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**HCL Istanbul Bilisim Teknolojileri Limited Sirketi**  
**STANDALONE FINANCIAL STATEMENT**  
For the year ended 31 March 2018 and year ended 31 March 2017

## INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Istanbul Bilisim Teknolojileri Limited Sirketi

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL HCL Istanbul Bilisim Teknolojileri Limited Sirketi ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

## **Other matters**

This report covering the financial statements of the Company for the year ended March 31, 2018 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. These financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1 (a) to the financial statements of the company, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

CAI Firm Registration Number: 301003E/E300005

  
per Nilangshu Katriar  
Partner  
Membership Number: 58814



Place: Gurugram

Date: July 25, 2018

HCL Istanbul Bilisim Teknolojileri Limited Sirketi

Balance Sheet as at 31 March 2018

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

	Note No.	As at 31 March 2018 (TRY)	As at 31 March 2017 (TRY)	As at 31 March 2018 refer note 1(a) (₺)
<b>I. ASSETS</b>				
(1) Non-current assets				
(a) Property, Plant and Equipment	2.1	479	464	7,783
(b) Capital work in progress		126	-	2,046
(c) Other Intangible assets	2.2	46	29	755
(d) Deferred tax assets (net)	2.21	55	-	888
(e) Other non-current assets	2.3	-	38	-
(2) Current assets				
(a) Inventories	2.4	203	179	3,304
(b) Financial Assets				
(i) Trade receivables	2.5	7,856	5,422	127,735
(ii) Cash and cash equivalents	2.6	2,169	3,297	35,262
(iii) Loans	2.7	-	1,457	-
(iv) Others	2.8	145	556	2,354
(c) Other current assets	2.9	253	385	4,137
<b>TOTAL ASSETS</b>		<b>11,332</b>	<b>11,827</b>	<b>184,264</b>
<b>II. EQUITY</b>				
(a) Equity Share Capital	2.10	100	100	1,626
(b) Other Equity		4,568	2,738	74,300
<b>III. LIABILITIES</b>				
Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	2.11	5,554	6,543	90,312
(ii) Others	2.12	859	1,053	13,940
(b) Other current liabilities	2.13	212	1,367	3,442
(c) Provisions	2.14	32	22	528
(d) Current Tax Liabilities (Net)		7	4	116
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,332</b>	<b>11,827</b>	<b>184,264</b>
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



For and on behalf of the Board of Directors

HCL Istanbul Bilisim Teknolojileri Limited Sirketi

*Sundaram Sridharan*  
Sundaram Sridharan  
Director

Date: 25 July, 2018

Gurugram, India  
Date: 25 July, 2018

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HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Profit and Loss for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

	Note No.	Year ended 31 March 2018 (TRY)	Year ended 31 March 2017 (TRY)	Year ended 31 March 2018 refer note 1(a) (₹)
<b>I Revenue</b>				
Revenue from operations	2.15	16,259	15,032	264,373
Other income	2.16	182	1,114	2,962
<b>Total income</b>		<b>16,441</b>	<b>16,146</b>	<b>267,335</b>
<b>II Expenses</b>				
Purchase of stock in trade		74	384	1,196
Changes in inventories of stock in trade	2.17	(24)	(49)	(389)
Employee benefits expense	2.18	2,160	2,910	35,117
Finance costs	2.19	8	6	127
Outsourcing costs		9,997	9,638	162,547
Depreciation and amortization expense	2.1	161	29	2,611
Other expenses	2.20	1,689	852	27,461
<b>Total expenses</b>		<b>14,065</b>	<b>13,770</b>	<b>228,670</b>
<b>III Profit before tax</b>		<b>2,376</b>	<b>2,376</b>	<b>38,665</b>
<b>IV Tax expense</b>	2.21			
Current tax		601	499	9,769
Deferred tax credit		(55)	6	(888)
<b>Total tax expense</b>		<b>546</b>	<b>505</b>	<b>8,881</b>
<b>V Profit for the year</b>		<b>1,830</b>	<b>1,871</b>	<b>29,784</b>
<b>VI Other comprehensive income</b>				
Items that will not be reclassified to profit or loss		-	-	-
Items that will be reclassified subsequently to profit or loss		-	-	-
<b>VI Total Comprehensive Income for the year</b>		<b>1,830</b>	<b>1,871</b>	<b>29,784</b>
<b>Earnings per equity share of TRY 100 each</b>				
Basic and diluted	2.25	1.83	1.87	29.78

