HCL Great Britain Limited

Special Purpose Financial Statements

For the Year ended 31 March 2020

HCL Great Britain Limited

Special Purpose Balance Sheet as at 31 March 2020

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

		Note No.	As at 31 March 2020 (GBP)	As at 31 March 2020 (₹)
I.	**ASSETS**			
	(1) Non-current assets			
	(a) Property, plant and equipment	**2.1**	5,132	480,125
	(b) Capital work-in-progress		51	4,764
	(c) Right-of-use assets	**2.24**	4,224	395,091
	(d) Intangible assets	**2.2**	454	42,427
	(e) Financial assets			
	(i) Investments	**2.3**	5,453	510,054
	(ii) Others	**2.4**	3,840	359,210
	(f) Deferred tax assets(net)	**2.22**	783	73,208
	(g) Other non-current assets	**2.5**	3,813	356,620
	(2) Current assets			
	(a) Inventories	**2.6**	211	19,775
	(b) Financial assets			
	(i) Trade receivables	**2.7**	27,660	2,587,454
	(ii) Cash and cash equivalents	**2.8**	-	-
	(iii) Others	**2.4**	4,046	378,537
	(c) Current tax assets (net)		1,209	113,059
	(c) Other current assets	**2.9**	18,307	1,712,465
	TOTAL ASSETS		**75,183**	**7,032,789**
II.	**EQUITY**			
	(a) Equity share capital	**2.10**	10,568	988,600
	(b) Other equity		24,770	2,317,098
	TOTAL EQUITY		**35,339**	**3,305,698**
III.	**LIABILITIES**			
	(1) Non - current liabilities			
	(a) Financial Liabilities			
	(i) Lease liabilities	**2.24**	3,967	371,062
	(ii) Employee bonuses accrued		89	8,290
	(1) Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	**2.10**	15,094	1,411,966
	(ii) Trade payables	**2.14**	6,645	621,621
	(iii) Lease liabilities	**2.24**	484	45,335
	(iv) Others	**2.12**	10,584	989,983
	(b) Other current liabilities	**2.15**	2,904	271,651
	(c) Provisions	**2.13**	77	7,183
	TOTAL EQUITY AND LIABILITIES		**75,183**	**7,032,789**
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2020.09.17 21:12:59 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 17 September 2020

For and on behalf of the Board of Directors of HCL Great Britain Limited

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2020.09.17 19:02:39 +05'30'

Shiv Walia
Director

Berkshire, UK

RAHUL SINGH Digitally signed by RAHUL SINGH Date: 2020.09.17 19:03:17 +05'30'

Rahul Singh
Director

Gurugram, India
Date : 17 September 2020

HCL Great Britain Limited

Special Purpose Statement of Profit and Loss for the year ended 31 March 2020

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

		Note No.	Year ended 31 March 2020 (GBP)	Year ended 31 March 2020 (₹)
I	**Revenue**			
	Revenue from operations	**2.16**	75,310	7,044,773
	Other income	**2.17**	142	13,250
	Total income		**75,452**	**7,058,023**
II	**Expenses**			
	Purchase of stock-in-trade		117	10,941
	Changes in inventories of stock-in-trade	**2.18**	(1)	(136)
	Employee benefits expense	**2.19**	23,429	2,191,621
	Finance costs	**2.20**	353	33,027
	Depreciation and amortization expense		3,147	294,376
	Outsourcing costs		31,002	2,900,064
	Other expenses	**2.21**	15,419	1,442,347
	Total expenses		**73,466**	**6,872,240**
III	**Profit before tax**		**1,986**	**185,783**
IV	**Tax expense**	**2.22**		
	Current tax		800	74,811
	Deferred tax charge (credit)		68	6,335
	Total tax expense		867	81,147
V	**Profit for the year**		**1,119**	**104,637**
VI	**Total comprehensive income for the year**		**1,119**	**104,637**
	Earnings per equity share	**2.23**		
	Basic		0.11	9.90
	Diluted		0.11	9.90
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2020.09.17 21:13:44 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 17 September 2020

For and on behalf of the Board of Directors of HCL Great Britain Limited

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2020.09.17 19:03:49 +05'30'

