HCL Istanbul Bilisim Teknolojileri Limited Sirketi

STANDALONE FINANCIAL STATEMENT

For the year ended 31 March 2019 and year ended 31 March 2018

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel : +91 124 681 6000

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Istanbul Bilişim Teknolojileri Limited Şirketi

Opinion

We have audited the accompanying special purpose Ind AS financial statements of HCL Istanbul Bilişim Teknolojileri Limited Şirketi ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the special purpose Ind AS financial statements.

Responsibility of Management for the special purpose Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these special purpose Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the special purpose Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose Ind AS financial statements, including the disclosures, and whether the special purpose Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

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

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Other Matter

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

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

Nilangshu Katriar

Per Nilangshu Katriar
Partner
Membership Number: 58814
Place of Signature: Gurugram
Date: 24 JUNE, 2019

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HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Balance Sheet as at 31 March 2019
(All amounts in thousands except share data and as stated otherwise)

	Note No.	As at 31 March 2019 (TRY)	As at 31 March 2018 (TRY)	As at 31 March 2019 refer note 1(a) (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	2.1	1,296	479	15,876
(b) Capital work in progress		-	126	-
(c) Other Intangible assets	2.2	25	46	306
(d) Deferred tax assets (net)	2.20	440	55	5,384
(e) Other non-current assets	2.3	110	-	1,343
(2) Current assets				
(a) Inventories	2.4	112	203	1,368
(b) Financial Assets				
(i) Trade receivables	2.5	7,703	7,856	94,383
(ii) Cash and cash equivalents	2.6	3,629	2,169	44,465
(iv) Others	2.7	2,209	145	27,067
(c) Current tax assets (net)		578	-	7,082
(d) Other current assets	2.8	496	253	6,088
TOTAL ASSETS		16,598	11,332	203,362
II. EQUITY				
(a) Equity Share Capital	2.9	100	100	1,225
(b) Other Equity		6,658	4,568	81,575
III. LIABILITIES				
Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	2.10	8,448	5,554	103,505
(ii) Others	2.11	1,173	859	14,375
(b) Other current liabilities	2.12	149	212	1,824
(c) Provisions	2.13	70	32	858
(d) Current Tax Liabilities (Net)		-	7	-
TOTAL EQUITY AND LIABILITIES		16,598	11,332	203,362
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 S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 24 JUNE, 2019

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

Sundaram Sridharan
Director

Date: 24 JUN 2019

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Profit and Loss for the year ended 31 March 2019
(All amounts in thousands except share data and as stated otherwise)

		Note No.	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 refer note 1(a) (₹)
I	**Revenue**				
	Revenue from operations	2.14	21,376	16,259	261,905
	Other income	2.15	1,834	182	22,467
	Total income		23,210	16,441	284,372
II	**Expenses**				
	Purchase of stock in trade		1,436	74	17,589
	Changes in inventories of stock in trade	2.16	91	(24)	1,122
	Employee benefits expense	2.17	2,229	2,160	27,303
	Finance costs	2.18	12	8	150
	Outsourcing costs		14,225	11,052	174,285
	Depreciation and amortization expense	2.1	228	161	2,807
	Other expenses	2.19	2,573	634	31,523
	Total expenses		20,794	14,065	254,779
III	**Profit before tax**		2,416	2,376	29,593
IV	**Tax expense**	2.20			
	Current tax		711	601	8,707
	Deferred tax credit		(385)	(55)	(4,714)
	Total tax expense		326	546	3,993
V	**Profit for the year**		2,090	1,830	25,600
VI	**Other comprehensive income**				
	Items that will not be reclassified to profit or loss		-	-	-
	Items that will be reclassified subsequently to profit or loss		-	-	-
			-	-	-
VI	**Total Comprehensive Income for the year**		2,090	1,830	25,600
	Earnings per equity share of TRY 100 each				
	Basic and diluted	2.24	2.09	1.83	25.60
	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 S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 24 JUNE, 2019

