HCL Istanbul Bilisim Teknolojileri Limited Sirketi

FINANCIAL STATEMENTS

For the year ended 31 March 2022 and year ended 31 March 2021

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Balance Sheet as at 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

		Note No.	As at 31 March 2022 (TRY)	As at 31 March 2021 (TRY)
I.	**ASSETS**			
	(1) Non-current assets			
	(a) Property, plant and equipment	**3.1**	181	1,268
	(c) Right-of-use assets	**3.27**	7	-
	(b) Goodwill	**3.2**	1,800	1,800
	(c) Other intangible assets	**3.3**	485	614
	(d) Financial assets			
	(i) Others	**3.4**	2,104	873
	(e) Deferred tax assets (net)	**3.22**	970	799
	(f) Other non-current assets	**3.5**	1	1
	Total non-current assets		**5,548**	**5,355**
	(2) Current assets			
	(a) Inventories	**3.6**	289	258
	(b) Financial assets			
	(i) Trade receivables			
	Billed	**3.7**	18,672	8,437
	Unbilled	**3.7**	1,146	322
	(ii) Cash and cash equivalents	**3.8**	6,341	1,568
	(iii) Others	**3.4**	3,100	530
	(c) Current tax assets (net)		1,009	383
	(d) Other current assets	**3.9**	10,203	4,993
	Total current assets		**40,760**	**16,491**
	TOTAL ASSETS		**46,308**	**21,846**
II.	**EQUITY**			
	(a) Equity share capital	**3.10**	480	100
	(b) Other equity		11,325	8,030
	TOTAL EQUITY		**11,805**	**8,130**
III.	**LIABILITIES**			
	(1) Non - current liabilities			
	(a) Financial liabilities			
	(i) Lease liabilities	**3.27**	23	42
	(b) Contract liabilities	**3.11**	86	18
	Total non-current liabilities		**109**	**60**
	(2) Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables	**3.12**	15,209	6,562
	(ii) Lease liabilities	**3.27**	46	34
	(iii) Others	**3.13**	8,719	3,417
	(b) Contract liabilities	**3.11**	7,438	3,011
	(c) Other current liabilities	**3.14**	2,780	517
	(d) Provisions	**3.15**	202	115
	Total current liabilities		**34,394**	**13,656**
	TOTAL LIABILITIES		**34,503**	**13,716**
	TOTAL EQUITY AND LIABILITIES		**46,308**	**21,846**
	Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Anurag Maheshwary

Anurag Maheshwary
Partner
Membership Number: 506533

Gurugram, India
Date: 22nd July, 2022

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

Sundaram Sridharan
Director

Singapore
Date: 22nd July, 2022

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Profit and Loss for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

		Note No.	Year ended 31 March 2022	Year ended 31 March 2021
			(TRY)	(TRY)
I	**Revenue**			
	Revenue from operations	3.16	37,095	25,299
	Other income	3.17	5,597	822
	Total income		**42,692**	**26,121**
II	**Expenses**			
	Purchase of stock in trade		2,360	1,596
	Changes in inventories of stock in trade	3.18	(31)	94
	Employee benefits expense	3.19	6,057	4,123
	Finance costs	3.20	24	93
	Outsourcing costs		26,151	16,554
	Depreciation and amortization expense	3.10	436	654
	Other expenses	3.21	1,684	1,663
	Total expenses		**36,681**	**24,777**
III	**Profit before tax**		**6,011**	**1,344**
IV	**Tax expense**	3.22		
	Current tax		2,507	410
	Deferred tax (credit) charge		(171)	90
	Total tax expense		**2,336**	**500**
V	**Profit for the year**		**3,675**	**844**
VI	Other comprehensive income		-	-
VI	**Total Comprehensive Income for the year**		**3,675**	**844**
	Earnings per equity share of TRY 100 each			
	Basic	3.26	1.04	0.84
	Diluted		0.77	0.68
	Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Anurag Maheshwary

Anurag Maheshwary
Partner
Membership Number: 506533

Gurugram, India
Date: 22nd July, 2022

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

Sundaram Sridharan
Director

Singapore
Date: 22nd July, 2022

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Statement of Changes in Equity for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

(Amount in TRY)

