HCL Istanbul Bilisim Teknolojileri Limited Sirketi

FINANCIAL STATEMENT

For the year ended 31 March 2020 and year ended 31 March 2019

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Balance Sheet as at 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

		Note No.	As at 31 March 2020 (TRY)	As at 31 March 2019 (TRY)	As at 31 March 2020 refer note 1(a) (₹)
I.	**ASSETS**				
	(1) Non-current assets				
	(a) Property, Plant and Equipment	**3.1**	1,095	1,296	12,605
	(b) Goodwill	**3.2**	1,800	-	20,739
	(c) Other Intangible assets	**3.3**	776	25	8,952
	(d) Financial Assets				
	(i) Others	**3.4**	354	108	4,079
	(e) Deferred tax assets (net)	**3.21**	889	440	10,244
	(f) Other non-current assets	**3.5**	1	2	14
	(2) Current assets				
	(a) Inventories	**3.6**	352	112	4,051
	(b) Financial Assets				
	(i) Trade receivables	**3.7**	10,859	7,703	125,110
	(ii) Cash and cash equivalents	**3.8**	6,972	3,629	80,324
	(iv) Others	**3.4**	2,164	2,209	24,937
	(c) Current tax assets (net)		355	578	4,092
	(d) Other current assets	**3.9**	1,575	521	18,141
	TOTAL ASSETS		**27,192**	**16,623**	**313,288**
II.	**EQUITY**				
	(a) Equity Share Capital	**3.10**	100	100	1,152
	(b) Other Equity		6,806	6,658	78,417
III.	**LIABILITIES**				
	(1) Current liabilities				
	(a) Financial Liabilities				
	(i) Trade payables	**3.11**	14,734	8,448	169,759
	(ii) Others	**3.12**	2,856	1,173	32,900
	(b) Other current liabilities	**3.13**	2,623	174	30,221
	(c) Provisions	**3.14**	73	70	839
	TOTAL EQUITY AND LIABILITIES		**27,192**	**16,623**	**313,288**
	Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 101248W/W-100022

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.09.05 13:44:25 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: September 05, 2020

For and on behalf of the Board of Director
of HCL Istanbul Bilisim Teknolojileri Limited Sirketi

SUNDARAM SRIDHARAN Digitally signed by SUNDARAM SRIDHARAN Date: 2020.09.05 12:01:57 +05'30'

Sundaram Sridharan
Director

Date: September 05, 2020

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Profit and Loss for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

		Note No.	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 refer note 1(a) (₹)
I	**Revenue**				
	Revenue from operations	**3.15**	20,003	21,376	230,469
	Other income	**3.16**	-	1,834	-
	Total income		**20,003**	**23,210**	**230,469**
II	**Expenses**				
	Purchase of stock in trade		1,016	1,436	11,711
	Changes in inventories of stock in trade	**3.17**	(240)	91	(2,765)
	Employee benefits expense	**3.18**	3,134	2,229	36,109
	Finance costs	**3.19**	33	12	375
	Outsourcing costs		13,880	14,225	159,921
	Depreciation and amortization expense	**3.1**	495	228	5,704
	Other expenses	**3.20**	1,345	2,573	15,486
	Total expenses		**19,663**	**20,794**	**226,541**
III	**Profit before tax**		**340**	**2,416**	**3,928**
IV	**Tax expense**	**3.21**			
	Current tax		642	711	7,398
	Deferred tax credit		(450)	(385)	(5,183)
	Total tax expense		192	326	2,215
V	**Profit for the year**		**148**	**2,090**	**1,713**
VI	**Other comprehensive income**		-	-	-
VI	**Total Comprehensive Income for the year**		**148**	**2,090**	**1,713**
	Earnings per equity share of TRY 100 each				
	Basic and diluted	**3.25**	0.15	2.09	1.71
	Summary of significant accounting policies	**1**			

The accompanying notes are an integral part of the financial statements

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ICAI Firm Registration Number : 101248W/W-100022

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.09.05 13:45:00 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: September 05, 2020

For and on behalf of the Board of Director
of HCL Istanbul Bilisim Teknolojileri Limited Sirketi

SUNDARAM SRIDHARAN Digitally signed by SUNDARAM SRIDHARAN Date: 2020.09.05 12:02:14 +05'30'

Sundaram Sridharan
Director

Date: September 05, 2020

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Statement of Changes in Equity for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

(Amount in TRY)

	Equity share capital		Other Equity
	Shares	Share capital	
Balance as at 1 April 2018	1,000	100	4,568
Profit for the year	-	-	2,090
Total comprehensive income for the year	-	-	2,090
Balance as at 31 March 2019	1,000	100	6,658
Balance as at 1 April 2019	1,000	100	6,658
Profit for the year	-	-	148
Total comprehensive income for the year	-	-	148
Balance as at 31 March 2020	1,000	100	6,806