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

Sundaram Sridharan
Director

Date: 24 JUN 2019

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Statement of Changes in Equity for the year ended 31 March 2019
(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 2017	1,000	100	2,738
Profit for the year	-	-	1,830
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	1,830
Balance as at 31 March 2018	1,000	100	4,568
Balance as at 1 April 2018	1,000	100	4,568
Profit for the year	-	-	2,090
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	2,090
Balance as at 31 March 2019	1,000	100	6,658

(Amount in ₹)

	Equity share capital		Other Equity
	Shares	Share capital	
Balance as at 1 April 2018	1,000	1,225	55,975
Profit for the year	-	-	25,600
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	25,600
Balance as at 31 March 2019	1,000	1,225	81,575

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

per Nilangshu Katriar
Partner
Membership Number: 58814

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 24 JUNE, 2019

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

Sundaram Sridharan
Director

Date: 24 JUN 2019

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Statement Cash flow for the year ended 31 March 2019
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 refer note 1(a) (₹)
A. Cash flows from operating activities			
Profit before tax	2,416	2,376	29,593
Adjustment for:			
Depreciation and amortization	228	161	2,807
Provision for doubtful debts	1,922	233	23,549
Unrealised exchange (gain) on short term loans	-	(121)	-
Interest Income	-	(23)	-
Operating profit before working capital changes	**4,566**	**2,626**	**55,949**
Movement in Working Capital			
(Increase)/decrease in trade receivables	(1,769)	(2,667)	(21,676)
(Increase)/decrease in inventories	91	(24)	1,115
(Increase)/decrease in other financial assets and other assets	(2,417)	605	(29,614)
Increase/ (decrease) in trade payables	2,894	(989)	35,454
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	140	(1,501)	1,721
Cash generated from /(used in) operations	**3,505**	**(1,950)**	**42,949**
Direct taxes paid (net of refunds)	1,296	597	15,876
Net cash flow from /(used in) operating activities (A)	**2,209**	**(2,547)**	**27,073**
B. Cash flows from investing activities			
Proceeds from loan extended to Group companies	-	1,578	-
Purchase of property, plant and equipment	(749)	(159)	(9,183)
Net cash flow from/(used in) investing activities (B)	**(749)**	**1,419**	**(9,183)**
Net increase / (decrease) in cash and cash equivalents (A+B)	1,460	(1,128)	17,890
Cash and cash equivalents at the beginning of the year	2,169	3,297	26,575
Cash and cash equivalents at the end of the year as per note 2.6	**3,629**	**2,169**	**44,465**
Summary of significant accounting policies (Note 1)			

As per our report of even date.

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

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

Gurugram, India
Date: 24 JUNE, 2019

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

Sundaram Sridharan
Director

Date: 24 JUN 2019

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 2019 were approved and authorized for issue by the Board of Directors on 24 June 2019.

1. Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Act, 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. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India.

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

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

The functional currency of the Company is TRY. The translation from TRY to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of TRY 1 = ₹ 12.2524/-, 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, USD at that or any other rate.

b) Use of estimates

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

c) **Leases**

Where the Company is the lessee

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

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

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

Where the Company is the 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.

d) **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.

e) **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,

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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	3-5
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.

f) 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

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g) Revenue Recognition

Adoption of new accounting principles

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

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.

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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

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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 consolidated 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.

h) 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.

i) 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.

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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.

j) 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.

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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.

k) 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.

l) 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.

m) 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.

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n) Retirement and other employee benefits

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

o) Recently issued accounting pronouncements

Ind AS 116 - Leases

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

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

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Notes to financial statements for the year ended 31 March 2019
(All amounts in thousands except share data and as stated otherwise)

2.1 Property, plant and equipment

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

	Computers	Office Equipment	Total	Computers	Office Equipment	Total
	(TRY)	(TRY)	(TRY)	(₹)	(₹)	(₹)
Gross block as at 1 April 2018	621	30	**651**	7,611	362	**7,973**
Additions	1,024	-	**1,024**	12,550	-	**12,550**
Disposal	-	-	-	-	-	-
Gross block as at 31 March 2019	1,645	30	**1,675**	20,161	362	**20,523**
Accumulated depreciation as at 1 April 2018	166	6	**172**	2,030	72	**2,102**
Charge for the year	201	6	**207**	2,467	78	**2,545**
Disposal	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2019	367	12	**379**	4,497	150	**4,647**
Net block as at 31 March 2019	1,278	18	**1,296**	15,664	212	**15,876**