	Equity share capital			
	Shares	**Share capital**	**Share application money pending allotment**	**Other Equity**
Balance as at 1 April 2020	1,000	100	-	6,806
Profit for the year	-	-	-	844
Share application money pending allotment	-	-	380	380
Total comprehensive income for the year	-	-	-	844
Balance as at 1 April 2021	1,000	100	380	8,030
Add: Shares issued during the year	3,796	380	-	-
Share application money pending allotment	-	-	(380)	(380)
Profit for the year	-	-	-	3,675
Total comprehensive income for the year	-	-	-	3,675
Balance as at 31 March 2022	4,796	480	-	11,325

Summary of significant accounting policies **1**

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Anurag Maheshwary

Anurag Maheshwary
Partner
Membership Number: 506533

Gurugram, India
Date: 22nd July, 2022

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

Sundaram Sridharan
Director

Singapore
Date: 22nd July, 2022

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Statement of Cash flow for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

		Year ended 31 March 2022 (TRY)	Year ended 31 March 2021 (TRY)
A. Cash flows from operating activities			
Profit before tax		6,011	1,344
Adjustment for:			
Depreciation and amortization expense		436	654
Provision for doubtful debts / bad debts (written back) written off, net		96	880
Loss on disposals of property, plant and equipment and intangibles		1,058	-
Interest expenses		4	8
Other Non Cash Adjustment		(94)	-
		7,511	**2,886**
Net change in			
Trade receivables		(11,155)	3,042
Inventories		(31)	94
Other financial assets and other assets		(9,011)	(4,125)
Trade payables		8,647	(8,172)
Other financial liabilities, contract liabilities, provisions and other liabilities		12,135	1,602
Cash generated from operations		**8,096**	**(4,673)**
Income taxes paid (net of refunds)		(3,039)	(438)
Net cash flow (used in)/from operating activities	**(A)**	**5,057**	**(5,111)**
B. Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		(280)	(665)
Net cash flow (used in)/from investing activities	**(B)**	**(280)**	**(665)**
C. Cash flows from financing activities			
Proceeds from share application money		-	380
Interest paid		(4)	(8)
Net cash flow (used in)/from financing activities	**(C)**	**(4)**	**372**
Net increase in cash and cash equivalents (A+B+C)		4,773	(5,404)
Cash and cash equivalents at the beginning of the year		1,568	6,972
Cash and cash equivalents at the end of the year as per note 3.8		**6,341**	**1,568**

Summary of significant accounting policies **1**

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Anurag Maheshwary

Anurag Maheshwary
Partner
Membership Number: 506533

Gurugram, India
Date: 22nd July, 2022

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

Sundaram Sridharan
Director

Singapore
Date: 22nd July, 2022

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 2022 were approved and authorized for issue by the Board of Directors on 22nd July, 2022.

1. Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with recognition and measurement principle laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time.) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable, to the financial statements. These financial statements have been prepared on the request of HCL Technologies Ltd, being the Ultimate Holding Company to comply with the requirements of the Companies Act, 2013 and are accordingly financial statements.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for the following assets and liabilities which have been measured at fair value or amortized cost:

i) Certain financial assets and liabilities (refer accounting policy regarding financial instruments),

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

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

The Company uses the TRY as its reporting currency.

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. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made.

Significant estimates and assumptions are used for, but not limited to,

i) Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in respect of proprietary software products, refer note 1(i).
ii) Allowance for uncollectible accounts receivables, refer note 1(o)(i)
iii) Recognition of income and deferred taxes, refer note 1(k) and note 3.22
iv) Useful lives of property, plant and equipment, refer note 1(e)

v) Lives of intangible assets, refer note 1(f)
vi) Key assumptions used for impairment of goodwill, refer note 1(g) and note 3.2
vii) Identification of leases and measurement of lease liabilities, refer note 1(c) and note 3.27.
viii) Provisions and contingent liabilities, refer note 1(l) and note 1(m).

In view of pandemic relating to COVID-19, the company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, goodwill, intangible assets, other financial assets, impact on leases, impact on revenues and costs, including but not limited to the assessment of liquidity and going concern assumption. 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) Leases

Company as a lessee

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

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

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

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

Company as a lessor

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

Leases in which the Company transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the leased assets. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the statement of profit and loss.

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.

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

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

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

The useful life as given above best represent the period over which the management expects to use these assets, based on technical assessment. Hence, the useful life for the assets is different from the useful life prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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
Customer relationships	10

g) Impairment of non-financial assets

Goodwill

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

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

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

Intangible assets and property, plant and equipment

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

h) Fair value measurement

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

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

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

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

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

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

c) Cost approach – Replacement cost method.