RAHUL SINGH Digitally signed by RAHUL SINGH Date: 2020.09.17 19:03:33 +05'30'

Shiv Walia
Director

Berkshire, UK
Date : 17 September 2020

Rahul Singh
Director

Gurugram, India

HCL Great Britain Limited

Special Purpose Statement of Changes in Equity for the year ended 31 March 2020

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

(Amount in GBP)

	Equity share capital		Other equity		Total other equity
			Reserves and surplus		
	Number of shares	Share capital	Retained earnings	Other reserves	
Balance as at 1 April 2018	10,568,334	10,568	16,407	4,150	**20,557**
Profit for the year	-	-	3,095	-	**3,095**
Total comprehensive income for the year	-	-	3,095	-	**3,095**
Balance as at 31 March 2019	10,568,334	10,568	19,502	4,150	**23,652**
Balance as at 1 April 2019	10,568,334	10,568	19,502	4,150	**23,652**
Profit for the year	-	-	1,119	-	**1,119**
Total comprehensive income for the year	-	-	1,119	-	**1,119**
Balance as at 31 March 2020	10,568,334	10,568	20,620	4,150	**24,770**

(Amount in INR)

	Equity share capital		Other equity		Total other equity
			Reserves and surplus		
	Number of shares	Share capital	Retained earnings	Other reserves	
Balance as at 1 April 2019	10,568,334	988,600	1,824,252	388,209	2,212,462
Profit for the year	-	-	104,636	-	104,636
Total comprehensive income for the year	-	-	104,636	-	104,636
Balance as at 31 March 2020	10,568,334	988,600	1,928,888	388,209	2,317,098

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2020.09.17 21:14:15 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 17 September 2020

For and on behalf of the Board of Directors
of HCL Great Britain Limited

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2020.09.17 19:04:04 +05'30'

Shiv Walia
Director

Berkshire, UK
Date : 17 September 2020

RAHUL SINGH Digitally signed by RAHUL SINGH Date: 2020.09.17 19:04:21 +05'30'

Rahul Singh
Director

Gurugram, India

HCL Great Britain Limited

Special Purpose Statement of Cash flows for the year ended 31 March 2020

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

		Year ended 31 March 2020 (GBP)	Year ended 31 March 2020 (₹)
A. Cash flows from operating activities			
Profit before tax		1,986	185,783
Adjustment for:			
Depreciation and amortisation		3,147	294,376
Interest income		(142)	(13,250)
Interest expenses		330	30,862
Provision for doubtful debts		31	2,892
Operating profit before working capital changes		**5,352**	**500,663**
Movement in working capital			
Increase in trade receivables		(2,649)	(247,753)
Increase in inventories		(1)	(71)
Decrease in other non current assets		322	30,159
Increase in other financial assets and other assets		(3,498)	(327,204)
Decrease in trade payables		(4,671)	(436,977)
Decreasein provisions, other financial liabilities and other liabilities		(3,207)	(300,020)
Cash flow used in from operations		**(8,352)**	**(781,204)**
Direct taxes paid		(422)	(39,482)
Net cash flow used in operating activities	**(A)**	**(8,774)**	**(820,685)**
B. Cash used in investing activities			
Purchase of property, plant and equipment and intangibles, including capital work in progress, capital advances and capital account payable		(2,416)	(226,118)
Interest received		142	13,250
Net cash used in investing activities	**(B)**	**(2,274)**	**(212,868)**
C. Cash flows from financing activities			
Proceeds from short term borrowings		12,152	1,136,738
Payment of lease liabilities including interest		(921)	(86,197)
Interest paid		(182)	(16,987)
Net cash inflow from financing activities	**(C)**	**11,049**	**1,033,554**
Net increase in cash and cash equivalents (A+B+C)		-	(0)
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year as per note 2.8		**-**	**-**
Summary of significant accounting policies (Note 1)			

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date.