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

	Computers	Office Equipment	Total
	(TRY)	(TRY)	(TRY)
Gross block as at 1 April 2017	462	30	492
Additions	159	-	159
Disposal	-	-	-
Gross block as at 31 March 2018	**621**	**30**	**651**
Accumulated depreciation as at 1 April 2017	28	-	28
Charge for the year	138	6	144
Disposal	-	-	-
Accumulated depreciation as at 31 March 2018	**166**	**6**	**172**
Net block as at 31 March 2018	**455**	**24**	**479**

2.2 Other Intangible Assets

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

	Software	Software
	(TRY)	(₹)
Gross block as at 1 April 2018	**64**	**787**
Additions	-	-
Disposal	-	-
Gross block as at 31 March 2019	**64**	**787**
Accumulated depreciation as at 1 April 2018	**18**	**219**
Charge for the year	21	262
Disposal	-	-
Accumulated depreciation as at 31 March 2019	**39**	**481**
Net block as at 31 March 2019	**25**	**306**

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

	Software
	(TRY)
Gross block as at 1 April 2017	**30**
Additions	**34**
Disposal	-
Gross block as at 31 March 2018	**64**
Accumulated depreciation as at 1 April 2017	1
Charge for the year	17
Disposal	-
Accumulated depreciation as at 31 March 2018	**18**
Net block as at 31 March 2018	**46**

(All amounts in thousands except share data and as stated otherwise)

2.3 Other non- current assets

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Unsecured considered good unless otherwise stated			
Finance lease receivables	108	-	1,321
Deferred Contract Cost	2	-	22
	110	-	1,343

2.4 Inventories

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Stock in trade	112	203	1,368
	112	203	1,368

2.5 Trade Receivable

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Current			
Secured considered good	-	-	-
Unsecured considered good	8,414	7,894	103,094
Trade Receivables which have significant increase in credit Risk	1,538	287	18,850
Trade Receivables - credit impaired	-	-	-
	9,952	8,181	121,944
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered good	(711)	(38)	(8,711)
Trade Receivables which have significant increase in credit Risk	(1,538)	(287)	(18,850)
Trade Receivables - credit impaired	-	-	-
	7,703	7,856	94,383

Note:-

1. Includes receivables from related parties amounting to TRY 2,235 (31 March 2018, TRY 2,907) (Refer Note 2.22)

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(All amounts in thousands except share data and as stated otherwise)

2.6 Cash and cash equivalent

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Balance with banks			
-in current accounts	3,629	2,169	44,465
	3,629	2,169	44,465

2.7 Financial Assets - Others

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Current			
Carried at amortized cost			
Security deposits- Lease	12	9	152
Interest receivable - Related Parties (Refer Note 2.22)	113	79	1,385
Finance lease receivables	82	13	1,000
Unbilled receivables (Previous Year - Unbilled revenue)	987	44	12,093
Unbilled receivables-related parties (Previous Year - Unbilled revenue related parties) (Refer Note 2.22)	1,015	-	12,437
	2,209	145	27,067

2.8 Other current assets

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Unsecured , considered good			
Advances other than capital advances			
Advances to employees	99	184	1,227
Advances to suppliers	121	-	1,484
Others			
Prepaid expenses	167	69	2,043
Prepaid expenses - related parties (Refer Note 2.22)	5	-	65
Other Taxes Receivables	104	-	1,269
	496	253	6,088

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(All amounts in thousands except share data and as stated otherwise)

2.9 Share Capital

	As at	
	31 March 2019	31 March 2018
Authorized		
1,000 equity shares of TRY 100 each (Previous year 1,000 equity shares of TRY 100 each)	100,000	100,000
Issued, subscribed and fully paid up		
1,000 equity shares of TRY 100 each (Previous year 1,000 equity shares of TRY 100 each)	100,000	100,000

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			
	31 March 2019		31 March 2018	
	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			
	31 March 2019		31 March 2018	
	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:-

	As at			
	31 March 2019		31 March 2018	
Name of the shareholder	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.