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

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

i) Revenue Recognition

Contracts involving provision of services and material

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

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

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

Fixed Price contracts

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

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

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

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

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. In case of renewals of proprietary term licenses with existing customers, revenue from term license is recognized at a point in time when the renewal is agreed on signing of contracts. 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. Revenue from these proprietary software products is classified under sale of services.

Multiple performance obligation

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

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

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

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

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

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

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 income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss

j) 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.

k) Taxation

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in statement of profit and loss. 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.

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

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

o) Financial Instruments

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

i) **Financial assets**

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date.

Cash and cash equivalent

Cash and cash equivalents in the balance sheet comprise cash in banks and short-term deposits and investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents are considered net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities.

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.

ii) **Financial liabilities**

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.

The subsequent measurement of financial liabilities depends on their classification, as described below:

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 are initially recognized at net of transaction costs and 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.

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.

p) 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.

q) Recently issued accounting pronouncements

On 23 March 2022, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2022 effective from 1 April 2022. Following is key amended provision which may have an impact on the financial statements of the Company:

Onerous Contracts – Cost of Fulfilling a Contract (Amendment to Ind AS 37)

The amendments clarifies that the 'costs of fulfilling a contract' comprise both the incremental costs and allocation of other direct costs. The Company does not expect the adoption of this update to have a material impact on its financial statements.

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

3.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2022

	Computers	Office Equipment	Total
	(TRY)	(TRY)	(TRY)
Gross block as at 1 April 2021	2,355	39	2,394
Additions	280	-	280
Disposals	(2,433)	(39)	(2,472)
Gross block as at 31 March 2022	**202**	**-**	**202**
Accumulated depreciation as at 1 April 2021	1,099	27	1,126
Depreciation	304	4	308
Disposals	(1,382)	(31)	(1,413)
Accumulated depreciation as at 31 March 2022	**21**	**-**	**21**
Net block as at 31 March 2022	**181**	**-**	**181**

The changes in the carrying value for the year ended 31 March 2021

	Computers	Office Equipment	Total
	(TRY)	(TRY)	(TRY)
Gross block as at 1 April 2020	1,846	39	1,885
Additions	665	-	665
Disposals	(156)	-	(156)
Gross block as at 31 March 2021	**2,355**	**39**	**2,394**
Accumulated depreciation as at 1 April 2020	771	19	790
Depreciation	484	8	492
Disposals	(156)	-	(156)
Accumulated depreciation as at 31 March 2021	**1,099**	**27**	**1,126**
Net block as at 31 March 2021	**1,256**	**12**	**1,268**

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

3.2 Goodwill
The changes in the carrying value for the year ended 31 March 2022

	Goodwill on acquisition of business	Total (TRY)
Gross block as at 1 April 2021	1,800	1,800
Additions	-	-
Gross Block as at 31 March 2022	**1,800**	**1,800**

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

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

	As at 31 March 2022	As at 31 March 2021
Revenue growth rate (average of next 5 to 8 years) (%)	5% to 20%	1% to 5%
Terminal revenue growth rate (%)	2%	1%
Pre tax discount rate (%)	28%	11%

As at 31 March 2022 and 31 March 2021 the estimated recoverable amount of the CGU exceeded its carrying amount and accordingly, no impairment was recognized. An analysis of the sensitivity of the computation to a change in key assumptions based on reasonable probability did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

3.3 Other Intangible Assets

The changes in the carrying value for the year ended 31 March 2022

	Software (TRY)	Customer Relationship (TRY)	Total (TRY)
Gross block as at 1 April 2021	24	811	835
Additions	-	-	-
Disposals	-	-	-
Gross block as at 31 March 2022	**24**	**811**	**835**
Accumulated amortization and impairment as at 1 April 2021	19	202	221
Amortization	5	124	129
Disposals	-	-	-
Accumulated amortization and impairment as at 31 March 2022	**24**	**326**	**350**
Net block as at 31 March 2022	**-**	**485**	**485**

The changes in the carrying value for the year ended 31 March 2021

	Software (TRY)	Customer Relationship (TRY)	Total (TRY)
Gross block as at 1 April 2020	88	811	899
Additions	-	-	-
Disposals	(64)	-	(64)
Gross block as at 31 March 2021	**24**	**811**	**835**
Accumulated amortization and impairment as at 1 April 2020	61	62	123
Amortization	22	140	162
Disposals	(64)	-	(64)
Accumulated amortization and impairment as at 31 March 2021	**19**	**202**	**221**
Net block as at 31 March 2021	**5**	**609**	**614**