**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



Gurugram, India

Date: 25 July, 2018

For and on behalf of the Board of Directors

HCL Istanbul Bilisim Teknolojileri Limited Sirketi

*Sundaram Sridharan*  
Sundaram Sridharan  
Director

Date: 25 July, 2018

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HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Statement of Changes in Equity for the year ended 31 March 2018  
(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 2016	1,000	100	867
Profit for the year	-	-	1,871
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	1,871
Balance as at 31 March 2017	1,000	100	2,738
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

(Amount in ₹)

	Equity share capital		Other Equity
	Shares	Share capital	
Balance as at 1 April 2017	1,000	1,626	44,516
Profit for the year	-	-	29,784
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	29,784
Balance as at 31 March 2018	1,000	1,626	74,300

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



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

Sundaram Sridharan  
Director

Gurugram, India  
Date: 25 July, 2018

Date: 25 July, 2018

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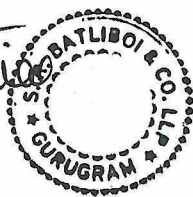
HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Statement Cash flow for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 March 2018 (TRY)	Year ended 31 March 2017 (TRY)	Year ended 31 March 2018 refer note 1(a) (₹)
<b>A. Cash flows from operating activities</b>			
Profit before tax	2,376	2,376	38,665
<b>Adjustment for:</b>			
Depreciation and amortization	161	29	2,611
Provision for doubtful debts	233	93	3,788
Unrealised exchange (gain) on short term loans	(121)	(644)	(1,966)
Interest Income	(23)	(43)	(378)
<b>Operating profit before working capital changes</b>	<b>2,626</b>	<b>1,811</b>	<b>42,720</b>
<b>Movement in Working Capital</b>			
(Increase)/ decrease in trade receivables	(2,667)	(2,990)	(43,371)
(Increase)/ decrease in inventories	(24)	(49)	(390)
(Increase)/ decrease in other financial assets and other assets	605	546	9,831
Increase/ (decrease) in trade payables	(989)	4,668	(16,081)
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	(1,501)	(1,420)	(24,424)
<b>Cash generated from/(used in) operations</b>	<b>(1,950)</b>	<b>2,566</b>	<b>(31,715)</b>
Direct taxes paid (net of refunds)	597	761	9,713
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>(2,547)</b>	<b>1,805</b>	<b>(41,428)</b>
<b>B. Cash flows from investing activities</b>			
Loan extended to Group companies	-	(2,619)	-
Proceeds from loan extended to Group companies	1,578	3,690	25,657
Purchase of property, plant and equipment	(159)	(215)	(2,581)
<b>Net cash flow used in investing activities (B)</b>	<b>1,419</b>	<b>856</b>	<b>23,076</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B)</b>	<b>(1,128)</b>	<b>2,661</b>	<b>(18,351)</b>
Cash and cash equivalents at the beginning of the year	3,297	636	53,613
<b>Cash and cash equivalents at the end of the year as per note 2.6</b>	<b>2,169</b>	<b>3,297</b>	<b>35,262</b>
<b>Summary of significant accounting policies ( Note 1)</b>			

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



Gurugram, India  
Date: 25 July, 2018

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

Sundaram Sridharan  
Director

Date: 25 July, 2018

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## **HCL Istanbul Bilisim Teknolojileri Limited Sirketi**

**Significant accounting policies and notes to financial statements for the year ended 31 March 2018**  
(All amounts in thousands except share data and as stated otherwise)

### **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 2018 were approved and authorized for issue by the Board of Directors on 25 July 2018.

#### **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) as applicable to the HCL Technologies Limited (ultimate holding company).

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

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

The functional currency of the Company is 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 = ₹ 16.2595/-, 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, 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.





## **HCL Istanbul Bilisim Teknolojileri Limited Sirketi**

**Significant accounting policies and notes to financial statements for the year ended 31 March 2018**

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

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, 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.



## HCL Istanbul Bilisim Teknolojileri Limited Sirketi

Significant accounting policies and notes to financial statements for the year ended 31 March 2018

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

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

The management's estimates of the useful lives of 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

### g) Revenue Recognition

*Contracts involving provision of services*

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

*Time-and-material contracts*

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



## **HCL Istanbul Bilisim Teknolojileri Limited Sirketi**

**Significant accounting policies and notes to financial statements for the year ended 31 March 2018**  
(All amounts in thousands except share data and as stated otherwise)

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

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

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

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

### *Multiple-element arrangements*

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

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

Revenue from activities in transition services not having standalone value in outsourcing arrangements is deferred and recognized over the period of the arrangement. Direct and incremental costs in relation to such an arrangement are also deferred to the extent of revenue. Certain upfront non-recurring contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and amortized usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the 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 whether the Group is the primary obligor to the customer, has established its own pricing, and has inventory and credit risks.