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2020.09.17 21:14:50 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 17 September 2020

For and on behalf of the Board of Directors
of HCL Great Britain Limited

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2020.09.17 19:05:12 +05'30'

RAHUL SINGH Digitally signed by RAHUL SINGH Date: 2020.09.17 19:04:40 +05'30'

Shiv Walia
Director

Berkshire, UK
Date : 17 September 2020

Rahul Singh
Director

Gurugram, India

ORGANIZATION AND NATURE OF OPERATIONS

HCL Great Britain Limited is a company incorporated in England. The registered office is Axon Centre, Church Road, Egham, Surrey, TW20 9QB United Kingdom. The Company's principal activities are to provide services associated with IT and business services, engineering and R&D services and services related to products and platforms and to act as holding company for the investment in the shares of companies providing services associated with IT and business services, engineering and R&D services and services related to products and platforms.

The special purpose financial statements for the year ended 31 March, 2020 were approved and authorized for issue by the Board of Directors on 17 September 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The special purpose financial statements of the Company have been prepared in accordance with recognition and measurement principle laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) adopted by the Ultimate Holding Company for the preparation of its consolidated financial statements. The company is not domiciled in India and hence was not incorporated under the Companies Act, 2013 or under any previous Company law in India. These financial statements have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirement in India and do not comply with the notes and disclosure requirements and do not include the previous year comparatives as required under the presentation requirements of Schedule III (Division II) to the Companies Act, 2013 and Ind AS 1, presentation of financial statements. 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 Ultimate Holding Company prepares its financial statements for purpose of consolidation in accordance with recognition and measurement principle laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, and accordingly the previous GAAP for the Company for the purpose of consolidation is Ind AS and accordingly, the transition provisions as enumerated in Ind AS 101, First time adoption are not applicable.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under the indirect method. The functional currency of the Company is sterling pound (GBP). The translation from GBP to ₹ is included solely for the convenience of readers in India and has been performed using rate of GBP 1 = ₹ 93.5436, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amounts represent, or have been or could be converted into, GBP at that or any other rate.

(b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the 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 receivables, accrual of warranty costs, income taxes, the useful lives of property, plant

and equipment, intangible assets, the measurement of lease liabilities and right of use assets, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

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

(c) Foreign currency transactions

Transactions in foreign currencies are initially recorded by company at reporting currency spot rates at the date the transaction first qualifies for recognition. Foreign-currency denominated monetary assets and liabilities are translated to the reporting currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of initial transaction.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the reporting currencies using the exchange rate in effect on the date of the transaction.

(d) Fair value measurement

The Company records certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

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

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.
Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

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

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

b. Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.
c. Cost approach – Replacement cost method.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

(e) Revenue recognition

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

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

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

Fixed Price contracts

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

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

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

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

Proprietary Software products

Revenue from distinct proprietary perpetual license software is recognized at a point in time at the inception of the arrangement when control transfers to the client. Revenue from proprietary term license software is recognized at a point in time for the committed term of the contract. Revenue from support and subscription (S&S) is recognized over the contract term on a straight-line basis as the company is providing a service of standing ready to provide support, when-and-if needed, and is providing unspecified software upgrades on a when-and-if available basis over the contract term. In case software are bundled with one year of support and subscription either for perpetual or term based license, such support and subscription contracts are generally priced as a percentage of the net fees paid by the customer to purchase the license and are generally recognized as revenues ratably over the contractual period that the support services are provided.

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 company 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 company 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 fulfilment 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 company is a principal to the transaction and net of costs when the company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the company is a principal or an agent, most notably being company control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better

predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

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

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

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

Interest income

Interest attributable to balances in bank account as per banking rules of respective country has been recognized on actual basis as other income.

(f) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity, wherever applicable. 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 and penalties, wherever applicable.

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.

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 by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year 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.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition

for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

Expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

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

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work- in- progress.

The management's estimates of the useful lives of various assets for computing depreciation are as follows:

Asset description	Asset life (in years)
Plant and equipment (including air conditioners, electrical installations)	10
Office equipment	5-7
Computers and networking equipment	4-5
Furniture and fixtures	7

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at their fair value at the date of acquisition. Subsequently, 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:

Asset description	**Asset life (in years)**
Software	3

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(j) Inventory

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. 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 identifying 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.