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Notes to financial statements for the year ended 31 March 2019
(All amounts in thousands except share data and as stated otherwise)

2.10 Trade payables

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Trade payables	337	588	4,124
Trade payables-related parties (Refer Note 2.22)	8,111	4,966	99,381
	8,448	**5,554**	**103,505**

2.11 Other financial liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Current			
Carried at amortized cost			
Capital Account Payable	-	149	-
Interest payable- related parties (Refer Note 2.22)	-	1	-
Accrued salaries and benefits			
Employee bonuses accrued	69	26	851
Pension Payable	1	-	9
Others			
Liabilities for expenses	1,103	683	13,515
	1,173	**859**	**14,375**

2.12 Other current liabilities

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Contract Liabilities (Previous Year- Revenue received in advance)	101	9	1,236
Others			
Social security payable	48	41	588
Other taxes payable	-	162	-
	149	**212**	**1,824**

2.13 Provisions

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Current			
Provision for employee benefits			
Provision for leave benefits	70	32	858
	70	32	858

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(All amounts in thousands except share data and as stated otherwise)

2.14 Revenue from operations

	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 (₹)
Sale of services	19,805	16,217	242,660
Sale of hardware and software	1,571	42	19,245
	21,376	**16,259**	**261,905**

2.15 Other income

	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 (₹)
Interest income	-	23	-
Exchange differences gain (net)	1,834	159	22,467
	1,834	**182**	**22,467**

2.16 Changes in inventories of traded goods

	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 (₹)
Opening stock	203	179	2,490
Closing stock	(112)	(203)	(1,368)
	91	**(24)**	**1,122**

2.17 Employee benefits expense

	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 (₹)
Salaries, wages and bonus	1,587	1,594	19,444
Contribution to employee benefits	227	250	2,782
Leave encashment	39	19	472
Other welfare expenses	376	297	4,605
	2,229	**2,160**	**27,303**

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(All amounts in thousands except share data and as stated otherwise)

2.18 Finance cost

	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 (₹)
Bank charges	12	8	150
	12	8	150

2.19 Other expenses

	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 (₹)
Rent	66	50	814
Communication costs	2	-	29
Travel and conveyance	2	5	29
Legal and professional charges	509	315	6,232
Provision for doubtful debts/ bad debts written off	1,922	233	23,549
Rates & Taxes	7	0	82
Miscellaneous expenses	62	31	755
Insurance	3	-	33
	2,573	634	31,523

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(All amounts in thousands except share data and as stated otherwise)

2.20 Income taxes

	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 (₹)
Income tax charged to statement of profit and loss			
Current income tax charge	508	541	6,222
Current income tax charge- Prior year	203	60	2,485
Deferred tax charge - Prior year	(233)	(55)	(2,852)
Deferred tax charge	(152)	-	(1,862)
	326	546	3,993

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 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 (₹)
Profit before income tax	2,416	2,376	29,593
Statutory tax rate	22%	20%	22%
Expected tax expense	531	475	6,511
Permanent Difference	(146)	-	(1,789)
Creation / (Reversal) of prior year provision	(30)	60	(365)
Others	(29)	11	(364)
Total taxes	326	546	3,993
Effective income tax rate	13%	23%	13%

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 (A)	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

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

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
Others	1,654	10,165	-	11,819
Net deferred tax assets (A)	1,654	10,165	-	11,819
Deferred tax liabilities				
Depreciation and amortization	209	536	-	745
Others	775	4,915	-	5,690
Gross deferred tax liabilities (B)	984	5,451	-	6,435
Net deferred tax assets (A-B)	670	4,714	-	5,384

Components of deferred tax assets and liabilities as on 31 March 2018 — Amount in (TRY)

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
Others	-	135	-	135
Net deferred tax assets	-	135	-	135
Deferred tax liabilities				
Depreciation and amortization	-	17	-	17
Others	-	63	-	63
Gross deferred tax liabilities (B)	-	80	-	80
Net deferred tax assets (A-B)	-	55	-	55

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(All amounts in thousands except share data and as stated otherwise)

2.21 Segment Reporting

The company operations predominantly relate to providing a range of IT services. IT services include software services & IT infrastructure management services. Within software services, the company provides application development & maintenance, enterprise application, next generation SAAS (Software As A Service) application services to several customers. Infrastructure management services involve managing customer's IT assets effectively.

