Axon Solutions Limited

Special Purpose Financial Statements

For the year ended 31st March 2020

Axon Solutions Limited

Special Purpose Balance sheet as at 31 March 2020

(All amounts are in millions except 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**	1.21	114.59
	(b) Capital work in progress		0.02	1.59
	(c) Right-of-use assets		8.34	779.69
	(d) Goodwill	**2.2**	11.09	1,037.01
	(e) Other intangible assets	**2.3**	0.38	35.37
	(f) Financial assets			
	(i) Investments	**2.4**	7.06	659.63
	(ii) Others	**2.5**	0.08	7.17
	(g) Other non-current assets	**2.6**	0.26	23.86
	(2) Current assets			
	(a) Financial assets			
	(i) Trade receivables	**2.7**	54.03	5,054.30
	(ii) Cash and cash equivalents	**2.8**	4.15	387.89
	(iii) Loans	**2.9**	0.52	48.82
	(iv) Others	**2.5**	3.19	300.32
	(b) Current tax assets (net)		0.01	0.61
	(c) Other current assets	**2.10**	7.19	673.88
	TOTAL ASSETS		**97.53**	**9,124.73**
II.	**EQUITY**			
	(a) Equity share capital	**2.2**	0.00	0.09
	(b) Other equity		55.84	5,223.67
	TOTAL EQUITY		**55.84**	**5,223.76**
III.	**LIABILITIES**			
	(1) Non - current liabilities			
	(a) Financial liabilities			
	(i) Lease liabilities		7.93	741.88
	(ii) Others	**2.11**	0.02	1.67
	(b) Deffered tax liabilities (net)	**2.21**	1.67	156.38
	(1) Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	**2.12**	6.10	570.84
	(ii) Lease liabilities		0.78	73.13
	(iii) Trade payables	**2.13**	4.81	450.15
	(iv) Others	**2.11**	5.18	484.50
	(b) Other current liabilities	**2.14**	14.94	1,397.72
	(c) Provisions	**2.15**	0.26	24.70
	TOTAL EQUITY AND LIABILITIES		**97.53**	**9,124.73**
	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 attached

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

Rakesh Dewan Digitally signed by Rakesh Dewan Date: 2020.09.15 20:54:01 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 15 September 2020

For and on behalf of the Board of Directors of Axon Solutions Limited

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2020.09.15 18:14:18 +05'30'

Shiv Walia
Director

Berkshire, United kingdom
Date : 15 September 2020

RAHUL SINGH Digitally signed by RAHUL SINGH Date: 2020.09.15 18:14:35 +05'30'

Rahul Singh
Director

Gurgoan , India

Axon Solutions Limited

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

(All amounts are in millions except stated otherwise)

		Note No.	Year ended 31 March 2020 (GBP)	Year ended 31 March 2020 (₹)
I	**Revenue**			
	Revenue from operations	**2.16**	48.67	4,553.26
	Other income	**2.17**	4.55	426.71
	Total income		**53.23**	**4,979.98**
II	**Expenses**			
	Purchase of stock-in-trade		0.11	10.02
	Employee benefits expense	**2.18**	24.25	2,268.49
	Finance costs	**2.19**	0.48	44.15
	Depreciation and amortization expense		1.95	181.97
	Outsourcing costs		14.61	1,366.45
	Other expenses	**2.20**	4.09	382.85
	Total expenses		**45.49**	**4,253.93**
III	**Profit before tax**		**7.73**	**726.04**
IV	**Tax expense**	**2.21**		
	Current tax		1.08	101.05
	Deferred tax charge		0.39	36.63
	Total tax expense		1.47	137.68
V	**Profit for the year**		**6.26**	**588.36**
VI	**Total comprehensive income for the year**		**6.26**	**588.36**
	Earnings per equity share	**2.22**		
	Basic		62.51	5,874.74
	Diluted		62.51	5,874.74
	Summary of significant accounting policies	**1**		

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

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Rakesh Dewan
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Membership Number: 092212

Gurugram, India
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Shiv Walia
Director

Berkshire, United kingdom
Date : 15 September 2020

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Rahul Singh
Director

Gurgoan , India

Axon Solutions Limited

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

(All amounts are in millions except stated otherwise)

(Amount in GBP)