(k) Impairment of non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset.

(l) Provision and contingent liabilities

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.

Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

(m) Retirement and other employee benefits

i. **Compensated absences:** The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

ii. **Defined contribution pension plan:** The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognized as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position.

(n) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. **Financial assets**

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of 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 equivalents
Cash in the balance sheet comprise cash in banks, which are subject to an insignificant risk of changes in value.

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

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

Equity investments in subsidiaries
Equity investments in subsidiaries are measured at cost less impairment if any.

De-recognition
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 - Initial recognition and measurement**

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

Financial liabilities at fair value through profit or loss
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. Changes in fair value of such liability are recognized in the statement of profit or loss.

Financial liabilities at amortized cost
The Company's financial liabilities at amortized cost includes trade payables, borrowings including bank overdrafts 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.

(o) Earnings per share (EPS)

Basic EPS amounts are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

***(p)* Investment in Subsidiaries**

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Investments in subsidiaries are valued at cost less impairment in the separate financial statements as required under relevant applicable accounting standards. When the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of comprehensive income (Loss).

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(q) Leases

A lease is a contract that contains right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

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

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

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

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

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

Company as a lessor

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

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 present value of lease receivable. 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.

When arrangements include multiple performance obligations, the company allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

Transition to Ind AS 116

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

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

Impact on special purpose financial statements

As a result of adoption of Ind AS 116, the Company recognized additional lease liabilities of GBP 5,224 thousands (₹488,719) and rights-of-use assets of GBP 4,827 (₹451,542) as on 1 April 2019.

The weighted average incremental borrowing rate of 3.08% has been applied to lease liabilities recognized in the balance sheet at the date of initial application, in respect of leases classified as operating leases as per Ind AS 17.

The difference between future minimum lease rental commitments against non-cancellable operating leases reported as at 31 March 2019 and lease liability recognized as at 1 April 2019 is primarily due to:

a. inclusion of present value of future minimum lease rental commitments towards operating leases of office spaces.
b. exclusion of short term lease commitments for which the Company has chosen to apply the practical expedient as per the standard.

The following table summarize the impact of the Company's adoption of Ind AS 116 on its financial statements as of 1 April 2019:

	Adoption of Ind AS 116	
	GBP	**₹**
Other financial liabilities (current) - liabilities for expenses (includes lease equalization reserve) (reclassified to Right-of-use assets)	(397)	(37,177)
Right-of-use assets	4,827	451,542
Lease liability (including current and non-current portion)	5,224	488,719

HCL Great Britain Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amount are in thousands except share data and as stated otherwise)

2. Notes to special purpose financial statements

2.1 Property, plant and equipment

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

	Plant and equipment	Office equipment	Computer and networking equipmnet	Furniture and fittings	Total	31 March 2020
	(GBP)	(GBP)	(GBP)	(GBP)	(GBP)	(₹)
Gross block as at 1 April 2019	626	332	11,472	1,356	**13,786**	**1,289,617**
Additions	82	19	1,698	31	**1,830**	**171,196**
Disposals	-	-	734	-	**734**	**68,608**
Gross block as at 31 March 2020	**708**	**351**	**12,436**	**1,387**	**14,882**	**1,392,205**
Accumulated depreciation as at 1 April 2019	245	185	7,250	743	**8,423**	**787,947**
Charge for the year	107	39	1,773	136	**2,055**	**192,221**
Deduction/other adjustments	-	-	728	-	**728**	**68,087**
Accumulated depreciation as at 31 March 2020	**352**	**224**	**8,295**	**879**	**9,750**	**912,081**
Net block as at 31 March 2020	**356**	**127**	**4,141**	**508**	**5,132**	**480,125**

2.2 Intangible assets

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

	Software	
	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Gross block as at the start of the year	3,266	305,530
Gross block as at the end of the year	**3,266**	**305,530**
Accumulated depreciation as at the start of the year	**2,340**	218,866
Charge for the year	489	45,714
Deduction/other adjustments	16	1,477
Accumulated depreciation as at the end of the year	**2,813**	**263,104**
Net block as at the end of the year	**454**	**42,427**
Estimated remaining useful life (in years)	**0**	**-**