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

3.4 Financial Assets - Others

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Non- Current		
Carried at amortized cost		
Finance lease receivables (Refer Note 3.29)	2,104	873
	2,104	**873**
Current		
Carried at amortized cost		
Security deposits-lease	32	18
Finance lease receivables (Refer Note 3.29)	3,068	512
	3,100	**530**

3.5 Other non- current assets

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Unsecured considered good unless otherwise stated		
Deferred contract cost	1	1
	1	**1**

3.6 Inventories

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Stock in trade	289	258
	289	**258**

3.7 Trade Receivable

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Current		
Billed		
Unsecured, considered good (refer note below)	18,302	8,807
Trade receivables - credit impaired	661	263
	18,963	**9,070**
Impairment allowance for bad and doubtful debts	(291)	(633)
	18,672	**8,437**
Unbilled		
Unbilled receivables	681	248
Unbilled receivables-related parties (Refer Note 3.24)	465	74
	19,818	**8,759**

Note:- Includes receivables from related parties amounting to TRY 5,390 (31 March 2021, TRY 1,920) (Refer Note 3.24)

Trade receivables - current	**Not due**	**Outstanding as at 31 March 2022 from the due date of payment**					**Total**
		Less than 6 Months	**6 Months to 1 Year**	**1-2 years**	**2-3 years**	**More than 3 years**	
Undisputed – considered good	7804	8794	577	607	86	435	18,303
Undisputed – credit impaired	-	-	-	16	152	492	660
	7,804	8,794	577	623	238	927	18,963
Impairment allowance for bad and doubtful debts	-	-	-	-	-	-	(291)
Unbilled receivables	-	-	-	-	-	-	1,146
	7,804	8,794	577	623	238	927	19,818

Trade receivables - current	**Not due**	**Outstanding as at 31 March 2021 from the due date of payment**					**Total**
		Less than 6 Months	**6 Months to 1 Year**	**1-2 years**	**2-3 years**	**More than 3 years**	
Undisputed – considered good	4077	3648	195	91	43	753	8,807
Undisputed – credit impaired	-	-	-	108	155	-	263
	4,077	3,648	195	199	198	753	9,070
Impairment allowance for bad and doubtful debts	-	-	-	-	-	-	(633)
Unbilled receivables	-	-	-	-	-	-	322
	4,077	3,648	195	199	198	753	8,759

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Notes to financial statements for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

3.8 Cash and cash equivalent

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Balance with banks		
-in current accounts	6,341	1,568
	6,341	**1,568**

3.9 Other current assets

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Unsecured , considered good		
Advances other than capital advances		
Advances to suppliers	-	26
Others		
Prepaid expenses	724	421
Deferred contract cost - related parties (Refer Note 3.24)	9,379	4,078
Other Taxes Receivables	100	468
	10,203	**4,993**

3.10 Share Capital

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Authorized		
4,796 equity shares of TRY 100 each (Previous year 1,000 equity shares of TRY 100 each)	480	100
Issued, subscribed and fully paid up		
4,796 equity shares of TRY 100 each (Previous year 1,000 equity shares of TRY 100 each)	480	100

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

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 2022		31 March 2021	
	(TRY)		(TRY)	
	No. of shares	Amount (TRY)	No. of shares	Amount (TRY)
Number of shares at the beginning	1,000	100,000	1,000	100,000
Add: Shares issued during the year	3,796	379,600	-	-
Number of shares at the end	4,796	479,600	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 2022		31 March 2021	
	(TRY)		(TRY)	
	No. of shares	Amount (TRY)	No. of shares	Amount (TRY)
Equity shares of TRY 100 each				
HCL Tehnologies UK limited, the holding company	4,796	479,600	1,000	100,000

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

Name of the shareholder	As at			
	31 March 2022		31 March 2021	
	(TRY)		(TRY)	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of TRY 100 each fully paid				
HCL Tehnologies UK limited, the holding company	4,796	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.

