



**HCL Investments Pte. Ltd.**  
**Registration Number : 201025217Z**

**Annual Report**  
**Year ended 31 March 2019**

## **Directors' statement**

We are pleased to submit this annual report to the member of HCL Investments Pte. Ltd. (the "Company") together with the audited financial statements for the financial year ended 31 March 2019.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS20 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## **Directors**

The directors in office at the date of this statement are as follows:

Sundaram Sridharan  
Ravi Shankar Padi Subramanian

## **Directors' interests**

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), no director who held office at the end of the financial year (including those held by their spouses and infant children) had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **Share options**

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company;  
and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

### **Auditors**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

Signed by the Board of Directors

*Na Ravi*

---

**Ravi Shankar Padi Subramanian**  
*Director*

*Sundaram*

---

**Sundaram Sridharan**  
*Director*

25 October 2019



**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet www.kpmg.com.sg

## **Independent auditors' report**

Member of the Company  
HCL Investments Pte. Ltd.

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

#### *Opinion*

We have audited the financial statements of HCL Investments Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS20.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

#### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears 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 management and director for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The director's responsibilities include overseeing the Company's financial reporting process.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
25 October 2019

**Statement of financial position**  
**As at 31 March 2019**

	Note	2019 US\$	2018 US\$
<b>Assets</b>			
Loans to related corporations	4	127,313	121,724
Cash and bank deposits	5	1,601,678	1,585,917
<b>Current assets</b>		1,728,991	1,707,641
<b>Total assets</b>		1,728,991	1,707,641
<b>Equity</b>			
Share capital	6	1,775,001	1,775,001
Accumulated losses		(69,592)	(81,207)
<b>Total equity</b>		1,705,409	1,693,794
<b>Liabilities</b>			
Other payables	7	22,482	12,390
Current tax liabilities		1,100	1,457
<b>Current liabilities</b>		23,582	13,847
<b>Total equity and liabilities</b>		1,728,991	1,707,641

The accompanying notes form an integral part of these financial statements.

**Statement of profit or loss and other comprehensive income**  
**Year ended 31 March 2019**

	Note	2019 US\$	2018 US\$
Revenue	8	5,590	7,201
Other income	9	20,882	13,761
Expenses:			
- Impairment of loan to related corporation		-	(292,191)
- Bank charges		(1,210)	(1,011)
- Legal and professional charges		(4,968)	(3,190)
- Audit fees		(8,600)	(7,750)
<b>Profit/(Loss) before tax</b>		11,694	(283,180)
Tax expense	10	(79)	(317)
<b>Profit/(Loss) for the year</b>		11,615	(283,497)
<b>Other comprehensive income for the year</b>			
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the year</b>		11,615	(283,497)

The accompanying notes form an integral part of these financial statements.



**Statement of changes in equity**  
**Year ended 31 March 2019**

	<b>Share capital US\$</b>	<b>Accumulated losses US\$</b>	<b>Total US\$</b>
At 1 April 2017	1,775,001	202,290	1,977,291
<b>Total comprehensive income for the year</b>			
Loss for the year	–	(283,497)	(283,497)
Other comprehensive income	–	–	–
<b>Total comprehensive income for the year</b>	–	(283,497)	(283,497)
At 31 March 2018	1,775,001	(81,207)	1,693,794
At 1 April 2018	1,775,001	(81,207)	1,693,794
<b>Total comprehensive income for the year</b>			
Profit for the year	–	11,615	11,615
Other comprehensive income	–	–	–
<b>Total comprehensive income for the year</b>	–	11,615	11,615
At 31 March 2019	1,775,001	(69,592)	1,705,409

The accompanying notes form an integral part of these financial statements.

**Statement of cash flow**  
**Year ended 31 March 2019**

	<b>2019</b>	<b>2018</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cash flows from operating activities</b>		
Profit/(Loss) for the year	11,615	(283,497)
Adjustments for:		
Impairment of loan to related corporation	–	292,191
Interest income	(20,882)	(20,962)
Tax expense	79	317
	(9,188)	(11,951)
Changes in:		
- Other payables	10,092	(6,375)
<b>Cash generated from/(used in) operations</b>	904	(18,326)
Tax paid	(436)	–
<b>Net cash from/(used in) operating activities</b>	468	(18,326)
<b>Cash flows from investing activities</b>		
Loan repayment from related corporation	–	209,824
Interest income received	15,293	20,962
<b>Net cash from investing activities</b>	15,293	230,786
<b>Net increase in cash and cash equivalents</b>	15,761	212,460
Cash and cash equivalents at the beginning of the year	1,585,917	1,373,457
<b>Cash and cash equivalents at the end of the year</b>	1,601,678	1,585,917

The accompanying notes form an integral part of these financial statements.

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Director of the Company on 25 October 2019.

### **1 Domicile and activities**

HCL Investments Pte. Ltd. (the “Company”) is a company incorporated in the Republic of Singapore. The address of the Company’s registered office is 22 Malacca Street, 04-03 RB Capital Building, Singapore 048980.

The principal activity of the Company is that of an investment holding company.