HCL Great Britain Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amount are in thousands except share data and as stated otherwise)

2.3 Financial Assets - Investments

Financial Assets	31 March 2020	31 March 2020
Non-current	(GBP)	(₹)
Unquoted investment		
Equity investment in subsidiary company carried at cost (fully paid up)		
400 equity shares of € 46 each in HCL (Netherlands) BV	12	1,102
10,000 equity shares of SEK 10 each in HCL Sweden AB	501	46,891
Euro 25600 of equity share capital with no break up of shares in HCL GmbH	2,506	234,392
143937 equity shares with no nominal value in HCL Belgium NV	2,955	276,438
Aggregate amount of unquoted investments	5,453	510,054
Equity instruments carried at cost	5,453	510,054

2.4 Other financial assets

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Non - current		
Carried at amortized cost		
Unbilled receivables	3,594	336,210
Security deposits	246	23,000
	3,840	359,210
Current		
Carried at amortized cost		
Unbilled receivables	2,080	194,625
Unbilled receivables- related party [refer note 2.25]	1,840	172,135
Contract assets	123	11,468
Finance lease receivable- related party [refer note 2.25]	3	309
	4,046	378,537

2.5 Other non- current assets

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Capital advances	4	330
Prepaid expenses	531	49,660
Deferred contract cost	3,278	306,631
	3,813	**356,620**

2.6 Inventories

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Stock in trade	211	19,775
	211	19,775

HCL Great Britain Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amount are in thousands except share data and as stated otherwise)

2.7 Trade Receivables

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Unsecured, considered good (refer note below)	27,427	2,565,601
Trade receivables which have significant increase in credit risk	524	49,062
	27,951	**2,614,663**
Impairment allowance for bad and doubtful debts	(291)	(27,209)
	27,660	**2,587,454**

Note:-
1. Includes receivables from related parties amounting to GBP 25,565 i.e. equivalent to INR 2,863,820.

2.8 Cash and cash equivalents

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Balance with banks		
- in current accounts	-	-
	-	**-**

2.9 Other current assets

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Unsecured , considered good		
Advances other than capital advances		
Security deposits	24	2,246
Advances to employees	85	7,921
Advance to suppliers	247	23,105
Others		
Deferred contract cost	2,124	198,721
Deferred contract cost - related parties (refer note 2.25)	11,344	1,061,138
Prepaid expenses	1,012	94,640
VAT receivable	137	12,842
Receivable expenses - related parties (refer note 2.25)	3,163	295,874
Other receivables	171	15,978
Unsecured , considered doubtful		
Advances to employees	24	2,270
Security deposit	95	8,904
Less: Provision for doubtful advances and deposits	(119)	(11,174)
	-	-
	18,307	**1,712,465**

2.10 Share capital

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Authorized		
10,568,334 equity shares of GBP 1 each	10,568	988,600
Issued, subscribed and fully paid up		
10,568,334 equity shares of GBP 1 each	10,568	988,600

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of GBP 1/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at			
	31 March 2020		31 March 2020	
	No. of shares	Amount (GBP)	No. of shares	Amount (₹)
Number of equity shares at the beginning	10,568,334	10,568	10,568,334	988,600
Number of equity shares at the end	10,568,334	10,568	10,568,334	988,600

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

Name of the shareholder	As at	
	31 March 2020	
	No. of shares	% holding in the class
Equity shares of GBP 1 each fully paid		
HCL Technologies UK Limited, the holding company	10,568,334	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 during five years immediately preceding the reporting date.

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 Great Britain Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amount are in thousands except share data and as stated otherwise)

2.11 Borrowings

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Short term borrowings		
Unsecured		
Bank overdraft	15,094	1,411,966
	15,094	**1,411,966**

Bank overdrafts are taken by the company for management of working capital. The Company has availed bank line of credit at interest rate of LIBOR+1% p.a. which is repayable on demand.