Capital management

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

3.11 Contract liabilities

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Non - Current		
Contract liabilities (refer note 3.16)	86	18
	86	**18**
Current		
Contract liabilities (refer note 3.16)	7,438	3,011
	7,438	**3,011**

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

3.12 Trade payables

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Trade payables	653	1,037
Trade payables-related party (refer note:3.24)	14,556	5,525
	15,209	**6,562**

Particulars	Not Due	Outstanding as at 31 March 2022 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	15,744	60	1	-	15,805
(iii) Disputed dues - others	-	-	-	-	-	-
	-	**15,744**	**60**	**1**	**-**	**15,805**

Particulars	Not Due	Outstanding as at 31 March 2021 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	6,297	265	-	-	6,562
(iii) Disputed dues - others	-	-	-	-	-	-
	-	**6,297**	**265**	-	-	**6,562**

3.13 Other financial liabilities

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Current		
Carried at amortised cost		
Accrued salaries and benefits		
Employee bonuses accrued	348	273
Pension Payable	8	4
Other employee cost	11	5
Others		
Other payables	3,579	1,281
Other payables -related parties (refer note:3.24)	4,773	1,854
	8,719	**3,417**

3.14 Other current liabilities

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Other advances		
Advance received from customer	620	366
Others		
Social security payable	120	91
Other taxes payable	2,040	60
	2,780	**517**

3.15 Provisions

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Current		
Provision for employee benefits		
Provision for leave benefits	202	115
	202	**115**

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

3.16 Revenue from operations

	Year ended 31 March 2022 (TRY)	Year ended 31 March 2021 (TRY)
Sale of services	31,007	23,025
Sale of hardware and software	6,088	2,274
	37,095	**25,299**

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

	Year ended 31 March 2022 (TRY)	Year ended 31 March 2021 (TRY)
Contract type		
Fixed price	36,349	24,994
Time and material	745	305
Total	**37,095**	**25,299**
Geography wise		
America	75	85
Europe	2,115	13,494
India	1,143	263
Others	33,762	11,457
Total	**37,095**	**25,299**

Remaining performance obligations
Remaining performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). As at 31 March 2022, the aggregate amount of transaction price allocated to remaining performance obligation as per the requirements of Ind AS 115 was TRY 38,115 (31 March 2021, TRY 9709) out of which, approximately 42% is expected to be recognized as revenues within one year and the balance beyond one year. These amounts are not adjusted for variable consideration allocated to remaining performance obligation, which are not probable. These amounts also exclude contracts for which we recognize revenues based on the right to invoice for services performed and contracts where consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

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

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

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

	Year ended 31 March 2022 (TRY)	**Year ended 31 March 2021 (TRY)**
Balance as at beginning of the year	3,029	1,934
Additional amounts billed but not recognized as revenue	4,971	12,613
Deduction on account of revenues recognized during the year	(456)	(11,518)
Balance as at end of the year	**7,544**	**3,029**

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

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

	Year ended 31 March 2022 (TRY)	**Year ended 31 March 2021 (TRY)**
Balance as at beginning of the year	4,079	1
Additional cost capitalised during the year	5,514	4,079
Deduction on account of cost amortised during the year	(213)	(1)
Balance as at end of the year	**9,380**	**4,079**

The contracted price equals the revenue recognized since there is no reduction towards variable consideration component during the year.

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

3.17 Other income

	Year ended 31 March 2022 (TRY)	Year ended 31 March 2021 (TRY)
Interest income	35	13
Exchange differences (net)	5,562	809
	5,597	**822**

3.18 Changes in inventories of traded goods

	Year ended 31 March 2022 (TRY)	Year ended 31 March 2021 (TRY)
Opening stock	258	352
Less: Closing stock	(289)	(258)
	(31)	**94**

3.19 Employee benefits expense

	Year ended 31 March 2022 (TRY)	Year ended 31 March 2021 (TRY)
Salaries, wages and bonus	4,286	2,819
Contribution to employee benefits	741	526
Leave encashment	119	44
Other welfare expenses	911	734
	6,057	**4,123**

3.20 Finance cost

	Year ended 31 March 2022 (TRY)	Year ended 31 March 2021 (TRY)
Interest		
- on loans from Banks	4	8
Bank charges	20	85
	24	**93**

3.21 Other expenses

	Year ended 31 March 2022 (TRY)	Year ended 31 March 2021 (TRY)
Rent	109	93
Travel and conveyance	70	24
Legal and professional charges	643	656
Provision for doubtful debts/ bad debts written off	96	880
Rates & Taxes	173	4
Insurance	581	-
Miscellaneous expenses	12	6
	1,684	**1,663**

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

3.22 Income taxes

	Year ended 31 March 2022 (TRY)	Year ended 31 March 2021 (TRY)
Income tax charged to statement of profit and loss		
Current income tax charge	2,507	410
Deferred tax charge (Credit)	(171)	90
	2,336	**500**