(Amount in ₹)

	Equity share capital		Other Equity
	Shares	Share capital	
Balance as at 1 April 2019	1,000	1,152	76,704
Profit for the year	-	-	1,713
Total comprehensive income for the year	-	-	1,713
Balance as at 31 March 2020	1,000	1,152	78,417

Summary of significant accounting policies **1**

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 101248W/W-100022

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.09.05 13:45:55 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: September 05, 2020

For and on behalf of the Board of Director
of HCL Istanbul Bilisim Teknolojileri Limited Sirketi

SUNDARAM SRIDHARAN Digitally signed by SUNDARAM SRIDHARAN Date: 2020.09.05 12:02:30 +05'30'

Sundaram Sridharan
Director

Date: September 05, 2020

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Statement Cash flow for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 refer note 1(a) (₹)
A. Cash flows from operating activities			
Profit before tax	340	2,416	3,928
Adjustment for:			
Depreciation and amortization	495	228	5,704
Provision for doubtful debts	541	1,922	6,231
Interest expenses	25	-	282
Operating profit before working capital changes	**1,401**	**4,566**	**16,145**
Movement in Working Capital			
Decrease in trade receivables	(3,697)	(1,769)	(42,590)
(Increase)/decrease in inventories	(240)	91	(2,765)
Decrease in other financial assets and other assets	(1,254)	(2,417)	(14,450)
Increase in trade payables	6,286	2,894	72,420
Increase in provisions, other financial liabilities and other liabilities	2,612	140	30,088
Cash generated from operations	**5,108**	**3,505**	**58,848**
Direct taxes paid (net of refunds)	419	1,296	4,832
Net cash flow from operating activities (A)	**4,689**	**2,209**	**54,016**
B. Cash flows from investing activities			
Purchase of property, plant and equipment	(1,346)	(749)	(15,505)
Net cash flow used in investing activities (B)	**(1,346)**	**(749)**	**(15,505)**
Net increase in cash and cash equivalents (A+B)	3,343	1,460	38,511
Cash and cash equivalents at the beginning of the year	3,629	2,169	41,813
Cash and cash equivalents at the end of the year as per note 3.8	**6,972**	**3,629**	**80,324**
Summary of significant accounting policies (Note 1)			

The accompanying notes are an integral part of the financial statements

As per our report of even date.

FOR B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 101248W/W-100022

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.09.05 13:46:45 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: September 05, 2020

For and on behalf of the Board of Director
of HCL Istanbul Bilisim Teknolojileri Limited Sirketi

SUNDARAM SRIDHARAN Digitally signed by SUNDARAM SRIDHARAN Date: 2020.09.05 12:02:50 +05'30'

Sundaram Sridharan
Director

Date: September 05, 2020

Company Overview

HCL Istanbul Bilisim Teknolojileri Limited Sirketi (hereinafter referred to as 'Company') is a Business Transformation consultancy company aiming to provide medium and large size organizations with Business Transformation solutions that encompass all elements of Business Consulting, Solution Implementation and ongoing Application Management. The Company was incorporated on 30 September 2014 in Istanbul.

The financial statements for the year ended 31 March 2020 were approved and authorized for issue by the Board of Directors on September 05, 2020.

1. Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with recognition and measurement principle laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time.) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the financial statements. The company is not domiciled in India and hence was not incorporated under Companies Act, 2013 or under any previous Company law in India. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under indirect method.

The functional currency of the Company is Turkish Lira (TRY). The translation from TRY to ₹ is included solely for the convenience of readers in India and has been performed using rate of TRY 1 = ₹ 11.5213/-, 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, TRY 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, and the useful lives of property, plant and equipment. 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.

In view of pandemic relating to COVID-19, the company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, goodwill, intangible assets, other financial assets, impact on leases, impact on revenues and costs. However, the actual impact of COVID-19 on the company's financial statements may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions

c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Company measures the non-controlling interest in the acquiree at fair value. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as financial liability is measured at fair value with changes in fair value recognized in the statement of profit and loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is recognized as capital reserve after reassessing the fair values of the net assets.

d) Leases

Company as a lessee

Company is lessee in case of office space, accommodation for its employees & IT equipment. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in Ind AS 116.

Effective 1 April 2019, all leases with a term of more than 12 months are recognized as right-of-use assets alongwith associated lease liabilities, in the balance sheet.

Right-of-use asset represents the Company’s right to control the underlying assets under lease and the lease liability is the obligation to make the lease payments related to the underlying asset under lease. Right-of-use asset is measured initially based on the lease liability adjusted for any initial direct costs, prepaid rent, and lease incentives. Right-of-use asset is depreciated based on straight line method over the lease term or useful life of right-of-use asset, whichever is less. Subsequently, right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of lease liability.