2.12 Other financial liabilities

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Current		
Carried at amortized cost		
Interest accrued but not due on borrowings	-	-
Accrued salaries and benefits		
Employee bonuses accrued	3,529	330,096
Pension payable	645	60,283
Other employee costs	704	65,825
Others		
Liabilities for expenses	5,200	486,452
Liabilities for expenses-related parties (refer note 2.25)	343	32,066
Capital accounts payables	163	15,262
	10,584	**989,983**

2.13 Provisions

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Current		
Provision for employee benefits		
Provision for leave benefits	77	7,183
	77	7183

2.14 Trade payables

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Trade payables	2,139	200,096
Trade payables - related parties (refer note 2.25)	4,506	421,525
	6,645	**621,621**

HCL Great Britain Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amount are in thousands except share data and as stated otherwise)

2.15 Other current liabilities

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Deferred contract liability	68	6,399
Other Advances		
Advances received from customers	1,984	185,567
Withholding and other taxes payable	852	79,685
	2,904	**271,651**

2.16 Revenue from operations

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Sale of services	75,215	7,035,847
Sale of hardware and software	95	8,926
	75,310	**7,044,773**

Disaggregate Revenue Information

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

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Fixed Price	52,152	4,878,485
Time and material	23,158	2,166,288
	75,310	**7,044,773**

(b) The disaggregated revenue from customers by geographic area based on location of customer is as follows:

	Year ended	
	31 March 2020 (GBP)	31 March 2020 (₹)
America	4,641	434,119
Europe	61,956	5,795,630
Others	8,713	815,032
Total	**75,310**	**7,044,781**

2.17 Other income

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Interest income		
- On bank balances	139	12,958
- On direct taxes	3	292
	142	**13,250**

HCL Great Britain Limited

Notes to special purpose financial statements for the year ended 31 March 2020

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

2.18 Changes in inventories of traded goods

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Opening stock	210	19,611
Less: Closing stock	211	19,775
	(1)	**39,386**

2.19 Employee benefits expense

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Salaries, wages and bonus	18,839	1,762,288
Contribution to other employee funds	3,263	305,205
Staff welfare expenses	1,327	124,128
	23,429	**2,191,621**

2.20 Finance costs

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Interest		
Lease liabilities	148	13,875
Bank overdraft	182	16,987
Bank charges	23	2,164
	353	**33,027**

2.21 Other expenses

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Rent	1	68
Power and fuel	278	25,980
Rates and taxes	389	36,391
Insurance	143	13,368
Repairs and maintenance	411	38,411
Communication costs	2,308	215,876
Travel and conveyance	4,624	432,582
Legal and professional charges	902	84,416
Software license fee	303	28,363
Provision for doubtful debts / bad debts written off	31	2,892
Loss on sale of property, plant and equipments	6	529
Exchange differences (net)	790	73,854
Recruitment, training and development	238	22,291
Business promotion	4,560	426,600
Miscellaneous expenses	435	40,726
	15,419	**1,442,347**

HCL Great Britain Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amount are in thousands except share data and as stated otherwise)

2.22 Tax expense

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Income tax charged to statement of profit and loss		
Current income tax charge	800	74,811
Deferred tax charge (credit)	68	6,335
	867	**81,145**

Components of deferred tax assets and liabilities as on 31 March 2020

	As at 31 March 2020	As at 31 March 2020
	(GBP)	(₹)
Deferred tax assets		
Capital allowances	677	63,292
Pension liability	36	3,412
Accrued employee costs	26	2,456
Non trading loss	400	37,432
Lease adjustment	43	4,048
Gross deferred tax assets (A)	1183	110640
Deferred tax liabilities		
Valuation Allowance	400	37432
Gross deferred tax liabilities (B)	400	37432
Net Deferred Tax Assets (A-B)	783	73208

2.23 Earnings Per Share

The computation of earnings per equity share is as follows:

	Year ended	Year ended
	31 March 2020	31 March 2020
	(GBP)	(₹)
Net profit as per Statement of profit and loss	1,119	104,636
Weighted average number of shares outstanding in calculating of basic EPS	10,568,334	10,568,334
Weighted average number of shares outstanding in calculating dilutive EPS	10,568,334	10,568,334
Nominal value of equity shares	1	93.54
Earnings per share		
- Basic	0.11	9.90
- Diluted	0.11	9.90

2.24 Leases

(a) Company as a lessee

Company's significant leasing arrangements are in respect of leases for office spaces.