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 2022 (TRY)	Year ended 31 March 2021 (TRY)
Profit before income tax	6,011	1,344
Statutory tax rate	25%	22%
Expected tax expense	1,503	296
Tax effect of adjustments to reconcile expected tax expense to reported tax expense		
Permanent Differences	707	230
Creation /(Reversal) of prior year provision	235	(26)
Others (Change in Tax Rate)	(109)	-
Total taxes	**2,336**	**500**
Effective income tax rate	39%	37%

Components of deferred tax assets and liabilities as on 31 March 2022 **Amount in (TRY)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
GAAP Adjustments	799	171	970
Net deferred tax assets (A)	799	171	970

Components of deferred tax assets and liabilities as on 31 March 2021 **Amount in (TRY)**

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
GAAP Adjustments	7,819	(791)	7,028
Net deferred tax assets (A)	7,819	(791)	7,028

3.23 Segment Reporting

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.

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 segment. The ultimate Holding Company 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. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

Revenue disagreegation as per geography is given in note 3.16

3.24 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

Holding company
HCL Technologies UK Limited

Fellow Subsidiary
HCL Argentina s.a.
HCL Technologies Mexico
HCL Great Britain Limited
HCL EAS Limited
HCL Technologies Germany GmbH
HCL Technologies, S.A.
HCL America Inc.
HCL Canada Inc. (Fy HCL Axon Technologies Inc.)
HCL Hong Kong SAR Limited, Hong Kong
HCL Technologies S.A.
HCL Technologies Norway AS
HCL America Solutions Inc.
HCL Technologies (PTY) Limited. (Fy HCL Axon PTY Limited.)
HCL (Brazil) Technologia Da Informacao EIRELI
HCL Technologies Austria GmbH
HCL Singapore Pte. Limited, Singapore
HCL Technologies (Shanghai) Limited
HCL Netherlands B.V.
HCL Technologies Romania s.r.l.
HCL Technologies BV
HCL (Ireland) Information Systems Limited
HCL Technologies Sollutions GmBh (fly Axon Soltns Schz GmbH)
HCL Technologies Finland Oy
HCL Technologies Sweden (IOMC)
HCL Technologies Greece Single Member P.C.
HCL Technologies France
HCL Technologies Corporate Services Limited
HCL Technologies Italy S.p.A.
HCL Technologies Malaysia SDN BHD (Fy HCLAxonMalaysiaSDNBHD)
HCL Technologies Middle East FZ- LLC
HCL Axon Solutions (Shanghai) Co., Limited
HCL Technologies Colombia SAS
Filial Espanola De HCL Technoloiges, S.L.(HCL Spain)
HCL Poland Sp.z.o.o.
HCL Hungary Kft
HCL Technologies Chile SpA
HCL Japan Limited, Japan
HCL Technologies Belgium BVBA
Axon Solutions Limited
Point To Point Products Limited
HCL Belgium NV
HCL Australia Services Pty. Limited, Australia
HCL Technologies Philippines Inc
State Street HCL Services (Philippines) Inc.
HCL Technologies Lithuania UAB
HCL Technologies Vietnam Company Limited
HCL Technologies Bulgaria EOOD
PT. HCL Technologies Indonesia
HCL Latin America Holding LLC
HCL Guatemala, Sociedad Anonima
HCL (New Zealand) Limited, New Zealand
HCL Technologies South Africa (Proprietary) Limited
HCL Italy SLR
HCL Technologies Denmark ApS
C3i Europe Eood
HCL Technologies Lanka (Private) Limited
HCL TECHNOLOGIES ANGOLA (SU), LDA.
HCL Technologies (Taiwan) Limited.
Telerx Marketing, Inc.
HCL Technologies Egypt Limited
HCL Technologies Luxembourg S.a.r.l
HCL Technologies (Thailand) Limited.