	Equity share capital		Other equity				Total other equity
			Reserves and surplus				
	Number of shares	Share capital	Retained earnings	Security premium	Equity reserve	Other reserve	
Balance as at 1 April 2019	100,150	0.00	29.30	0.05	20.65	(0.42)	**49.58**
Profit for the year	-	-	6.26	-	-	-	**6.26**
Total comprehensive income for the year	-	-	6.26	-	-	-	**6.26**
Balance as at 31 March 2020	**100,150**	**0.00**	**35.56**	**0.05**	**20.65**	**(0.42)**	**55.84**
Balance as at 31 March 2020 (Amount in ₹)	**-**	**0.09**	**3,326.42**	**4.77**	**1,931.39**	**(38.91)**	**5,223.67**

Refer note 1 for summary of significant accounting policies

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

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ICAI Firm Registration Number : 101248W/W-100022

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Partner
Membership Number: 092212

Gurugram, India
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of Axon Solutions Limited

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Shiv Walia
Director

Berkshire, United kingdom
Date : 15 September 2020

RAHUL SINGH Digitally signed by RAHUL SINGH Date: 2020.09.15 18:15:38 +05'30'

Rahul Singh
Director

Gurgoan , India

Axon Solutions Limited
Special Purpose Statement of Cash flows for the year ended 31 March 2020
(All amounts are in millions except stated otherwise)

		Year ended 31 March 2020 (GBP)	Year ended 31 March 2020 (₹)
A. Cash flows from operating activities			
Profit before tax		7.73	726.04
Adjustment for:			
Interest income		(0.25)	(23.83)
Interest expenses		0.45	42.29
Depreciation and amortization expense		1.95	181.97
Provision for doubtful debts / bad debts written off		0.00	0.14
Operating profit before working capital changes		**9.89**	**926.61**
Movement in working capital			
Increase in trade receivables		(24.77)	(2,317.39)
Increase in other financial assets and other assets		(6.23)	(582.44)
Decrease in trade payables		(0.79)	(73.89)
Increase in provisions, other financial liabilities and other liabilities		9.19	857.84
Cash used in from operations		**(12.72)**	**(1,189.27)**
Direct taxes paid		(2.48)	(232.43)
Net cash flow used in operating activities	**(A)**	**(15.20)**	**(1,421.69)**
B. Cash flow from investing activities			
Purchase of property, plant and equipment and intangibles		(0.14)	(12.76)
Proceeds from loan repayment by related parties		7.78	727.82
Interest received		0.65	60.86
Net cash inflow from investing activities	**(B)**	**8.29**	**775.91**
C. Cash flows from financing activities			
Payment of lease liabilities including interest		(1.19)	(111.32)
Proceeds from short term borrowings		6.10	570.84
Interest paid		(0.50)	(46.96)
Net cash inflow from financing activities	**(C)**	**4.41**	**412.56**
Net increase in cash and cash equivalents (A+B+C)		(2.49)	(233.22)
Cash and cash equivalents at the beginning of the year		6.64	621.11
Cash and cash equivalents at the end of the year as per note 2.8		**4.15**	**387.89**
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 attached.

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Rakesh Dewan
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Membership Number: 092212

Gurugram, India
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Shiv Walia
Director

Rahul Singh
Director

Berkshire, United kingdom
Date : 15 September 2020

Gurgoan , India

ORGANIZATION AND NATURE OF OPERATIONS

Axon Solutions Limited (hereinafter referred to as 'the Company') is involved in providing SAP consultancy, ERP implementation and re- engineering services. The Company was incorporated on October 7, 1994 in United Kingdom, having its registered office at.in Axon Centre, Church Road, Egham, TW20 9QB, United Kingdom.

The special purpose financial statements for the year ended 31 March, 2020 were approved and authorized for issue by the Board of Directors on 15 September 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation as per financial statement:

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, costs, 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 receivable, income taxes, the useful lives of property, plant and equipment, intangibles assets, impairment of goodwill, 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 period in which the changes are made. Actual results could differ from those estimates.

In view of pandemic relating to COVID-19, the Company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, goodwill, intangible assets, other financial assets, impact on 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) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition related costs are expensed as incurred.

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

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

(d) Foreign currency and translation

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.