The details of the right-of-use asset held by the Company is as follows:

	Building	Building
	(GBP)	(₹)
Balance as at 1 April 2019	-	-
Transition impact of Ind AS 116 (refer note 1(q))	4,827	451,542
Depreciation charge for the year	(603)	(56,451)
Balance as at 31 March 2020	**4,224**	**395,091**

The reconciliation of lease liabilities is as follows:

	(GBP)	(₹)
Balance as at 1 April 2019	-	-
Transition impact of Ind AS 116 (refer note 1(q))	5,224	488,719
Amounts recognized in statement of profit and loss as interest expense	148	13,875
Payment of lease liabilities	(921)	(86,197)
Balance as at 31 March 2020	**4,451**	**416,397**

The lease rental expense relating to short-term leases recognized in the statement of profit and loss for the year amounted to GBP 1 thousand (₹68 thousands).

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March 2020:

	As at 31 March 2020	As at 31 March 2020
	(GBP)	(₹)
Within one year	615	57,504
One to two years	683	63,912
Two to three years	722	67,520
Three to five years	1,137	106,327
Thereafter	1,847	172,781
Total lease payments	**5,003**	**468,044**
Less: Imputed interest	552	51,647
Total lease liabilities	**4,451**	**416,397**

Certain lease agreements include options to terminate or extend the leases. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Most of the leases entered by the company are long term in nature and the underlying leased properties are being used as offices. The Company doesn't foresee any major changes in lease terms or the leases in the foreseeable future as per current business projections after considering the impact of COVID - 19.

b) Company as a lessor

The company has given IT equipments to its customers on a finance lease basis. The future lease receivables in respect of assets given on finance lease are as follows:

	Total minimum lease payments receivable	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
As on 31 March 2020 (GBP)			
Not later than one year	3.48	0.18	3.30
	3.48	0.18	3.30
As on 31 March 2020 (₹)			
Not later than one year	326	17	309
	326	17	309

`

HCL Great Britain Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amount are in thousands except share data and as stated otherwise)

2.25 Related party transactions
List of related parties and relationship:

(i) Ultimate holding Company :	HCL Technologies Limited
(ii) Holding Company :	HCL UK Limited
(iii) Related parties where control exists:	HCL Sweden AB
	HCL Netherlands B.V.
	HCL GmbH
	HCL Belgium N.V./S.A.
(iv) Key management personnels	Mr. Prahlad Rai Bansal
	Mr. Prateek Aggarwal
	Mr. Shiv Kumar Walia
	Mr. Rahul Singh
	Mr. Ajit Kumar

c) Related parties with whom transactions have taken place during the year

Fellow Subsidiaries

HCL America Inc
HCL Argentina S.A.
HCL (Brazil) Technologia Da Informacao EIRELI
HCL Mexico
HCL America Solutions Inc.
HCL Technologies Colombia SAS
HCL Technologies (PTY) LTD
HCL Canada Inc - SD
Geometric Americas Inc.
HCL Poland Sp.z.o.o.
HCL Hungry
HCL Technologies Romania s.r.l.
HCL Technologies Germany GmbH
HCL Technologies UK Limited
HCL Technologies BV
HCL Technologies Sweden AB
HCL (Ireland) Information Systems Limited
HCL Technologies Belgium BVBA
Axon Solutions Limited
HCL Technologies Chile SpA
HCL Technologies Greece Single Member P.C.
HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.
Point To Point Products Limited
HCL Technologies Denmark ApS
FILIAL ESPANOLA DE HCL TECHNOLOGIES, S.L.(HCL Spain)
HCL Technologies South Africa (Proprietary) Limited
HCL Technologies Sollutions GmBh (fly Axon Soltns Schz GmbH)
HCL Axon Malaysia Sdn Bhd (fy Axon Solutions Sdn Bhd)
HCL Technologies Norway AS
HCL Technologies Austria GmbH
HCL Technologies Corporate Services Limited
C3i Europe Eood
HCL Technologies France
HCL Australia Services Pty. Limited, Australia
HCL Singapore Pte. Limited, Singapore
HCL Japan Limited, Japan
HCL (New Zealand) Limited, New Zealand
HCL Saudi Arabia LLC
HCL Technologies Egypt Ltd
HCL Hong Kong SAR Limited, Hong Kong
Axon Solutions (Shanghai) Co. Limited
PT. HCL Technologies Indonesia
HCL Technologies Philippines Inc
HCL Technologies (Shanghai) Limited
Geometric China, Inc.
HCL Technologies (Taiwan) Ltd.
HCL Technologies Finland Oy
HCL Technologies Lithuania UAB
HCL Technologies Italy S.p.A.
HCL Istanbul Bilisim Teknolojileri Limited sirketi