The lease liability is measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the Company’s incremental borrowing rate, which approximates the rate at which the Company would borrow, in the country where the lease was executed. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the Company is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the company exercising an option to terminate the lease. Lease liability is subsequently measured by increase the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any.

The Company has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight-line basis over the lease term in the statement of profit and loss. For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the year in which they are earned.

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.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

The Company has adopted Ind AS 116, effective 1 April 2019 using the modified retrospective approach which involves recognizing new right-of-use assets and lease liabilities on its balance sheet. Comparative information has not been adjusted and continues to be reported under Ind AS 17. As a result of the Company's adoption of this new standard, all leases are recorded on the balance sheet. The Company has also elected the practical expedients, not to reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The Company has used a single discount rate to a portfolio of leases with reasonably similar characteristics. The Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract, and to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases").

e) Inventories

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.

f) 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 assets as a whole.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing fixed assets, 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 property, plant and equipment 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 before the year-end, are disclosed as capital work – in - progress.

Depreciation on property, plant and equipment is provide 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 following assets for computing depreciation are as follows: -

	Life (in years)
Computer	4-5
Office equipment's	5

The useful life as given above best represent the period over which the management expects to use these assets, based on technical assessment. Hence, the useful life for the assets is different from the useful life 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.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The intangible assets are amortized over the estimated useful life of the assets as mentioned below.

	Life (in years)
Software	3
Customer relationships	10

h) Impairment of non-financial assets

Goodwill

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period.

The company tests goodwill for impairment annually, or more frequently when there is an indication for impairment. The company has performed its annual goodwill impairment testing considering the likely impact of COVID-19 on future cash flows, discount rates, growth rates, earnings before interest and taxes, including terminal growth rate, along with subjecting these variables to sensitivity analysis considering impacted industry verticals and geographies.

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 asset exceeds the estimated recoverable amount of the asset.

i) 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 in the principal or most advantageous market for that asset or liability.

The company holds certain fixed income securities, equity securities and derivatives, which must be measured using the guidance for fair value hierarchy and related valuation methodologies. The guidance 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 entity 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 method.

c) Cost approach – Replacement cost method.

Certain assets are measured at fair value on a non-recurring basis. These assets consist primarily of non-financial assets such as goodwill and intangible assets. Goodwill and intangible assets recognized in business combinations are measured at fair value initially and subsequently when there is an indicator of impairment, the impairment is recognized.

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.

j) Revenue Recognition

Contracts involving provision of services and material

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. Contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Time-and-material / Volume based / Transaction based contracts

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

Fixed Price contracts

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, ERP implementations and Application development are recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified. Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Contract losses are determined to be the amount by which the estimated incremental cost to complete exceeds the estimated future revenues that will be generated by the contract and are included in cost of revenues and recorded in other accrued liabilities

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established.

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Multiple performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which group would sell a promised good or service separately to the customer. When not directly observable, we typically estimate standalone selling price by using the expected cost plus a margin approach. We typically establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as a group is then allocated to each software obligation and lease deliverable.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract are considered as contract fulfillment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the Group is a principal to the transaction and net of costs when the Group is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Group is a principal or an agent, most notably being group control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our statements of financial position, contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Revenue from sales-type leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client.

Interest attributable to sales-type leases and direct financing leases included therein is recognized on an accrual basis using the effective interest method and is recognized as other income.

k) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of 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 the 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 year in which the transaction is settled. Revenue, expenses 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.

l) Taxation

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 company and the same taxation authority.

m) 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 at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

n) Contingent liabilities

A contingent liability is a possible obligation that may arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

o) Retirement and other employee benefits

(i) Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

(ii) 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 based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as a short-term employee benefit for measurement purposes. The expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

p) 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 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 cash equivalent

Cash in the balance sheet comprise cash in banks, which is subject to an insignificant risk of changes in Values.

Financial instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met:
The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and 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 other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, loans, unbilled revenue trade and other receivables.

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

ii) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

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

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method except for deferred consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or Expires.

Offsetting of financial instruments

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

q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

2. ACQUISITIONS

(a) <u>Acquisitions in the current year</u>

(i) **Acquisition of Select IBM Software products**

On 7 December 2018, HCL Group had signed a definitive agreement to acquire business relating to select IBM software products, the acquisition though has been consummated effective 30 June 2019.

The HCL Group has acquired these products for security, marketing, commerce, and digital solutions along with certain assumed liabilities and in scope employees. With this HCL Group gets 100% control on the assets being acquired and has also taken full ownership of the research and development, sales, marketing, delivery and support for these products. Through this acquisition, the HCL Group intends to enhance its products and platforms offering to customers across a wide range of industries and markets.