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

Revenue from financing leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client. Revenue from operating leases is accounted on a straight-line basis as service revenue over the rental period. Interest attributable to financing leases included therein is recognized on an accrual basis using the effective interest method.



## **HCL Istanbul Bilisim Teknolojileri Limited Sirketi**

**Significant accounting policies and notes to financial statements for the year ended 31 March 2018**  
**(All amounts in thousands except share data and as stated otherwise)**

### **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.

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





## **HCL Istanbul Bilisim Teknolojileri Limited Sirketi**

**Significant accounting policies and notes to financial statements for the year ended 31 March 2018**  
**(All amounts in thousands except share data and as stated otherwise)**

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.



## **HCL Istanbul Bilisim Teknolojileri Limited Sirketi**

Significant accounting policies and notes to financial statements for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

### **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.

### **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**

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

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

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

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



## **HCL Istanbul Bilisim Teknolojileri Limited Sirketi**

**Significant accounting policies and notes to financial statements for the year ended 31 March 2018**

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

### **Ind AS 115, Revenue from Contract with Customers**

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

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

The standard permits two possible methods of transition:

- Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

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



HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Notes to financial statements for the year ended 31 March 2018  
(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 2018

	Computers	Office Equipment	Total	Computers	Office Equipment	Total
	(TRY)	(TRY)	(TRY)	(₺)	(₺)	(₺)
Gross block as at 1 April 2017	462	30	492	7,515	480	7,995
Additions	159	-	159	2,585	-	2,585
Disposal	-	-	-	-	-	-
Gross block as at 31 March 2018	621	30	651	10,100	480	10,580
Accumulated depreciation as at 1 April 2017	28	0	28	455	7	462
Charge for the year	138	6	144	2,239	96	2,335
Disposal	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2018	166	6	172	2,694	103	2,797
Net block as at 31 March 2018	455	24	479	7,406	377	7,783

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

	Computers	Office Equipment	Total
	(TRY)	(TRY)	(TRY)
Gross block as at 1 April 2016	-	-	-
Additions	462	30	492
Disposal	-	-	-
Gross block as at 31 March 2017	462	30	492
Accumulated depreciation as at 1 April 2016	-	-	-
Charge for the year	28	0	28
Disposal	-	-	-
Accumulated depreciation as at 31 March 2017	28	0	28
Net block as at 31 March 2017	434	30	464

## 2.2 Other Intangible Assets

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

	Software	Software
	(TRY)	(₺)
Gross block as at 1 April 2017	30	493
Additions	34	552
Disposal	-	-
Gross block as at 31 March 2018	64	1,045
Accumulated depreciation as at 1 April 2017	1	14
Charge for the year	17	276
Disposal	-	-
Accumulated depreciation as at 31 March 2018	18	290
Net block as at 31 March 2018	46	755

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

	Software
	(TRY)
Gross block as at 1 April 2016	-
Additions	30
Disposal	-
Gross block as at 31 March 2017	30
Accumulated depreciation as at 1 April 2016	-
Charge for the year	1
Disposal	-
Accumulated depreciation as at 31 March 2017	1
Net block as at 31 March 2017	29



HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Notes to financial statements for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

2.3 Other non- current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Deferred cost	-	38	-
	-	38	-

2.4 Inventories

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Stock in trade	203	179	3,304
	203	179	3,304

2.5 Trade Receivable

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Unsecured considered good	7,856	5,422	127,735
Unsecured considered doubtful	325	92	5,287
	8,181	5,514	133,022
Provision for doubtful receivables	(325)	(92)	(5,287)
	7,856	5,422	127,735

Note:-

1. Includes receivables from related parties amounting to TRY 2,907 ; ₹ 47,256 (31 March 2017, TRY 1,227) (Refer Note 2.23)



HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Notes to financial statements for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

2.6 Cash and cash equivalent

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Balance with banks			
-in current accounts	2,169	3,297	35,262
	2,169	3,297	35,262