`

HCL Great Britain Limited

Notes to special purpose financial statements for the year ended 31 March 2020

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

2.25 Related party transactions

Transactions with related parties during the normal course of business	Holding Company		Fellow Subsidiary		Subsidiaries		Total	
	Year ended		Year ended		Year ended		Year ended	
	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020
	GBP	(₹)	GBP	(₹)	GBP	(₹)	GBP	(₹)
Revenues	25,539	2,389,015	15,234	1,425,062	1,434	134,095	42,207	3,948,173
Other expenses	33.43	3,127	-	-	-	-	-	-
Consulting Charges	5,717	534,803	11,539	1,079,407	239	22,397	17,496	1,636,607

Transactions with Directors during the year	31 March 2020	31 March 2020
	GBP	(₹)
Remuneration and other benefits to Directors	1,090	101,963

Outstanding balances	Holding Company		Fellow Subsidiary		Subsidiaries		Total	
	As at		As at		As at		As at	
	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020
	GBP	(₹)	GBP	(₹)	GBP	(₹)	GBP	(₹)
Trade receivables	16,819	1,573,348	9,167	857,537	579	54,144	26,565	2,485,029
Deferred contract cost	11,344	1,061,138	-	-	-	-	11,344	1,061,138
Trade payables	1,387	129,721	3,119	291,804	-	-	4,506	421,525
Liabilities for expenses	343	32,066	-	-	-	-	343	32,066
Unbilled Receivables	1,840	172,131	-	-	-	-	1,840	172,131
Receivable for Expenses	17	1,621	3,146	294,253	-	-	3,163	295,874

`

HCL Great Britain Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amount are in thousands except share data and as stated otherwise)

2.26 Segment information

Operating segments are defined as components of an enterprise for which discrete financial information is available and whose their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance. Till 31 March 2019, the CODM evaluated the Company's performance by business segments comprising software services, infrastructure management services and business process outsourcing services.

Consequent to the reorganization of its operations due to technological changes and business requirements, effective 1 April 2019, the Company's ultimate holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and Products & Platforms segments.

Due to the reorganization of operations, the ultimate Holding Company effective 1 April 2019 monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment which is overall apart of the reorganized entity level business segments. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

Revenue disaggregation as per geography has been included in note 2.16.

2.27 Commitments and contingent liabilities

	As at	
	31 March 2020	31 March 2020
	GBP	(₹)
i) Capital and other commitments		
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	207,142	19,376,792
	207,142	**19,376,792**

2.28 Subsequent event

In August 2020, the compnay has entered into an agreement to sell shares held in HCL Begium BV, HCL (Netherlands) BV and HCL Sweden AB for a consideraion of GBP 2,955 thousands ((₹276,438), GBP 12 thousands (₹1,102) and GBP 501 thousands (₹46,891) respectively which is equivalent to its book value. The same has resulted into divestment of its 100% shareholding in all the investees.

As per our report of even date attached

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2020.09.17 21:15:38 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 17 September 2020

For and on behalf of the Board of Directors
of HCL Great Britain Limited

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2020.09.17 19:05:42 +05'30'

Shiv Walia
Director

Berkshire, UK
Date : 17 September 2020

RAHUL SINGH Digitally signed by RAHUL SINGH Date: 2020.09.17 19:06:06 +05'30'

Rahul Singh
Director

Gurugram, India