IBM will pay the Company for the assumed liabilities as related services are rendered, based on an agreed basis.

HCL Istanbul Bilisim Teknolojileri Limited Sirketi had paid TRY 1,322,058 till 30 June 2019. TRY 1,322,057 is payable after one year as per agreement. These payables have been fair valued at TRY 1,313,891.

The acquisition was accounted for under the acquisition method of accounting in accordance with Ind AS 103 "Business combinations".

Total value of acquired assets are as follows:

	Amount (TRY)
Customer relationship	811
Goodwill	1,800
Total	**2,611**

The resultant goodwill is considered tax deductible and has been allocated to the products & platforms segment. This goodwill is attributable mainly to Company's ability to upgrade the products and enhance the sale of products to customers in existing business of the Company and targeting new customers.

The table below shows the values and lives of intangible assets recognized on acquisition:

Asset description	Amount (TRY)	Life (in years)	Basis of amortization
Customer related intangibles	811	10	In proportion of estimated revenue

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3.1 Property, plant and equipment
The changes in the carrying value for the year ended 31 March 2020

	Computers	Office Equipment	Total	Computers	Office Equipment	Total
	(TRY)	(TRY)	(TRY)	(₹)	(₹)	(₹)
Gross block as at 1 April 2019	1,645	30	**1,675**	18,958	340	**19,298**
Additions	201	9	**210**	2,314	101	**2,415**
Gross block as at 31 March 2020	1,846	39	**1,885**	21,272	441	**21,713**
Accumulated depreciation as at 1 April 2019	367	12	**379**	4,228	141	**4,369**
Charge for the year	404	7	**411**	4,659	80	**4,739**
Accumulated depreciation as at 31 March 2020	771	19	**790**	8,887	221	**9,108**
Net block as at 31 March 2020	1,075	20	**1,095**	12,385	220	**12,605**

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

	Computers	Office Equipment	Total
	(TRY)	(TRY)	(TRY)
Gross block as at 1 April 2018	621	30	651
Additions	1,024	-	1,024
Disposal	-	-	-
Gross block as at 31 March 2019	**1,645**	**30**	**1,675**
Accumulated depreciation as at 1 April 2018	166	6	172
Charge for the year	201	6	207
Disposal	-	-	-
Accumulated depreciation as at 31 March 2019	**367**	**12**	**379**
Net block as at 31 March 2019	**1,278**	**18**	**1,296**

3.2 Goodwill

	Goodwill on acquisition	Total (TRY)	Total (₹)
Gross block as at 1 April 2019	-	-	-
Additions	1,800	1,800	20,739
Gross block as at 31 March 2020	**1,800**	**1,800**	**20,739**
Impairment of Goodwill	-	-	-
Net Block as at 31 March 2020	**1,800**	**1,800**	**20,739**

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) , which benefit from the synergies of the acquisition.

Goodwill is tested for impairment at least annually. Impairment is recognised, if present value of future cash flows is less than the carrying value of goodwill. Future cash flows are forecast for 5 years & then on perpetuity on the basis of certain assumptions which includes revenue growth, earnings before interest and taxes, taxes, capital outflow and working capital requirement. The assumptions are taken on the basis of past trends and management estimates and judgement. Future cash flows are discounted with "Weighted Average Cost of Capital". The key assumptions are as follows:

	As at 31 March 2020
Growth rate (%)	Upto 5%
Terminal growth rate (%)	1%
Discount rate (%)	9%

As at 31 March 2020 and 31 March 2019 the estimated recoverable amount of the CGU exceeded its carrying amount and accordingly, no impairment was recognized. An analysis of the sensitivity of the computation to a change in key assumptions based on reasonable probability did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

The company tests goodwill for impairment annually, or more frequently when there is an indication for impairment. The company has performed its annual goodwill impairment testing considering the likely impact of COVID-19 on future cash flows, discount rates, growth rates, earnings before interest and taxes, including terminal growth rate, along with subjecting these variables to sensitivity analysis considering impacted industry verticals and geographies.