2.7 Financial Assets - Loans

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Current			
Carried at amortized cost			
Unsecured , considered good			
Loans to related parties (Refer Note 2.23)	-	1,457	-
	-	1,457	-

2.8 Financial Assets - Others

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Current			
Carried at amortized cost			
Security deposits- Lease	9	8	141
Interest receivable - Related Parties (Refer Note 2.23)	79	49	1,288
Finance lease receivables	13	-	210
Unbilled revenue	44	384	715
Unbilled revenue-related parties (Refer Note 2.23)	-	115	-
	145	556	2,354

2.9 Other current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Unsecured , considered good			
Advances other than capital advances			
Advances to employees	184	118	2,989
Others			
Deferred cost-related parties (Refer Note 2.23)	-	119	-
Prepaid expenses	69	134	1,129
Other current assets	-	14	19
	253	385	4,137



HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Notes to financial statements for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

2.10 Share Capital

	As at	
	31 March 2018	31 March 2017
<b>Authorized</b> 1,000 equity shares of TRY 100 each (Previous year 1,000 equity shares of TRY 100 each)	100,000	100,000
<b>Issued, subscribed and fully paid up</b> 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 2018		31 March 2017	
	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 2018		31 March 2017	
	No. of shares	Amount (TRY)	No. of shares	Amount (TRY)
Equity shares of TRY 100 each HCL Technologies 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			
	31 March 2018		31 March 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of TRY 100 each fully paid HCL Technologies 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





HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Notes to financial statements for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

2.11 Trade payables

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Trade payables	588	137	9,561
Trade payables-related parties (Refer Note 2.23)	4,966	6,406	80,751
	5,554	6,543	90,312

2.12 Other financial liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
<b>Current</b>			
<b>Carried at amortized cost</b>			
Capital Account Payable	149	308	2,415
Interest payable- related parties (Refer Note 2.23)	1	1	11
Accrued salaries and benefits			
Employee bonuses accrued	26	20	427
Others			
Liabilities for expenses	683	345	11,087
Liabilities for expenses-related parties (Refer Note 2.23)	-	379	-
	859	1,053	13,940

2.13 Other current liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Revenue received in advance	9	82	143
Others			
Social security payable	41	111	663
Other taxes payable	162	1,174	2,636
	212	1,367	3,442

2.14 Provisions

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
<b>Current</b>			
Provision for employee benefits			
Provision for leave benefits	32	22	528
	32	22	528





HCL Istanbul Bilisim Teknolojileri Limited Sirketi

Notes to financial statements for the year ended 31 March 2018

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

2.15 Revenue from operations

	Year ended 31 March 2018 (TRY)	Year ended 31 March 2017 (TRY)	Year ended 31 March 2018 (₺)
Sale of services	16,217	14,558	263,688
Sale of hardware and software	42	474	685
	16,259	15,032	264,373

2.16 Other income

	Year ended 31 March 2018 (TRY)	Year ended 31 March 2017 (TRY)	Year ended 31 March 2018 (₺)
Interest income	23	43	378
Exchange differences gain (net)	159	1,071	2,584
	182	1,114	2,962

2.17 Changes in inventories of traded goods

	Year ended 31 March 2018 (TRY)	Year ended 31 March 2017 (TRY)	Year ended 31 March 2018 (₺)
Opening stock	179	130	2,915
Closing stock	(203)	(179)	(3,304)
	(24)	(49)	(389)

2.18 Employee benefits expense

	Year ended 31 March 2018 (TRY)	Year ended 31 March 2017 (TRY)	Year ended 31 March 2018 (₺)
Salaries, wages and bonus	1,594	2,380	25,916
Contribution to employee benefits	250	306	4,068
Leave encashment	19	18	309
Other welfare expenses	297	206	4,824
	2,160	2,910	35,117



HCL Istanbul Bilisim Teknolojileri Limited Sirketi

Notes to financial statements for the year ended 31 March 2018

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

2.19 Finance cost

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Bank charges	8	6	127
	8	6	127

2.20 Other expenses

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Rent	50	67	815
Communication costs	-	7	-
Travel and conveyance	5	254	82
Business Promotion	1,055	40	17,146
Legal and professional charges	315	168	5,126
Provision for doubtful debts/ bad debts written off	233	93	3,788
Rates & Taxes	0	85	4
Miscellaneous expenses	31	138	500
	1,689	852	27,461