(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 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Outsourcing costs	13,031	11,111	150	425	7,689	2,748
Revenue	2,200	532	390	363	4,064	2,596

d) Outstanding balances with related parties **(TRY)**

	Ultimate Holding company		Holding company		Fellow subsidiaries	
	As at		As at		As at	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Liabilities for expenses	4,742	1,732	-	-	31	122
Trade payables	7,820	3,836	17	80	6,243	1,609
Deferred Contract Cost	9,379	4,078	-	-	-	-
Trade Receivables	1,640	574	390	104	3,361	1,242
Unbilled Receivables	465	12	-	-	-	62

3.25 Capital and other commitments

	As at	
	31 March 2022	31 March 2021
	(TRY)	(TRY)
Capital and other commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	48
	-	**48**

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

3.26 Earnings per equity share (EPS)

Particulars	Year ended 31 March 2022 (TRY)	Year ended 31 March 2021 (TRY)
Net Profit as per statement of profit and loss for computation of EPS	3,675	844
Weighted average number of equity shares outstanding in calculating- Basic	3,551	1,000
Weighted average number of equity shares outstanding in calculating- Dilutive	4,796	1,239
Nominal value of equity shares	100	100
Profit per equity share		
Basic	1.04	0.84
Diluted	0.77	0.68

3.27 Lease liabilities

(a) Company as a lessee

The Company's significant leasing arrangements are in respect of leases for office spaces , leasehold land and IT equipments.
The details of the right-of-use assets held by the Company is as follows:

	Buildings (TRY)	Total (TRY)
Balance as at 1 April 2021	-	-
Additions	20	20
Disposals	-	-
Gross block as at 31 March 2022	**20**	**20**
Accumulated depreciation as at 1 April 2021	-	-
Depreciation	13	13
Disposals	-	-
Accumulated depreciation as at 31 March 2022	**13**	**13**
Net block as at 31 March 2022	**7**	**7**

The recognition of lease liabilities is as follows:

	Year ended	
	31 March 2022	31 March 2021
Balance as at beginning of the year	76	-
Additions	24	79
Amounts recognized in statement of profit and loss as interest expense	-	-
Payment of lease liabilities	(30)	(3)
Derecognition	-	-
Balance as at end of the year	70	76

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March 2022:

	As at 31 March 2022	As at 31 March 2021
Within one year	47	34
One to two years	20	28
Two to three years	3	14
Total lease payments	**70**	**76**
Imputed interest	-	-
Total lease liabilities	**70**	**76**

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.

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

(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 outstanding	Interest included in minimum lease payments	Present value of minimum lease payments
As at 31 March 2022			
Not later than one year	3,220	152	3,068
Later than one year but not later than five years	2,208	104	2,104
	5,428	**256**	**5,172**
As at 31 March 2021			
Not later than one year	544	32	512
Later than one year but not later than five years	907	35	873
	1,451	**67**	**1,385**

3.28 Financial Instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2022 is as follows:

	Amortized Cost (TRY)	Total Carrying Value (TRY)
Financial Assets		
Trade Receivables	19,818	19,818
Cash and Cash Equivalents	6,341	6,341
Others (refer note 3.4)	5,204	5,204
Total	31,363	31,363
Financial Liabilities		
Trade Payables	15,209	15,209
Lease liabilities	70	70
Others (refer note 3.13)	8,719	8,719
Total	23,998	23,998

The carrying value of financial instruments by categories as at 31 March 2021 is as follows:

	Amortized Cost (TRY)	Total Carrying Value (TRY)
Financial Assets		
Trade Receivables	8,759	8,759
Cash and Cash Equivalents	1,568	1,568
Others (refer note 3.4)	1,403	1,403
Total	11,730	11,730
Financial Liabilities		
Trade Payables	6,562	6,562
Lease liabilities	76	76
Others (refer note 3.13)	3,417	3,417
Total	10,055	10,055

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

(b) Financial risk management
The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks.

The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

(i) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's operations.

The exchange rate risk primarily arises from assets and liabilities denominated in curriences other than functional curreny. An insignificant portion of the Company's revenue is in other foreign currency while a large protion of costs are in TRY. The fluctuation in exchange rates in respect to TRY may not have potential impact on the statement for 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 84 for the year ended 31 March 2022.

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 2022 and 31 March 2021 in major currencies is as below:

	Financial assets		Financial liabilities	
	31 March 2022 (TRY)	31 March 2021 (TRY)	31 March 2022 (TRY)	31 March 2021 (TRY)
USD/TRY	18,366	521	5,792	128
EUR/TRY	1,504	20	1,392	28
MYR/TRY	1,468	-	2,937	-
AED/TRY	5,014	-	4,419	246

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

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

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

	As at	
	31 March 2022	**31 March 2021**
	(TRY)	**(TRY)**
Balance at the beginning of the year	633	2,790
Addition/(Reversal) during the year	(342)	(2,157)
Balance at the end of the year	**291**	**633**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