3.3 Other Intangible Assets

The changes in the carrying value for the year ended 31 March 2020

	Software (TRY)	Customer Relationship (TRY)	Total (TRY)	Software (₹)	Customer Relationship (₹)	Total (₹)
Gross block as at 1 April 2019	64	-	**64**	740	-	**740**
Additions	24	811	**835**	281	9,349	**9,630**
Gross block as at 31 March 2020	**88**	**811**	**899**	**1,021**	**9,349**	**10,370**
Accumulated depreciation as at 1 April 2019	39	-	**39**	453	-	453
Charge for the year	22	62	**84**	254	711	965
Accumulated depreciation as at 31 March 2020	**61**	**62**	**123**	**707**	**711**	**1,418**
Net block as at 31 March 2020	**27**	**749**	**776**	**314**	**8,638**	**8,952**

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

	Software (TRY)
Gross block as at 1 April 2018	**64**
Additions	**-**
Disposal	**-**
Gross block as at 31 March 2019	**64**
Accumulated depreciation as at 1 April 2018	**18**
Charge for the year	21
Disposal	**-**
Accumulated depreciation as at 31 March 2019	**39**
Net block as at 31 March 2019	**25**

The Company tests intangible assets for impairment when there is an indication for impairment. The Company has performed an evaluation of the amortization period and method for its intangible assets, along with intangible assets impairment testing considering the likely impact of COVID-19 on future cash flows and growth rates, along with subjecting these variables to sensitivity analysis considering impacted industry verticals and geographies.

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3.4 Financial Assets - Others

	As at		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(TRY)	**(TRY)**	**(₹)**
Non- Current			
Carried at amortized cost			
Finance lease receivables	354	108	4,079
	354	**108**	**4,079**
Current			
Carried at amortized cost			
Security deposits- Lease	14	12	166
Interest receivable - Related Parties (Refer Note 3.23)	-	113	-
Finance lease receivables	328	82	3,776
Unbilled receivables	57	987	661
Unbilled receivables-related parties (Refer Note 3.23)	1,765	1,015	20,334
	2,164	**2,209**	**24,937**

3.5 Other non- current assets

	As at		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(TRY)	**(TRY)**	**(₹)**
Unsecured considered good unless otherwise stated			
Deferred Contract Cost	1	2	14
	1	**2**	**14**

3.6 Inventories

	As at		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(TRY)	**(TRY)**	**(₹)**
Stock in trade	352	112	4,051
	352	**112**	**4,051**

3.7 Trade Receivable

	As at		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(TRY)	**(TRY)**	**(₹)**
Current			
Unsecured, considered good (refer note below)	12,046	8,414	138,786
Trade receivables which have significant increase in credit risk	1,603	1,538	18,468
	13,649	**9,952**	**157,254**
Impaired allowance for bad and doubtful debts	(2,790)	(2,249)	(32,144)
	10,859	**7,703**	**125,110**

Note:-

1. Includes receivables from related parties amounting to TRY 2,386 (31 March 2019, TRY 2,235) (Refer Note 3.23)

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3.8 Cash and cash equivalent

	As at		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(TRY)	**(TRY)**	**(₹)**
Balance with banks			
-in current accounts	6,972	3,629	80,324
	6,972	**3,629**	**80,324**

3.9 Other current assets

	As at		
	31 March 2020	**31 March 2019**	**31 March 2020**
	(TRY)	**(TRY)**	**(₹)**
Unsecured , considered good			
Advances other than capital advances			
Advances to employees	118	99	1,355
Advances to suppliers	160	121	1,847
Others			
Prepaid expenses	284	167	3,271
Prepaid expenses - related parties (Refer Note 3.23)	-	5	-
Other Taxes Receivables	1,013	129	11,668
	1,575	**521**	**18,141**

3.10 Share Capital

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Authorized			
1,000 equity shares of TRY 100 each (Previous year 1,000 equity shares of TRY 100 each)	100	100	1,152
Issued, subscribed and fully paid up			
1,000 equity shares of TRY 100 each (Previous year 1,000 equity shares of TRY 100 each)	100	100	1,152

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of TRY 100/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the share holders will be entitled to receive 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.

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

	As at			
	(TRY)		(TRY)	
	No. of shares	Amount (TRY)	No. of shares	Amount (TRY)
Number of shares at the beginning	1,000	100,000	1,000	100,000
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	1,000	100,000	1,000	100,000

Shares held by holding Company:-

Out of equity shares issued by the Company, shares held by its holding Company are as below:-

	As at			
	(TRY)		(TRY)	
	No. of shares	Amount (TRY)	No. of shares	Amount (TRY)
Equity shares of TRY 100 each				
HCL Tehnologies UK limited, the holding company	1,000	100,000	1,000	100,000

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

Name of the shareholder	As at			
	(TRY)		(TRY)	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of TRY 100 each fully paid				
HCL Tehnologies UK limited, the holding company	1,000	100.00%	1,000	100.00%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation.

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the company while maximizing the shareholder value. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated.

