balance with banks			
- in current accounts	85	23	4,321
Cheques in hand	1	3	10
	86	**26**	**4,331**

2.8 Financial assets - Loans

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Unsecured, considered good			
Loans to related party (refer note 2.28(d))	372	475	18,841
	372	**475**	**18,841**

2.9 Other Current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹)in lakhs
Unsecured , considered good			
Advances other than capital advances			
Advance to employees	1	1	55
Advance to suppliers	-	1	-
Deferred cost	1	1	31
Deferred cost-related parties (refer note 2.28(d))	7	7	360
Prepaid Expenses	6	6	304
Prepaid Expenses-related parties (refer note 2.28(d))	0	-	13
Others	7	6	326
	22	**22**	**1,089**
Unsecured , considered doubtful			
Loans and advances to others	1	-	33
	1	**-**	**33**
Less: Provision for doubtful advances	(1)	-	(33)
	22	22	1,089

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2.10 Share Capital

	As at		
	31 March 2018	31 March 2017	31 March 2018 (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	105
	2	2	105

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 2018		31 March 2017	
	No. of shares	CAD	No. of shares	CAD
Number of shares at the beginning	10,000	2	10,000	2
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	10,000	2	10,000	2

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

	As at			
	31 March 2018		31 March 2017	
	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	99.99%	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.

2.11 Provisions

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹)in lakhs
Non-Current			
Provision for compensated absences	4	5	188
	4	**5**	**188**
Current			
Provision for compensated absences	4	3	199
	4	**3**	**199**

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2.12 Other non-current liabilities

	As at		
	31 March 2018	**31 March 2017**	**31 March 2018 (Refer note 1(a)) (₹)in lakhs**
Income received in advance	3	-	168
	3	**-**	**168**

2.13 Borrowings

	As at		
	31 March 2018	**31 March 2017**	**31 March 2018 (Refer note 1(a)) (₹)in lakhs**
Unsecured			
Current portion of finance lease obligation	-	0	-
7.5% non-cumulative convertible preference shares	99	95	5,015
	99	**95**	**5,015**

Notes:

(i) The holders of the preference shares shall have the right, at any time to convert all or any part of the preference shares which are then outstanding into common shares of the corporation on the basis of a conversion rate of 100 common shares for each preference share and 1 common share for each CAD 1 of declared and unpaid dividends on the preference shares.

(ii) The dividend on preference membership share is at the discretion of Board of Directors. If within 6 months after the expiration of financial year of the Company, the Board in its discretion have not declared the said dividend on the preference membership units for the financial year then the rights of the holders of the preference members to such dividend for financial year are forfeited.

(iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) The Corporation on the tenth anniversary of the issue of a Preference share shall redeem such Preference share by paying to the holder thereof of the Subscription Price for such Preference share, together with all dividends declared and remaining unpaid on such Preference share.

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2.14 Trade Payables

	As at		
	31 March 2018	31 March 2017	31 March 2017 (Refer note 1(a)) (₹) in lakhs
Trade payables others	19	10	960
Trade payables - related parties (refer note 2.28(d))	166	290	8,392
	185	300	9,352

2.15 Other financial liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Current			
Capital accounts payables	2	2	104
Accrued Salary & benefits			
Employee bonuses accrued	9	10	449
Other employee costs	4	5	217
Other liabilities			
Liabilities for expenses	74	50	3,775
Liabilities for expenses - related parties (refer note 2.28(d))	13	19	657
	102	86	5,202

2.16 Other current liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹)in lakhs
Other Current liabilities			
Advance received from customers	1	1	24
Income received in advance	29	43	1,490
Withholding and other taxes payable	11	17	563
	41	61	2,077

2.17 Revenue from operations

	Year ended		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹)in lakhs
Sale of hardware and software	11	16	566
Sale of services	1,477	1,507	74,710
	1,488	1,523	75,276

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2.18 Other Income

	Year ended		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Other Miscellaneous income	0	0	2
Interest income (Others)	11	5	577
Exchange differences (net)	-	10	-
	11	**15**	**579**

2.19 Changes in inventories of stock-in-trade

	Year ended		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Opening stock	4	3	202
Closing stock	(5)	(4)	(276)
	(1)	**(1)**	**(74)**

2.20 Employee benefit expenses

	Year ended		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Salaries, wages and bonus	504	526	25,501
Contribution to employee benefits	3	5	165
Staff welfare expenses	1	1	59
	508	**532**	**25,725**

2.21 Finance cost

	Year ended		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Interest			
-on loan from bank	1	1	35
-others	-	0	-
-on borrowings	4	4	194
Bank charges	0	0	23
	5	5	**252**

2.22 Outsourcing cost

	Year ended		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Outsourcing Cost	219	220	11,128
Outsourcing Cost-related parties (refer note 2.28(c))	589	353	29,781
	808	**573**	**40,909**