The Company’s immediate holding company and ultimate holding company are HCL Infotech Limited and HCL Infosystems Limited, respectively. Both the immediate and ultimate holding companies are incorporated in India.

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRSs”).

This is the first set of the Company’s annual financial statements in which FRS 109 *Financial Instruments* has been applied. Changes to significant accounting policies are described in note 2.5.

#### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except as otherwise described in the accounting policies set out below.

#### **2.3 Functional and presentation currency**

These financial statements are presented in United States dollars (“US\$”), which is the Company’s functional currency.

#### **2.4 Use of estimates and judgements**

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## 2.5 Changes in accounting policies

The Company has initially applied FRS 109 from 1 April 2018. The adoption of this standard does not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying FRS 109, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

A number of other new standards are also effective from 1 April 2018 but they do not have a material effect on the Company's financial statements.

### **FRS 109 *Financial Instruments***

FRS 109 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Company adopted FRS 109 from 1 April 2018.

In accordance with the exemption in FRS 1, the Company elected not to restate information for 2018. Accordingly, the information presented for 2018 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 109 are recognised in retained earnings and reserves as at 1 April 2018.

Arising from this election, the Company is exempted from providing disclosures required by FRS 107 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of FRS 109. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of FRS 109 have been generally applied by the Company retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 April 2018.
  - The determination of the business model within which a financial asset is held; and
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding.

The impact upon adoption of FRS 109, including the corresponding tax effects, are described below.

### **(i) Classification of financial assets and financial liabilities**

Under FRS 109, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument; or fair value through profit or loss (FVTPL). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Company classifies and measures financial assets and related gains and losses under FRS 109, see note 3.2.

The adoption of FRS 109 has not had a significant effect on the Company's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of the Company's financial assets as at 1 April 2018.

	Original classification under FRS 39	New classification under FRS 109	1 April 2018	
			Original carrying amount under FRS 39 US\$	New carrying amount under FRS 109 US\$
<b>Financial assets</b>				
Loans to related corporations	Loans and receivables	Amortised cost	121,724	121,724
Cash and cash equivalents	Loans and receivables	Amortised cost	1,585,917	1,585,917
<b>Total financial assets</b>			<u>1,707,641</u>	<u>1,707,641</u>

**(ii) Impairment of financial assets**

FRS 109 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost.

The application of FRS 109 impairment requirements at 1 April 2018 did not result in additional allowances for impairment.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Additional information about how the Company measures the allowance for impairment is described in note 3.3.

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for changes in accounting policies as disclosed in note 2.5.

#### **3.1 Foreign currency**

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in profit or loss.

## 3.2 Financial instruments

### (i) Recognition and initial measurement

#### **Non-derivative financial assets and financial liabilities**

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### (ii) Classification and subsequent measurement

#### **Non-derivative financial assets – Policy applicable from 1 April 2018**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

#### ***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Financial assets: Business model assessment – Policy applicable from 1 April 2018**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

**Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 April 2018**

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Non-derivative financial assets – Policy applicable before 1 April 2018**

The Company recognised non-derivative financial assets into the loans and receivables category.

**Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 April 2018**

***Loans and receivables***

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets were initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents and loans to related corporations.

**Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost. These financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprise other payables.

**(iii) Derecognition**

**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(iv) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.



**(v) Share capital**

***Ordinary shares***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**(vi) Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**3.3 Impairment**

**(i) Non-derivative financial assets**

**Policy applicable from 1 April 2018**

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

***Simplified approach***

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

***General approach***

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

### ***Measurement of ECLs***

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### ***Credit-impaired financial assets***

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

### ***Presentation of allowance for ECLs in the statement of financial position***

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

### ***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### **Policy applicable before 1 April 2018**

A financial asset not carried at fair value through profit or loss was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers and economic conditions that correlated with defaults.

#### *Loans and receivables*

The Company considered evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables were assessed for specific impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost was calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continued to be recognised. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

#### **(ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

### **3.4 Revenue**

#### **Interest income**

Interest income is recognised using the effective interest method.

The effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### **3.5 Tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *FRS 37 Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. 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 realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### **3.6 New standards and interpretations not adopted**

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are effective for annual periods beginning after 1 April 2018:

#### **Applicable to 2020 financial statements**

##### **FRS 116 Leases**

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Company plans to apply FRS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply FRS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with FRS 17 and INT FRS 104.

#### **The Company as lessee**

The Company expects to measure lease liabilities by applying a single discount rate to their office leases. Furthermore, the Company is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 April 2019. For lease contracts that contain the option to renew, the Company is expected to use hindsight in determining the lease term.

The Company expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. The nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

The Company is currently assessing the impact of FRS 116 on its ROU assets and lease liabilities as at 1 April 2019.

#### 4 Loans to related corporations

	2019 US\$	2018 US\$
Loans to related corporations	98,740	98,740
Accrued interest on loans	28,573	22,984
	<u>127,313</u>	<u>121,724</u>

The loans to related corporations are unsecured, repayable on demand and bear interest of 6 months LIBOR + 300 basis points (2018: 3 months LIBOR + 300 basis points).