The translation of foreign operations from respective functional currency into GBP (the reporting currency) for assets and liabilities is performed using the exchange rates in effect at the balance sheet date, and for revenue, expenses and cash flows is performed using an appropriate daily weighted average exchange rate for the respective years.

(e) 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.

(f) 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. A 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 applicable taxes, 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 estimate standalone selling price by using the expected cost plus a margin approach. We 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 and generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future 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 and other upfront fee paid to customer are deferred and classified as Deferred contract cost and amortized to revenue or cost, 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 and right to consideration is not unconditional. 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.

(g) 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.

(h) 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.

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

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

Asset description	Asset life (in years)
Buildings	20
Plant and equipment (including air conditioners, electrical installations)	10
Office equipment	5
Computers and networking equipment	4-5
Furniture and fixtures	7

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. 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
Technology	1-10
Customer contract	1-10

(j) 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 capitalised 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.

(k) 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.

(l) 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 Company'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.

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.

(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.

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. The assets of the plan are held separately from the Company in independently administered funds.

(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.

Derecognition

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.

The Company's financial liabilities include trade payables & borrowings.

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.

iii. Derivative financial instruments and hedge accounting

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with forecast transactions denominated in certain foreign currencies.

The Company recognizes all derivatives as assets or liabilities measured at their fair value. Changes in fair value for derivatives not designated in a hedge accounting relationship are marked to market at each reporting date and the related gains (losses) are recognized in the statement of profit and loss as 'foreign exchange gains (losses)'.

The foreign exchange forward contracts and options in respect of forecast transactions which meet the hedging criteria are designated as cash flow hedges. Changes in the derivative fair values (net of tax) that are designated as effective cash flow hedges are deferred and recorded in the hedging reserve account as a component of accumulated 'other comprehensive income (loss)' until the hedged transaction occurs and are then recognized in the statement of profit and loss. The ineffective portion of hedging derivatives is immediately recognized in the statement of profit and loss.

In respect of derivatives designated as hedges, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

Hedge accounting is discontinued prospectively from the last testing date when (1) it is determined that the derivative financial instrument is no longer effective in offsetting changes in the fair value or cash flows of the underlying exposure being hedged; (2) the derivative financial instrument matures or is sold, terminated or exercised; or (3) it is determined that designating the derivative financial instrument as a hedge is no longer appropriate. When hedge accounting is discontinued the deferred gains or losses on the cash flow hedge remain in 'other comprehensive income (loss)' until the forecast transaction occurs. Any further change in the fair value of the derivative financial instrument is recognized in current year earnings.

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.

(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) 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 space. 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 group 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.

Transition to Ind AS 116

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

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

Impact on special purpose financial statements

As a result of adoption of Ind AS 116, the Company recognized additional lease liabilities of GBP 9.59 (₹ 897.33) and rights-of-use assets of GBP 9.36 (₹ 875.10) as on 1 April 2019.

The weighted average incremental borrowing rate of 3.1% 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; and

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	**₹**
Prepaid expenses (including current and non-current portion) (reclassified to right-of-use assets)	0.23	21.52
Other financial liabilities (current) - liabilities for expenses (includes lease equalization reserve) (reclassified to right-of-use assets)	(0.46)	(43.75)
Right-of-use assets	9.36	875.10
Lease liability (including current and non-current portion)	9.59	897.33

(q) **Nature and purpose of reserves**

Security premium

The share premium reserve includes all proceeds from share issues where proceeds have exceeded par value.

Equity reserve

Equity reserves includes all proceeds from equity transactions, including share based payment transactions.

Other reserves

Other reserves include proceeds from transactions under common controls.

Axon Solutions Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amounts are in millions except stated otherwise)

2. Notes to financial statements

2.1 Property, plant and equipment

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

(Amount in GBP)

	Buildings	Plant and equipment	Office equipment	Computers and networking equipmement	Furniture and fixtures	Total
Gross block as at 1 April 2019	**2.51**	**0.80**	**0.21**	**0.83**	**3.06**	**7.41**
Additions	-	0.01	0.00	0.08	0.05	**0.14**
Disposals	-	-	-	0.37	-	**0.37**
Gross block as at 31 March 2020	**2.51**	**0.81**	**0.21**	**0.54**	**3.11**	**7.18**
Accumulated depreciation as at 1 April 2019	**2.23**	**0.22**	**0.14**	**0.66**	**2.67**	**5.92**
Charge for the year	0.10	0.14	0.02	0.09	0.07	**0.42**
Deduction/other adjustments	-	-	-	0.37	-	**0.37**
Accumulated depreciation as at 31 March 2020	**2.33**	**0.36**	**0.16**	**0.38**	**2.74**	**5.97**
Net block as at 31 March 2020	**0.18**	**0.45**	**0.05**	**0.16**	**0.37**	**1.21**