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

	Year 1 (Current)	**Year 2**	**Year 3**	**Year 4-5 and thereafter**	**Total**
	(TRY)	**(TRY)**	**(TRY)**	**(TRY)**	**(TRY)**
As at 31 March 2022					
Trade payables	15,209	-	-	-	15,209
Lease liabilities	48	20	3	-	71
Other financial liabilities	8,719	-	-	-	8,719
Total	23,976	20	3	-	23,999
As at 31 March 2021					
Trade payables	6,562	-	-	-	6,562
Lease liabilities	34	28	14	-	76
Other financial liabilities	3,417	-	-	-	3,417
Total	10,013	28	14	-	10,055

HCL Istanbul Bilisim Teknolojileri Limited Sirketi
Notes to financial statements for the year ended 31 March 2022
(All amounts in thousands except share data and as stated otherwise)

3.29 Ratios

Ratio	Numerator	Denominator	Units	Year ended 31 March 2022	Year ended 31 March 2021	Variance
Debt Equity Ratio	Total debts (refer note 1 below)	Total equity	Times	0.01	0.01	-37%
Debt Service Coverage Ratio	Earning availables for debt service (refer note 2 below)	Debt service (refer note 3 below)	Times	193	263	-27%
Current ratio	Current assets	Current liabilities	Times	1.185	1.21	-2%
Return on equity ratio	Profit for the year	Average total equity	%	36.87%	11.23%	228%
Inventory turnover ratio	Cost of good sold	Average inventories	Times	9	6	54%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	3	2	10%
Trade payables turnover ratio	Net credit purchases	Average trade payables	Times	2.77	1.87	48%
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 2)	Times	6	9	-35%
Net profit ratio	Profit for the year	Revenue from operations	%	0.10	0.03	197%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 3 below)	%	0.56	0.18	201%

Notes :
(1) Total debts consists of borrowings and lease liabilities
(2) Earning availables for debt services = Profit for the year + depreciation, amortisation and impairment + interest + loss on sale of property,plant and equipments + Provision for doubtful debts +
(1) Debt service = Interest + payment for lease liabilities + principal repayments
(4) Cost of goods sold includes purchase of stock in trade and change in inventories of stock in trade
(1) Net credit purchase includes purchase of stock-in-trade , change in inventories of stock-in-trade, outsourcing costs and other expenses
(2) Working capital = current assets - current liabilities
(2) Capital employed = Tangible net worth includes acquired goodwill and other intangibles assets + total debt - deferred tax assets
(3) Average is calculated based on simple average of opening and closing balances

Explanation where change in the ratio is more than 25%
Debt Equity Ratio: Decrease is on account of decrease in lease liabilities as compared to previous period.
Debt Service Coverage Ratio: Decrease is on account of increase in payment of lease liabilities as compared to previous period.
Return on equity ratio: Profit increased during the period as compared to previous year
Inventory turnover ratio: Increase on account of increase in purchase of stock in trade as compared to last year whereas other factors remain almost constant.
Trade payables turnover ratio: Increase in Net Credit purchases for the year ended 31st March 2022 as compared to 31st March 2021 thus the ratio got increased.
Net capital turnover ratio: Decrease is due to major increase in Deferred Cost which is part of Current assets.
Net profit ratio: Profit is increased majorily due to exchange differences during the period. Thus Net Profit Ratio increases.
Return on capital employed: Profit is increased majorily due to exchange differences during the period. Thus Return on Capital employed increases.

3.30 Change in classification

1. Pursuant to amendment in Schedule III to the Companies Act, 2013, effective from 1 April 2021, the Company has modified the classification of certain assets and liabilities. Comparative amounts in the notes to the standalone financial statements were reclassified for consistency.

	As earlier reported	Revised classification	Difference
Assets			
Financial assets			
Trade receivables (including unbilled)	8,759	19,818	11,059
Cash and cash equivalents	1,568	6,341	4,773
Others (Refer note: 3.4)	1,403	5,204	3,801
Financial liabilities			
Trade payables (including unbilled and accruals)	6,562	15,209	8,647
Lease liabilities	76	70	(6)
Others (Refer note: 3.13)	3,417	8,719	5,302

3.31 Subsequent event

The Company has evaluated all the subsequent events through , which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

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

As per our report of even date attached

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

Anurag Maheshwary

Anurag Maheshwary
Partner
Membership Number: 506533

Gurugram, India
Date: 22nd July, 2022

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

Sundaram Sridharan
Director

Singapore
Date: 22nd July, 2022