#### 5 Cash and bank deposits

	2019 US\$	2018 US\$
Cash at bank	36,556	41,678
Short-term bank deposits	1,565,122	1,544,239
	<u>1,601,678</u>	<u>1,585,917</u>

The effective interest rate of these deposits as at balance sheet date was 1.35% (2018: 1.11%) per annum. At the balance sheet date, the carrying amounts of cash and cash equivalents approximate their fair value.

#### 6 Share capital

	2019 No. of Shares	2018 No. of shares
<b>Fully paid ordinary shares, with no par value:</b>		
At 1 April and 31 March	<u>1,775,001</u>	<u>1,775,001</u>

The holder of ordinary shares is entitled to receive dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### 7 Other payables

	2019 US\$	2018 US\$
Accrued operating expenses	<u>22,482</u>	<u>12,390</u>

<b>8</b>	<b>Revenue</b>	<b>2019</b>	<b>2018</b>
		<b>US\$</b>	<b>US\$</b>
	Interest income on loans to related corporations	5,590	7,201

<b>9</b>	<b>Other income</b>	<b>2019</b>	<b>2018</b>
		<b>US\$</b>	<b>US\$</b>
	Interest income on short-term bank deposits	20,882	13,761

<b>10</b>	<b>Tax expense</b>	<b>2019</b>	<b>2018</b>
		<b>US\$</b>	<b>US\$</b>
	<b>Current tax expense</b>		
	Current year	79	317
	<i>Reconciliation of effective tax rate</i>		
	Profit/(Loss) before tax	11,694	(283,180)
	Tax calculated using Singapore tax rate of 17% (2018: 17%)	1,988	(48,141)
	Effects of:		
	- expenses not deductible for tax purposes	–	49,672
	- statutory income tax exemption	(1,909)	(1,214)
		79	317

## **11 Financial risk management**

The Company has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objective, policies and processes for measuring and managing those risks.

### ***Risk management framework***

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

**(a) Market risk**

*(i) Currency risk*

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

*(ii) Interest rate risk*

The Company is exposed to interest rate risk on loans to related corporations (note 4).

***Cash flow sensitivity analysis for variable rate instruments***

A change of 10 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	<b>Profit or loss</b>	
	<b>10 bp increase US\$</b>	<b>10 bp decrease US\$</b>
<b>2019</b>		
Loans to related corporations	(99)	99
<b>2018</b>		
Loans to related corporations	(99)	99

**(b) Credit risk**

The Company has no significant concentration of credit risk apart from loans to related corporations and cash and bank deposits.

For cash at bank, the Company adopts the policy of dealing with financial institutions and other counterparties with high credit ratings. The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instrument presented on the statement of financial position.

*(i) Financial assets that are neither past due nor impaired*

Cash at bank is neither past due nor impaired and is placed with bank with high credit-rating as determined by international credit-rating agencies. Loans to related corporations are due from a company within the HCL Group that has demonstrated an ability to repay the amounts outstanding.

*(ii) Financial assets that are past due and/or impaired*

There are no financial assets that are past due and/or impaired.

**(c) Liquidity risk**

The Company manages liquidity risk by maintaining sufficient cash to enable it to meet its operational requirements.



The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows:

	<b>Less than 1 year</b>	
	<b>2019</b>	<b>2018</b>
	<b>US\$</b>	<b>US\$</b>
Other payables	22,482	12,390

**(d) Capital management**

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure. Total capital is defined as share capital and other components of equity.

The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

## 12 Financial instruments

### Classification

	Note	-----At amortised cost-----		Total US\$
		Amortised cost US\$	Other financial liabilities US\$	
<b>2019</b>				
Loans to related corporations	4	127,313	–	127,313
Cash and bank deposits	5	1,601,678	–	1,601,678
		1,728,991	–	1,728,991
Other payables	7	–	(22,482)	(22,482)
		-----At amortised cost-----		
		Loans and receivables US\$	Other financial liabilities US\$	Total US\$
<b>2018</b>				
Loans to related corporations	4	121,724	–	121,724
Cash and bank deposits	5	1,585,917	–	1,585,917
		1,707,641	–	1,707,641
Other payables	7	–	(12,390)	(12,390)

### *Fair values versus carrying amounts*

The carrying amounts of financial assets and liabilities with a maturity of less than one year including loans to related corporations, cash and bank deposits and other payables are assumed to approximate their fair values because of the short period to maturity.

## 13 Related parties

### *Other related party transactions*

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	<b>2019</b>	<b>2018</b>
	<b>US\$</b>	<b>US\$</b>
Repayment of loan to related corporations	–	(209,824)
Interest income on loans to related corporations	5,590	7,201
	<hr/>	<hr/>

### *Key management personnel compensation*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The following persons are considered as key management personnel:

- (i) directors of the Company; and
- (ii) key management team of the Company.

Remuneration fees of key management personnel are borne by related parties and not recharged to the Company. The remuneration is not in relation to services rendered to the Company.