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

(Amount in ₹)

	Buildings	Plant and equipment	Office equipment	Computers and networking equipmement	Furniture and fixtures	Total
Gross block as at 1 April 2019	**234.61**	**75.18**	**19.83**	**78.05**	**286.36**	**694.02**
Additions	-	0.81	0.38	7.64	4.86	**13.70**
Disposals	-	-	-	34.75	-	**34.75**
Gross block as at 31 March 2020	**234.61**	**75.99**	**19.30**	**50.95**	**291.22**	**672.97**
Accumulated depreciation as at 1 April 2019	**208.23**	**20.52**	**12.85**	**62.19**	**249.65**	**553.44**
Charge for the year	9.79	12.74	2.25	8.01	6.87	**39.66**
Deduction/other adjustments	-	-	-	34.72	-	**34.72**
Accumulated depreciation as at 31 March 2020	**218.02**	**33.26**	**15.10**	**35.47**	**256.52**	**558.38**
Net block as at 31 March 2020	**16.59**	**42.73**	**4.20**	**15.47**	**34.70**	**114.59**

(All amounts are in millions except stated otherwise)

2.2 Goodwill

Effective 1 April 2019, consequent to reorganization of its global operations due to technological changes and business requirements with increased focus to meet customer expectations and provide better services, the Company has reorganized itself into three segments , IT and Business Services, Engineering and R&D Services and Products & Platforms which led to change in composition of its Cash Generating units (CGUs.)

Accordingly, goodwill has been reallocated based on the relative fair value of each newly identified CGUs. The Company tested goodwill allocated to CGUs for impairment prior to the CGU composition change and immediately thereafter, for events and conditions. The fair value of the Company and its CGUs was calculated using a discounted cash flow model using estimated future cash flows. The results of our evaluation showed that the fair value of each of the CGUs exceeded its book value.

The following table presents the changes in goodwill based on CGUs for the year ended 31 March 2020.

	IT and Business Services	**IT and Business Services**
	(GBP)	**(₹)**
Opening balance as at 1 April 2019	**11.09**	**1,037.01**
Effect of exchange rate changes	-	-
Closing balance as at 31 March 2020	**11.09**	**1,037.01**

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

Goodwill is tested for impairment at least annually. Impairment is recognised, when the carrying amount of cash generating units (CGU) including goodwill, exceeds the estimated recoverable amount of CGU. The estimated value-in-use of this CGU is based on the future cash flows are forecast for 5 years & then on perpetuity on the basis of certain assumptions which includes revenue growth, earnings before interest and taxes, taxes, capital outflow and working capital requirements. The assumptions are taken on the basis of past trends and management estimates and judgement. Future cash flows are discounted with "Weighted Average Cost of Capital". The key assumptions are as follows:

	As at
	31 March 2020
Growth rate (%)	Nil
Terminal growth rate (%)	Nil
Pre tax discount rate (%)	9.7

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

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

Axon Solutions Limited

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

(All amounts are in millions except stated otherwise)

2.3 Other intangible assets

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

(Amount in GBP)

	Software	Customer contracts	Technology	Total
Gross block as at 1 April 2019	**2.79**	**3.71**	**1.31**	**7.81**
Additions	-	-	-	-
Disposals/other adjustments	-	-	-	-
Gross block as at 31 March 2020	**2.79**	**3.71**	**1.31**	**7.81**
Accumulated amortization as at 1 April 2019	**2.78**	**3.06**	**1.08**	**6.92**
Charge for the year	0.01	0.37	0.13	0.51
Deduction/other adjustments	-	-	-	-
Accumulated amortization as at 31 March 2020	**2.79**	**3.43**	**1.21**	**7.43**
Net block as at 31 March 2020	**0.00**	**0.28**	**0.10**	**0.38**
Estimated remaining useful life (in years)	1	1	1	

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

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

(Amount in ₹)