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2.23 Other expenses

	Year ended		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Rent	5	12	270
Power and fuel	1	0	30
Insurance	1	1	39
Repairs and maintenance			
- Buildings	0	1	0
- Equipment	0	-	1
- Others	0	1	25
Communication costs	3	4	162
Travel and conveyance	11	16	544
Legal and professional charges	8	7	406
Rates and taxes	-	0	-
Recruitment, training and development	0	1	20
Provision for doubtful debts/ bad debts	42	3	2,128
Exchange differences (net)	14	-	686
Miscellaneous expenses	1	1	58
	86	**47**	**4,369**

2.24 Income Taxes

	Year ended		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Income tax charged to statement of profit and loss			
Current Income Tax Charge	24	105	1,221
Deferred tax charge (credit)	(2)	(8)	(95)
	22	**97**	**1,126**

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 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Profit before income tax	74	367	3,738
Statutory tax rate in Canada	26.50%	26.50%	26.50%
Expected tax expense	20	97	990
Permanent Difference	1	1	69
Prior period adjustment	2	-	78
Reversal of prior year provision	-	(2)	-
Others	(1)	1	(11)
Total taxes	22	97	1,126
Effective income tax rate	30.11%	26.11%	30.11%

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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**

(₹) in lakhs

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Accrued employee costs	201	(15)	186
Others	462	(15)	447
Gross deferred tax assets (A)	**663**	**(30)**	**633**
Deferred tax liabilities			
Depreciation and amortization	58	35	93
Others	161	(160)	1
Gross deferred tax liabilities (B)	**219**	**(125)**	**94**
Net deferred tax assets (A-B)	**444**	**95**	**539**

Components of deferred tax assets and liabilities as on 31 March 2017

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Accrued employee costs	3	1	4
Others	-	9	9
Gross deferred tax assets (A)	**3**	**10**	**13**
Deferred tax liabilities			
Depreciation and amortization	0	1	1
Others	2	1	3
Gross deferred tax liabilities (B)	**2**	**2**	**4**
Net deferred tax assets (A-B)	**1**	**8**	**9**

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2.25 Financial Instruments

(a) Financial assets and liabilities

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**

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

(₹) in lakhs

	Amortized cost	Total Carrying Value
Financial Assets		
Trade receivables	19,124	19,124
Cash and cash equivalents	4,331	4,331
Loans	18,841	18,841
Others	3,728	3,728
Total	**46,024**	**46,024**
Financial Liabilities		
Borrowings	5,015	5,015
Trade payables	9,352	9,352
Others	5,201	5,202
Total	**19,569**	**19,569**

The carrying value of financial instruments by categories as at 31 March 2017 is as follows:

	Amortized cost	Total Carrying Value
Financial Assets		
Trade receivables	445	445
Cash and cash equivalents	26	26
Loans	475	475
Others	80	80
Total	**1,026**	**1,026**
Financial Liabilities		
Borrowings	95	95
Trade payables	300	300
Others	86	86
Total	**481**	**481**

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(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.

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, 2018.

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 2018, 31 March 2017 in major currencies is as below:

	Net Financial Assets		Net Financial Liabilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
USD/CAD	422	485	-	-
CNY/CAD	9	5	-	-
PHP/CAD	-	-	9	31
GBP/CAD	-	-	2	6

(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.

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

	As at		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Balance at the beginning of the year	3	1	151
Additional provision during the year	45	3	2,288
Deductions on account of write offs and collections	3	1	155
Balance at the end of the year	45	3	2,284

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 5 lakhs (₹270 lakhs) (previous year CAD 12 lakhs).

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

	Year ended		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Not later than one year	1	5	58
Later than one year but not later than five years	0	1	7
Total	1	6	65

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 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 2017			
Not later than one year	0	0	0
Later than one year but not later than five years	1	0	1
	1	0	1
31 March 2018 (₹) in lakhs			
Not later than one year	59	3	56
Later than one year but not later than five years	127	11	116
	186	14	172

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2.27 Segment reporting

The Company's operating businesses are organized and managed separately according to the nature of services provided, as envisaged in the Indian Accounting Standard-108 "Operating Segments", with each segment representing a strategic business unit that offers different services and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

The operations of the Company predominently relate to providing software services, infrastructure services and Business process outsourcing services which are in the nature of customer contact centres and technical help desks. The Company evaluates its performance and allocates resources based on an analysis of various performance indicators by types of service provided by the Company and geographic segmentation of customers.

Accordingly, revenue from service segments comprises the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

Revenue in relation to service segments is categorized based on items that are individually identifiable to that segment, while expenditure is categorized in relation to the associated turnover of the segment. Assets and liabilities are also identified to service segments.

Geographic segmentation is based on the location of the respective client. The principal geographical segments of the company have been classified as America, Canada and Others (Argentina, Australia, Belgium, Brazil, Chile and China).