2.21 Income taxes

	Year ended 31 March 2018 (TRY)	Year ended 31 March 2017 (TRY)	Year ended 31 March 2018 (₺)
Income tax charged to statement of profit and loss			
Current income tax charge	541	499	8,793
Current income tax charge- Prior year	60	-	976
Deferred tax charge	(55)	6	(888)
	546	505	8,881

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 2018 (TRY)	Year ended 31 March 2017 (TRY)	Year ended 31 March 2018 (₺)
Profit before income tax	2,376	2,376	38,665
Statutory tax rate	20%	20%	20%
Expected tax expense	475	475	7,724
Creation of prior year provision	60	6	978
Others	11	24	179
Total taxes	546	505	8,881
Effective income tax rate	23%	21%	23%

Components of deferred tax assets and liabilities as on 31 March 2018

	Opening balance	Recognized in profit and loss	Recognised in/ reclassified from OCI	Amount in (TRY) Closing balance
Deferred tax assets				
Others	-	135	-	135
Net deferred tax assets (A)	-	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

Components of deferred tax assets and liabilities as on 31 March 2018

	Opening balance	Recognized in profit and loss	Recognised in/ reclassified from OCI	Amount in (₺) Closing balance
Deferred tax assets				
Others	-	2,199	-	2,199
Net deferred tax assets (A)	-	2,199	-	2,199
Deferred tax liabilities				
Depreciation and amortization	-	273	-	273
Others	-	1,038	-	1,038
Gross deferred tax liabilities (B)	-	1,311	-	1,311
Net deferred tax assets (A-B)	-	888	-	888

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

	Opening balance	Recognized in profit and loss	Recognised in/ reclassified from OCI	Amount in (TRY) Closing balance
Deferred tax assets				
Business losses	(5,578)	5,578	-	-
Net deferred tax assets	(5,578)	5,578	-	-



## 2.22 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 2018 is as follows

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

	Software services	Infrastructure services	(Amount in ₹) Segment Total
Segment Revenue	190,241	74,132	264,373
<b>Segment Results</b>	<b>27,357</b>	<b>8,555</b>	<b>35,912</b>
Finance cost			(127)
Exchange difference			2,584
Interest Income			378
Other Cost			(82)
<b>Profit/(Loss) before taxes</b>			<b>38,665</b>
Tax Expense			(8,881)
<b>Net Profit after tax</b>			<b>29,784</b>



HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Notes to financial statements for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

Financial information about the business segments for the period ended 31 March 2017 is as follows:

(Amount in TRY)

	Software services	Infrastructure services	Segment Total
Segment Revenue	9,136	5,896	15,032
Segment Results	876	392	1,268
Finance cost			(6)
Exchange difference			1,071
Interest Income			43
Profit/(Loss) before taxes			2,376
Tax Expense			(505)
Net Profit after tax			1,871

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

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
America	338	504	5,491
Europe	13,023	13,663	211,750
India	2,877	695	46,793
Others	21	170	339
	16,259	15,032	264,373

During the years ended 31 March 2018 and 2017, four customers represent 10% or more of the company's total revenue and accounted for 94% and 95% respectively.

## 2.23 Related party transaction

### a) Related parties where control exists

#### Holding company

HCL Technologies UK limited

#### Ultimate Holding company

HCL Technologies limited.

### 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 Technologies S.A  
HCL Great Britain Limited  
HCL Technologies Germany GmbH  
HCL GmbH  
HCL Technologies Mexico  
HCLT (Shanghai) Ltd.  
HCLT Middle East  
HCL EAS Limited  
HCL (Brazil) Tecnologia da informacao Ltda.  
HCL AXON TECH. INC - SD  
HCL POLAND SP.Z O.O.  
HCL (Netherlands) B.V.  
HCL Axon (Pty) Ltd  
HCL ITALY S.R.L.  
HCL AUSTRALIA SERVICES PT  
HCL Technologies France

HCL Tech.Romania S.R.L.  
HCL Technologies B.V.  
HCL Ireland Information s  
HCL Tech. Belgium BVBA  
HCL Tech. Italy S.p.A.  
HCL AXON MALAYSIA SDN BHD  
HCLAxon Solutions Beijing  
HCL BELGIUM N.V./S.A.  
HCL Hong Kong SAR Limited  
HCL Axon Tech.(Shanghai)  
HCL ARGENTINA S.A.  
HCL Singapore Pte Limited  
HCL SWEDEN AB  
HCL Tech Norway AS  
HCL Technologies AustriaG  
HCL Technologies Czech Republic



HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Notes to financial statements for the year ended 31 March 2018  
(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 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Outsourcing costs	7,275	6,852	-	402	1,028	2,173
Marketing Costs	1,055	-	-	-	-	-
Revenue	2,808	695	23	297	703	664
Interest Income	-	-	-	-	23	43
Repayment of short term loan	-	-	-	-	1,578	-
Short term loan given	-	-	-	-	-	2,886
Short term loan received back	-	-	-	-	-	3,314

(₹)

	Ultimate Holding company	Holding company	Fellow subsidiaries
	Year ended		
	31 March 2018	31 March 2018	31 March 2018
Outsourcing costs	118,296	-	16,714
Marketing Costs	17,146	-	-
Revenue	45,656	379	11,434
Interest Income	-	-	378
Repayment of short term loan	-	-	25,657

d) Outstanding balances of related parties as at 31 March 18

(TRY)

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	Year ended		Year ended		Year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Interest Payable	-	-	-	-	1	1
Liability For Expense	-	78	-	301	-	-
Trade Payable	3,696	5,777	80	-	1,190	629
Deferred Cost	-	119	-	-	-	-
Interest Receivables	-	-	-	-	79	49
Unbilled Receivables	-	-	-	54	-	61
Trade Receivables	2,415	457	-	-	492	770
Short Term Loans	-	-	-	-	-	1,457

(₹)

	Ultimate Holding company	Holding company	Fellow subsidiaries
	Year ended		
	31 March 2018	31 March 2017	31 March 2018
Interest Payable	-	-	11
Trade Payable	60,094	1,309	19,348
Interest Receivables	-	-	1,288
Trade Receivables	39,263	-	7,993

2.24 Capital and other commitments

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₹)
<b>Capital and other commitments</b>			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	122	102	1,988
	122	102	1,988



2.25 Earnings per equity share (EPS)

Particulars	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Net Profit as per statement of profit and loss for computation of EPS	1,830	1,871	29,784
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
<b>Profit per equity share</b>			
- Basic and Diluted	1.83	1.87	29.78

2.26 Operating lease

The Group'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 50. Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₺)
Not later than one year	28	32	450
Later than one year and not later than 5 years	-	-	-
Later than five years	-	-	-
	28	32	450

2.27 Financial Instruments

Financial assets and liabilities

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

	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
	(TRY)	(TRY)	(₺)	(₺)
<b>Financial Assets</b>				
Trade Receivables	7,856	7,856	127,735	127,735
Cash and Cash Equivalents	2,169	2,169	35,262	35,262
Others (refer note 2.8)	145	145	2,354	2,354
<b>Total</b>	10,170	10,170	165,351	165,351
<b>Financial Liabilities</b>				
Trade Payables	5,554	5,554	90,305	90,305
Others (refer note 2.12)	859	859	13,967	13,967
<b>Total</b>	6,413	6,413	104,272	104,272

The carrying value of financial instruments by categories is as follows:

	As at 31 March 2017	
	Amortized Cost	Total Carrying Value
	(TRY)	(TRY)
<b>Financial Assets</b>		
Trade Receivables	5,422	5,422
Cash and Cash Equivalents	3,297	3,297
Loans	1,457	1,457
Others (refer note 2.8)	556	556
<b>Total</b>	10,732	10,732
<b>Financial Liabilities</b>		
Trade Payables	6,543	6,543
Others (refer note 2.12)	1,053	1,053
<b>Total</b>	7,596	7,596

(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.





HCL Istanbul Bilisim Teknolojileri Limited Sirketi  
Notes to financial statements for the year ended 31 March 2018  
(All amounts in thousands except share data and as stated otherwise)

(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 currencies other than functional currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in TRY. The fluctuation in exchange rates in respect to TRY may not have potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately TRY 63 for the year ended 31 March 2018.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company 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 2018 and 31 March 2017 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(TRY)	(TRY)	(TRY)	(TRY)
USD/TRY	15,048	13,401	9,084	7,874
EUR/TRY	1,631	750	111	417
GBP/TRY	-	-	1	219

(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 revenue, finance lease receivables. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(TRY)	(TRY)	(₹)
Balance at the beginning of the year	92	-	1,498
Additional provision during the year	233	92	3,789
Balance at the end of the year	325	92	5,287

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. Previous year figures have been regrouped/ reclassified to the current years classification wherever necessary.

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

Gurugram, India  
Date: 25 July, 2018



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

Sundaram Sridharan  
Director

Date: 25 July, 2018

WVB