	Software	Customer contracts	Technology	Total
Gross block as at 1 April 2019	**260.74**	**347.20**	**122.58**	**730.52**
Additions	-	-	-	-
Disposals	-	-	-	-
Gross block as at 31 March 2020	**260.74**	**347.20**	**122.58**	**730.52**
Accumulated amortization as at 1 April 2019	**259.95**	**286.66**	**100.78**	**647.39**
Charge for the year	0.77	34.72	12.26	47.75
Deduction/other adjustments	-	-	-	-
Accumulated amortization as at 31 March 2020	**260.72**	**321.38**	**113.04**	**695.14**
Net block as at 31 March 2020	**0.02**	**25.82**	**9.54**	**35.38**
Estimated remaining useful life (in years)	1	1	1	

Axon Solutions Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amounts are in millions except stated otherwise)

2.5 Investments

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Financial assets		
Non- current		
Unquoted investment		
Equity investment in subsidiary companies carrries at cost (fully paid up) 1,100,000(31 March 2019, 1,100,000) equity shares with no nominal value in HCL Technologies Chile SpA	0.65	60.47
6,405,100 (31 March 2019, 6,405,100) equity shares of GBP 1 each in HCL Investment UK Limited	6.41	599.16
Total investments - financial assets	**7.06**	**659.63**

2.5 Other financial assets

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Non - current		
Carried at amortized cost		
Security deposits	0.08	7.17
	0.08	7.17
Current		
Carried at amortized cost		
Security deposits	0.01	1.00
Unbilled receivables	1.58	148.70
Unbilled receivables - related parties (refer note 2.25)	0.07	6.78
Interest receivables - related parties (refer note 2.25)	0.10	8.96
Carried at fair value through profit and loss		
Unrealized gain on derivative financial instruments	1.43	134.88
	3.19	300.32

2.6 Other non- current assets

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Others		
Deferred contract cost	0.22	20.17
Prepaid expenses	0.04	3.69
	0.26	**23.86**

Axon Solutions Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amounts are in millions except stated otherwise)

2.7 Trade Receivables

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Unsecured, considered good (refer note below)	54.23	5,072.86
Trade receivables which have significant increase in credit risk	0.21	19.91
	54.44	**5,092.77**
Impairment allowance for bad and doubtful debts	(0.41)	(38.47)
	54.03	**5,054.30**

Note:-
1. Includes receivables from related parties amounting to GBP 52.88 i.e. equivalent to INR 4,946.59.

2.8 Cash and cash equivalents

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Balance with banks		
- in current accounts	4.15	387.89
	4.15	**387.89**

2.9 Loans

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Current		
Carried at amortized cost		
Unsecured , considered good		
Loans to related parties (refer note 2.25)	0.52	48.82
	0.52	48.82

2.10 Other current assets

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Unsecured , considered good		
Advances other than capital advances		
Advance to suppliers	0.08	7.47
Advances to employees	0.03	2.77
Others		
Deferred contract cost	0.19	18.70
Deferred contract cost - related parties (refer note 2.25)	6.47	604.80
Prepaid expenses	0.29	27.42
Other advances	0.13	12.73
	7.19	673.89
Unsecured, considered doubtful		
Advances other than capital advances		
Advances to employees	0.07	6.88
Other advances	0.01	0.79
Less: Provision for doubtful advances	(0.08)	(7.67)
	-	
	7.19	**673.88**

2.8 Share capital

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Issued, called up and fully paid up		
100,150 (31 March 2019, 100,150) ordinary shares of GBP .01 each	0.00	0.09

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 .01/-. 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 ordinary shares at the beginning	100,150	0.00	100,150	0.09
Number of ordinary shares at the end	100,150	0.00	100,150	0.09

Ordinary shares are normal equity shares.

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

Name of the shareholder	As at 31 March 2020	
	No. of shares	% holding in the class
Ordinary shares of GBP .01 each fully paid		
Axon Group limited, United Kingdom, the holding company	100,150	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.