The Chief Operating Decision Maker ("CODM") evaluates the company performance by business segment, comprising software services, infrastructure management services and business process outsourcing services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting.

Segment revenue from customers by geographical area based on geographical location of the customer and segment assets are by geographical location of the assets. The principal geographical segments of the company have been classified as America, Europe, India and others.

The CODM assesses the performance of the operating segments based on a measure of segment earnings.

Segment accounting policies

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

a) Segment revenue and expenses

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

b) Segment assets and liabilities

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

Financial information about the business segments for the year ended 31 March 2019 is as follows **(Amount in TRY)**

	Software services	Infrastructure services	Segment Total
Segment Revenue	10,128	11,248	21,376
Segment Results	**(422)**	**1,296**	**874**
Finance cost			(12)
Exchange difference			1,834
Unallocated Cost			(280)
Profit/(Loss) before taxes			**2,416**
Tax Expense			(326)
Net Profit after tax			**2,090**

(Amount in ₹)

	Software services	Infrastructure services	Segment Total
Segment Revenue	124,090	137,815	261,905
Segment Results	**(5,172)**	**15,879**	**10,707**
Finance cost			(150)
Exchange difference			22,467
Unallocated Cost			(3,431)
Profit/(Loss) before taxes			**29,593**
Tax Expense			(3,993)
Net Profit after tax			**25,600**

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(All amounts in thousands except share data and as stated otherwise)

Financial information about the business segments for the period ended 31 March 2018 is as follows: (Amount in TRY)

	Software services	Infrastructure services	Segment Total
Segment Revenue	11,700	4,559	16,259
Segment Results	**1,681**	**526**	**2,207**
Finance cost			(8)
Exchage difference			159
Interest Income			23
Other Cost			(5)
Profit/(Loss) before taxes			**2,376**
Tax Expense			(546)
Net Profit after tax			**1,830**

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

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
America	955	338	11,705
Europe	19,632	13,023	240,531
India	707	2,877	8,661
Others	82	21	1,008
	21,376	**16,259**	**261,905**

During the years ended 31 March 2019 and 2018, three customers and four customers respectively represent 10% or more of the company's total revenue and accounted for 70% and 94% respectively.

2.22 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

HCL AMERICA INC.
HCL ARGENTINA S.A.
HCLBrazilTecnologia da In
HCL TECHNOLOGIES MEXICO,
HCL Technologies South A
HCL America Solutions Inc
HCL AXON TECH. INC - SD
HCL GREAT BRITAIN Ltd.
HCL POLAND SP.Z O.O.
HCL Technologies Ltd Irel
HCL Technologies Ltd Swis
HCL TECH LTD CZECH
HCL Technologies Ltd Finl
HCL Tech Limited, Moscow
HCL (Netherlands) B.V.
HCL Technologies Romania
HCL Technologies B.V.
HCL GmbH
HCL Tech.Solutions Gmbh
HCLTechnologies Sweden AB
HCL Tech. Finland Oy
HCL Technologies Greece S
HCL BELGIUM N.V./S.A.
Hcl Technologies Austria
HCL Technologies Corporat
HCL Technologies Ltd UAE
HCL Singapore Pte Limited
HCL Japan Limited
HCL (NEWZEALAND) LIMITED
HCL Technologies Middle E
HCL AXON MALAYSIA SDN BHD
HCL AXON MALAYSIA SDN BHD
HCL Technologies (Shangha