3.11 Trade payables

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Trade payables	472	337	5,439
Trade payables-related parties (Refer Note 3.23)	14,262	8,111	164,320
	14,734	**8,448**	**169,759**

3.12 Other financial liabilities

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Current			
Carried at amortized cost			
Deferred consideration	1,499	-	17,273
Accrued salaries and benefits			
Employee bonuses accrued	163	69	1,874
Pension Payable	2	1	21
Others			
Liabilities for expenses	1,192	1,103	13,732
	2,856	**1,173**	**32,900**

3.13 Other current liabilities

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Contract Liabilities	1,934	101	22,278
Other advances			
Advances received from customers	209	-	2,411
Others			
Social security payable	63	48	731
Other taxes payable	417	25	4,801
	2,623	**174**	**30,221**

3.14 Provisions

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Current			
Provision for employee benefits			
Provision for leave benefits	73	70	839
	73	**70**	**839**

3.15 Revenue from operations

	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Sale of services	17,625	19,805	203,066
Sale of hardware and software	2,378	1,571	27,403
	20,003	**21,376**	**230,469**

Disaggregate Revenue Information

The disaggregated revenue from contracts with the customers by contract type is as follows:

	Year ended		
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Contract type			
Fixed price	19,808	21,188	228,220
Time and material	195	188	2,249
Total	**20,003**	**21,376**	**230,469**
Geography wise			
America	716	955	8,249
Europe	11,164	19,632	128,629
India	2,984	707	34,378
Others	5,139	82	59,213
Total	**20,003**	**21,376**	**230,469**

Remaining performance obligations

As at 31 March 2020, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 is TRY 7,725. This is after exclusions of below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,

b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or

c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Contract balances

Contract assets : A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our consolidated balance sheet. Contract assets primarily relate to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivables represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Contract liabilities : A contract liability arises when there is excess billing over the revenue recognized

The below table discloses the movement in balances of contract liabilities :

	Year ended		
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Balance as at beginning of the year	101	9	1,164
Additional amounts billed but not recognized as revenue	1,854	92	21,356
Deduction on account of revenues recognized during the year	(21)	-	(242)
Balance as at end of the year	**1,935**	**101**	**22,282**

Deferred contract cost : Deferred contract cost primarily represents the contract fulfilment cost and cost for obtaining the contract.

The below table discloses the movement in balance of deferred contract cost:

	Year ended		
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Balance as at beginning of the year	2	-	28
Additional amounts billed but not recognized as revenue	5,938	2	68,413
Deduction on account of revenues recognized during the year	(5,939)	-	(68,427)
Balance as at end of the year	**1**	**2**	**14**

The company has evaluated the impact of COVID-19 resulting from (a) increase in cost budget of fixed price projects due to additional efforts; (b) onerous projects; (c) penalties for not meeting SLAs; (d) volume discounts; (e) termination/deferment of projects to ensure that revenue is recognised after considering all these impacts to the extent known and available currently. We would continue to assess COVID-19 impact as we go along due to uncertainties associated with its nature and duration.

3.16 Other income

	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 (₹)
Exchange differences gain (net)	-	1,834	-
	-	**1,834**	**-**

3.17 Changes in inventories of traded goods

	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 (₹)
Opening stock	112	203	1,286
Less: Closing stock	(352)	(112)	(4,051)
	(240)	**91**	**(2,765)**

3.18 Employee benefits expense

	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 (₹)
Salaries, wages and bonus	2,125	1,587	24,482
Contribution to employee benefits	394	227	4,538
Leave encashment	33	39	387
Other welfare expenses	582	376	6,702
	3,134	**2,229**	**36,109**

3.19 Finance cost

	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 (₹)
Interest Expense	25	-	282
Bank charges	8	12	93
	33	**12**	**375**

3.20 Other expenses

	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 (₹)
Rent	70	66	812
Communication costs	2	2	25
Travel and conveyance	30	2	342
Legal and professional charges	294	509	3,383
Provision for doubtful debts/ bad debts written off	541	1,922	6,231
Exchange differences (net)	353	-	4,066
Rates & Taxes	1	7	17
Miscellaneous expenses	49	62	548
Insurance	5	3	61
	1,345	**2,573**	**15,486**

3.21 Income taxes

	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 (₹)
Income tax charged to statement of profit and loss			
Current income tax charge	685	508	7,890
Current income tax charge- Prior year	(43)	203	(492)
Deferred tax charge	(599)	(152)	(6,899)
Deferred tax charge - Prior year	149	(233)	1,716
	192	**326**	**2,215**

The reconciliation between the provision for income tax and amount computed by applying the statutory income tax rate is as follows:

	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 (₹)
Profit before income tax	340	2,416	3,928
Statutory tax rate	22%	22%	22%
Expected tax expense	75	531	864
Adjustment in respect of Disallowed Expenses	11	(146)	131
Creation /(Reversal) of prior year provision	106	(30)	1,220
Others	-	(29)	-
Total taxes	**192**	**326**	**2,215**
Effective income tax rate	56%	13%	56%