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 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
America	240	391	12,162
Canada	1,228	1,012	62,142
Others	20	120	972
Total	**1,488**	**1,523**	**75,276**

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Notes to financial statements for the year ended 31 March 2018
(All amounts in CAD lakhs, unless otherwise stated)

Financial information about the business segments 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

(₹) in lakhs

	Software services	Business process outsourcing services	IT Infrastructure services	Segment Total
Segment Revenues	29,351	7,097	38,828	75,276
Segment results	(133)	(271)	3,815	3,411
Unallocated corporate expenses				
Finance cost				(252)
Other income				2
Interest income				577
Net profit before taxes				**3,738**
Tax expense				1,126
Net profit after taxes				**2,612**
Significant non-cash adjustments				
Depreciation	44	-	247	291
Provision/written off for doubtful debts and advances				2,128

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(All amounts in CAD lakhs, unless otherwise stated)

Financial information about the business segment for the year ended 31 March 2017 is as follows:

	Software services	Business process outsourcing services	IT Infrastructure services	Segment Total
Segment Revenues	770	163	590	1,523
Segment results	198	17	142	357
Unallocated corporate expenses				
Finance cost	-	-	-	(1)
Other income	-	-	-	10
Interest income	-	-	-	5
Net profit before taxes	-	-	-	**371**
Tax expense	-	-	-	97
Net profit after taxes	-	-	-	**274**
Significant non-cash adjustments				
Depreciation	1	-	3	4
Provision/written off for doubtful debts and advances				3

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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

HCL Technologies GmbH

HCL Australia Services Pty Limited

HCL Technologies Philippines Inc.

HCL Great Britain Limited

HCL (Brazil) Technologia Da Informacao Ltd

HCL (Netherlands) BV

Axon Solutions (Shanghai) Co. Limited

HCL Technologies France

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 EAS Limited

HCL (Ireland) Information Systems Limited

HCL Technologies (Thailand) Ltd.

HCL Technologies Belgium BVBA

HCL Technologies Chile SpA

HCL Technologies Colombia SAS

HCL Technologies Egypt Ltd

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

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HCL (New Zealand) Limited

HCL Hong Kong SAR Limited

PT. HCL Technologies Indonesia Limited

HCL Axon (Pty) 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 İstanbul Bilişim Teknolojileri Limited Şirketi

HCL Technologies Czech Republic S.R.O.

HCL Technologies Austria GmbH

HCL Technologies Middle East FZ- LLC

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c) **Transactions with related parties:**

Transactions with related parties during the normal course of business	Ultimate Holding Company		Fellow Subsidiaries	
	Year ended		Year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Revenue from operations	43	33	246	215
Consulting Charges	440	169	149	184
Interest Income	-	-	11	5
Insurance	0	-	-	-
Short term loan given	-	-	8	789
Repayment of short term loan given	-	-	94	609

(₹) in lakhs

Transactions with related parties during the normal course of business	Ultimate Holding Company	Fellow Subsidiaries
	Year ended	Year ended
	31 March 2018	31 March 2018
Revenue from operations	2,197	12,442
Consulting Charges	22,289	7,492
Interest Income	-	577
Insurance	7	-
Short term loan given	-	385
Repayment of short term loan given	-	4,749

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d) Outstanding balances with related parties:

Outstanding balances	Ultimate Holding Company		Fellow Subsidiaries	
	As at		As at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Trade Receivable	4	5	71	91
Prepaid Expenses	0	-	-	-
Deferred cost	7	7	-	-
Unbilled receivables	11	4	-	11
Trade payables	136	116	30	174
Interest Receivable	-	-	9	2
Liability for expenses	13	16	-	3
Loans and Advances	-	-	372	475

(₹) in lakhs

Outstanding balances	Ultimate Holding Company	Fellow Subsidiaries
	As at	As at
	31 March 2018	31 March 2018
Trade Receivable	195	3,601
Prepaid Expenses	13	-
Deferred cost	360	-
Unbilled receivables	576	-
Trade payables	6,878	1,514
Interest Receivable	-	437
Liability for expenses	657	-
Loans and Advances	-	18,841

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2.29 Earning per share

Particulars	Year ended		
	31 March 2018	31 March 2017	31 March 2018 (Refer note 1(a)) (₹) in lakhs
Net Profit as per statement of profit and loss for computation of EPS	52	270	2,612
Weighted average number of equity shares outstanding in computing basic EPS	10,000	10,000	10,000
Equivalent numbers of equity shares for convertible preference shares	12,000,000	12,000,000	12,000,000
Weighted average number of equity shares outstanding in computing diluted EPS	12,010,000	12,010,000	12,010,000
Earnings per equity share			
-Basic	516.2	2,703.9	26121.4
-Diluted	0.5	2.3	23.4

3. Previous year comparatives

The company has changed its presentation from "USD in absolute amount" to "USD in lakhs" and accordingly, amounts less than USD 0.50 lakhs are rounded off to Zero.

As per our report of even date

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

Nilangshu Katriar

Per Nilangshu Katriar
Partner
Membership Number: 058814

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 10 August, 2018

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

C. Vijayakumar
Director

Robin Abrams
Director

Date: 10 August, 2018