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(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 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Outsourcing costs	6,961	7,275	1,534	-	1,676	1,028
Marketing Costs	2,387	1,055	-	-	-	-
Insurance Costs	3	-	-	-	-	-
Revenue	1,018	2,808	19	23	2,184	703
Interest Income	-	-	-	-	-	23
Repayment of short term loan	-	-	-	-	-	1,578

(₹)

	Ultimate Holding company	Holding company	Fellow subsidiaries
	Year ended		
	31 March 2019	31 March 2019	31 March 2019
Outsourcing costs	85,290	18,799	20,533
Marketing Costs	29,249	-	-
Insurance Costs	33	-	-
Revenue	12,472	230	26,761

d) Outstanding balances of related parties as at 31 March 19

(TRY)

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Interest Payable	-	-	-	-	-	1
Trade Payable	6,325	3,696	140	80	1,646	1,190
Interest Receivables	-	-	-	-	113	79
Unbilled Receivables	976	-	-	-	39	-
Trade Receivables	510	2,415	-	-	1,725	492
Prepaid Expenses	5	-	-	-	-	-

(₹)

	Ultimate Holding company	Holding company	Fellow subsidiaries
	Year ended		
	31 March 2019	31 March 2019	31 March 2019
Trade Payable	77,502	1,710	20,169
Interest Receivables	-	-	1,385
Unbilled Receivables	11,960	-	477
Trade Receivables	6,243	-	21,140
Prepaid Expenses	65	-	-

2.23 Capital and other commitments

	As at		
	31 March 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Capital and other commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	18	122	221
	18	**122**	**221**

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(All amounts in thousands except share data and as stated otherwise)

2.24 Earnings per equity share (EPS)

Particulars	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 (₹)
Net Profit as per statement of profit and loss for computation of EPS	2,090	1,830	25,600
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	**2.09**	**1.83**	**25.60**

2.25 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 66 (31 March, 2018 TRY 50). Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	Year ended 31 March 2019 (TRY)	Year ended 31 March 2018 (TRY)	Year ended 31 March 2019 (₹)
Not later than one year	39	28	484
Later than one year and not later than 5 years	-	-	-
Later than five years	-	-	-
	39	**28**	**484**

2.26 Financial Instruments

Financial assets and liabilities

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

	Amortized Cost (TRY)	Total Carrying Value (TRY)	Amortized Cost (₹)	Total Carrying Value (₹)
Financial Assets				
Trade Receivables	7,703	7,703	94,383	94,383
Cash and Cash Equivalents	3,629	3,629	44,465	44,465
Others (refer note 2.7)	2,209	2,209	27,067	27,067
Total	13,541	13,541	165,915	165,915
Financial Liabilities				
Trade Payables	8,448	8,448	103,505	103,505
Others (refer note 2.11)	1,173	1,173	14,375	14,375
Total	9,621	9,621	117,880	117,880

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

	As at 31 March 2018	
	Amortized Cost (TRY)	Total Carrying Value (TRY)
Financial Assets		
Trade Receivables	7,856	7,856
Cash and Cash Equivalents	2,169	2,169
Others (refer note 2.7)	145	145
Total	10,170	10,170
Financial Liabilities		
Trade Payables	5,554	5,554
Others (refer note 2.11)	859	859
Total	6,413	6,413

(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.

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(b) Financial risk management (Continued)

(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 2 for the year ended 31 March 2019.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company 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 2019 and 31 March 2018 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(TRY)	(TRY)	(TRY)	(TRY)
USD/TRY	8,119	15,048	4,858	9,084
EUR/TRY	922	1,631	526	111
GBP/TRY	-	-	895	1

(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 2019	31 March 2018	31 March 2019
	(TRY)	(TRY)	(₹)
Balance at the beginning of the year	325	92	3,984
Additional provision during the year	1,924	233	23,577
Balance at the end of the year	2,249	325	27,561

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.

3 Previous period / year comparatives

The Company has changed its presentations from " TRY in absolute amount" to " 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 S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

S.R. BATLIBOI & CO. LLP GURUGRAM

Gurugram, India
Date: 24 JUNE, 2019

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

Sundaram Sridharan
Director

Date: 24 JUN 2019