Components of deferred tax assets and liabilities as on 31 March 2020 **Amount in (TRY)**

	Opening balance	Recognized in profit and loss	Recognised in/ reclassified from OCI	Closing balance
Deferred tax assets				
GAAP Adjustments	439	450	-	889
Net deferred tax assets (A)	439	450	-	889

Components of deferred tax assets and liabilities as on 31 March 2020 **(Amount in ₹)**

	Opening balance	Recognized in profit and loss	Recognised in/ reclassified from OCI	Closing balance
Deferred tax assets				
GAAP Adjustments	5,062	5,182	-	10,244
Net deferred tax assets (A)	5,062	5,182	-	10,244

Components of deferred tax assets and liabilities as on 31 March 2019 **Amount in (TRY)**

	Opening balance	Recognized in profit and loss	Recognised in/ reclassified from OCI	Closing balance
Deferred tax assets				
Others	135	830	-	965
Net deferred tax assets	135	830	-	965
Deferred tax liabilities				
Depreciation and amortization	17	44	-	61
Others	63	401	-	464
Gross deferred tax liabilities (B)	80	445	-	525
Net deferred tax assets (A-B)	55	385	-	440

3.22 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance. Till previous year, the CODM evaluated the Company's performance by business segments comprising software services, infrastructure management services and business process outsourcing services.

Consequent to the reorganization of its operations due to technological changes and business requirements, effective current year the Company's holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and Products & Platforms segments.

Due to the reorganization of operations, the ultimate Holding Company effective current year, monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment which is overall a part of the reorganized entity level business segments. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

Revenue disagreegation as per geography is given in note 3.12

3.23 Related party transaction

a) Related parties where control exists

Holding company

HCL Technologies UK limited

Ultimate Holding company

HCL Technologies limted

b) Related Party where transactions have taken place during the year

Ultimate holding company

HCL Technologies limited, India

Holding company

HCL Technologies UK limited

Fellow Subsidiary

State Street HCL Services
HCLT Philippines Inc
HCL Singapore Pte Limited
HCL Guatemala, Sociedad A
HCL Technologies Colombia
Hcl Belgium N.V./S.A.
HCL Technologies Middle E
HCL Tech. Belgium BVBA
HCLBrazilTecnologia da In
HCL Technologies Greece S
HCL Technologies Germany
Hcl Australia Services Pt
Hcl Axon Malaysia Sdn Bhd
HCL Japan Limited
Hcl Great Britain Ltd.
HCL Canada Inc - SD
HCL Ireland Information s
HCL Axon Solutions Shangh
Hcl America Inc.
HCL Tech Norway AS
Filial Española De Hcl Sl
Axon Solutions (BPO NI Di
Hcl (Newzealand) Limited
HCL Tech. Italy S.p.A.
Hcl Argentina S.A.
HCL GmbH
HCLTechnologies Chile SPA
Hcl Technologies Mexico,
HCL Technologies B.V.
HCL Axon (Pty) Ltd
HCL Technologies Czech Re
HCL Technologies Romania
HCL Technologies Vietnam
Point to Point Products L
Axon Solutions Ltd
HCL Hong Kong SAR Limited
HCL Technologies Corporat

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Notes to financial statements for the year ended 31 March 2020
(All amounts in thousands except share data and as stated otherwise)

c) Transactions with related parties during the ordinary course of business **(TRY)**

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Outsourcing costs	7,627	6,961	158	1,534	3,409	1,676
Marketing Costs	677	2,387	-	-	-	-
Insurance Costs	5	3	-	-	-	-
Revenue	2,984	1,018	419	19	2,143	2,184
Purchases	-	-	-	-	11	-

(₹)

	Holding company	Holding company	Fellow subsidiaries
	Year ended		
	31 March 2020	31 March 2020	31 March 2020
Outsourcing costs	87,867	1,825	39,272
Marketing Costs	7,803	-	-
Insurance Costs	61	-	-
Revenue	34,378	4,829	24,689
Purchases	-	-	131

d) Outstanding balances of related parties as at 31 March 20 **(TRY)**

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	As at		As at		As at	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Trade Payable	9,949	6,325	264	140	4,049	1,646
Unbilled Receivables	1,761	976	-	-	4	39
Trade Receivables	1,389	510	-	-	997	1,725
Prepaid Expenses	-	5	-	-	-	-

(₹)

	Holding company	Holding company	Fellow subsidiaries
	Year ended		
	31 March 2020	31 March 2020	31 March 2020
Trade Payable	114,628	3,037	46,655
Unbilled Receivables	20,287	-	47
Trade Receivables	16,002	-	11,488

3.24 Capital and other commitments

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Capital and other commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	99	18	1,146
	99	**18**	**1,146**

3.25 Earnings per equity share (EPS)

Particulars	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 (₹)
Net Profit as per statement of profit and loss for computation of EPS	148	2,090	1,713
Weighted average number of equity shares outstanding in calculating Basic and dilutive EPS	1,000	1,000	1,000
Nominal value of equity shares	100	100	100
Profit per equity share			
- Basic and Diluted	**0.15**	**2.09**	**1.71**

3.26 Operating lease

The Company's significant leasing arrangements are in respect of operating leases for office spaces. The aggregate lease rental expense recognized in the statement of profit and loss for the year amounts to TRY 70 (31 March, 2019 TRY 66). Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	Year ended 31 March 2020 (TRY)	Year ended 31 March 2019 (TRY)	Year ended 31 March 2020 (₹)
Not later than one year	7	39	81
Later than one year and not later than 5 years	-	-	-
Later than five years	-	-	-
	7	**39**	**81**

3.27 Financial Instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2020 is as follows:

	Amortized Cost (TRY)	Total Carrying Value (TRY)	Amortized Cost (₹)	Total Carrying Value (₹)
Financial Assets				
Trade Receivables	10,859	10,859	125,110	125,110
Cash and Cash Equivalents	6,972	6,972	80,324	80,324
Others (refer note 3.4)	2,518	2,518	29,016	29,016
Total	20,349	20,349	234,450	234,450
Financial Liabilities				
Trade Payables	14,734	14,734	169,759	169,759
Others (refer note 3.12)	2,856	2,856	32,900	32,900
Total	17,590	17,590	202,659	202,659

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

	As at 31 March 2019	
	Amortized Cost (TRY)	Total Carrying Value (TRY)
Financial Assets		
Trade Receivables	7,703	7,703
Cash and Cash Equivalents	3,629	3,629
Others (refer note 3.4)	2,317	2,317
Total	13,649	13,649
Financial Liabilities		
Trade Payables	8,448	8,448
Others (refer note 3.12)	1,173	1,173
Total	9,621	9,621

Trade receivables, unbilled receivables, finance lease receivables and contract assets have been valued after making reserve for allowances based on the expected credit loss method, considering factors like ageing, likelihood of increased credit risk and expected realizability, nature of customer verticals, considering impact of COVID – 19 impact on customers and related customer verticals.

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity 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 curriences other than functional curreny. An insignificant portion of the Company's revenue is in other foreign currency while a large protion of costs are in TRY. The fluctuation in exchange rates in respect to TRY may not have potential impact on the statement fo profit and loss and equity.

Appreciation / depreciation of 10% 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 TRY 32 for the year ended 31 March 2020.

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 10% against the respective functional currencies of the Company and its branches. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March 2020 and 31 March 2019 in major currencies is as below:

	Net financial assets		**Net financial liabilities**	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
	(TRY)	**(TRY)**	**(TRY)**	**(TRY)**
USD/TRY	14,322	8,119	10,469	4,858
EUR/TRY	342	922	665	526
GBP/TRY	7	-	1,200	895
AED/TRY	-	-	1,722	-

(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 investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled receivables, finance lease receivables. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

	As at		
	31 March 2020	31 March 2019	31 March 2020
	(TRY)	(TRY)	(₹)
Balance at the beginning of the year	2,249	325	25,916
Additional provision during the year	541	1,924	6,231
Balance at the end of the year	**2,790**	**2,249**	**32,147**

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.

Maturity profile of the Company's financial liabilities based on contractual payments is as below:

	Year 1 (Current)	Year 2	Year 3	Year 4-5	Total
	(TRY)	(TRY)	(TRY)	(TRY)	(TRY)
As at 31 March 2020					
Trade payables	14,734	-	-	-	14,734
Other financial liabilities	2,856	-	-	-	2,856
Total	**17,590**	**-**	**-**	**-**	**17,590**
As at 31 March 2019					
Trade payables	8,111	-	-	-	8,111
Other financial liabilities	1,173	-	-	-	1,173
Total	**9,284**	**-**	**-**	**-**	**9,284**

4. The Company has presented its financial statements in " TRY in thousands" and accordingly, amounts less than TRY 0.50 thousands are rounded off to zero.

As per our report of even date

FOR B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number : 101248W/W-100022

RAKESH DEWAN Digitally signed by RAKESH DEWAN Date: 2020.09.05 13:47:47 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: September 05, 2020

For and on behalf of the Board of Director
of HCL Istanbul Bilisim Teknolojileri Limited Sirketi

SUNDARAM SRIDHARAN Digitally signed by SUNDARAM SRIDHARAN Date: 2020.09.05 12:03:24 +05'30'

Sundaram Sridharan
Director

Date: September 05, 2020