Axon Solutions Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amounts are in millions except stated otherwise)

2.11 Other financial liabilities

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Non current		
Carried at amortized cost		
Employee bonuses accrued	0.02	1.67
	0.02	**1.67**
Current		
Carried at amortized cost		
Accrued salaries and benefits		
Employee bonuses accrued	1.48	138.40
Other employee costs	0.31	29.21
Others		
Liabilities for expenses	2.36	220.88
Liabilities for expenses - related parties (refer note 2.25)	0.15	14.31
Capital accounts payables	0.02	1.54
Other payable	0.72	67.33
Carried at fair value through other profit and loss		
Unrealized loss on derivative financial instruments	0.14	12.83
	5.18	**484.50**

2.12 Borrowings

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Short term borrowings		
Unsecured		
Bank overdraft	6.10	570.84
	6.10	**570.84**

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

2.13 Trade payables

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Trade payables	0.77	72.15
Trade payables - related parties (refer note 2.25)	4.04	378.00
	4.81	**450.15**

2.14 Other current liabilities

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Deferred contract liability	0.38	35.74
Others		
Withholding and other taxes payable	14.56	1,361.98
	14.94	**1,397.72**

2.15 Provisions

	As at	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Current		
Provision for employee benefits		
Provision for leave benefits	0.26	24.70
	0.26	24.70

Axon Solutions Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amounts are in millions except stated otherwise)

2.16 Revenue from operations

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Sale of services	48.56	4,542.66
Sale of hardware and software	0.11	10.60
	48.67	**4,553.26**

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	29.73	2,781.28
Time and material	18.94	1,771.98
	48.67	**4,553.26**

(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	12.59	1,177.69
Europe	34.84	3,259.35
India	1.09	102.11
Others	0.15	14.10
Total	**48.67**	**4,553.26**

Company has evaluated the impact of COVID-19 resulting from (a) increase in cost budget of fixed price projects due to additional efforts; (b) volume discounts; (c) termination/deferment of projects to ensure that revenue is recognised after considering all these impacts to the extent known and available currently. We would continue to assess COVID-19 impact as we go along due to uncertainties associated with its nature and duration.

2.17 Other income

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Interest income		
- On other financial instruments carried at amortized cost	0.25	23.83
Exchange differences (net)	4.11	384.02
Miscellaneous income	0.20	18.87
	4.55	**426.71**

Axon Solutions Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amounts are in millions except stated otherwise)

2.18 Employee benefits expense

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Salaries, wages and bonus	21.07	1,970.96
Contribution to other employee funds	3.06	286.08
Staff welfare expenses	0.12	11.45
	24.25	**2,268.49**

2.19 Finance costs

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Interest		
-on loans from banks	0.14	12.79
-on the lease liability	0.31	28.99
-on direct taxes	0.01	0.51
-others	0.00	0.14
Bank charges	0.02	1.72
	0.48	**44.15**

2.20 Other expenses

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Rent	0.01	1.15
Power and fuel	0.39	36.29
Insurance	0.14	12.88
Repairs and maintenance		
- Plant and machinery	0.11	10.11
- Building	0.12	11.51
- Others	0.41	38.37
Communication costs	0.13	11.76
Travel and conveyance	0.88	81.87
Legal and professional charges	0.76	71.43
Software license fee	0.01	1.29
Rates and taxes	0.67	62.81
Provision for doubtful debts / bad debts written off	0.00	0.14
Recruitment, training and development	0.17	15.72
Miscellaneous expenses	0.29	27.52
	4.09	**382.85**

2.21 Tax expense

	Year ended	
	31 March 2020	31 March 2020
	(GBP)	(₹)
Income tax charged to statement of profit and loss		
Current income tax charge	1.08	101.05
Deferred tax charge	0.39	36.63
	1.47	**137.68**

Axon Solutions Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amounts are in millions except stated otherwise)

Components of deferred tax assets and liabilities

	As at	
	31 March 2020 (GBP)	**31 March 2020 (₹)**
Deferred tax assets		
Axon centre decapitalisation	0.10	9.03
Pension	0.00	0.20
Bonus	0.00	0.04
Capital allowances	0.12	10.89
Lease accounting	0.07	6.71
Gross deferred tax assets (A)	0.29	26.87
Deferred tax liabilities		
Intangibles	1.96	183.25
Gross deferred tax liabilities (B)	1.96	183.25
Net deferred tax liabilities (B-A)	1.67	156.38

2.22 Earnings Per Share

The computation of earnings per shares is as follows:

	Year ended	Year ended
	31 March 2020	**31 March 2020**
	(GBP)	**(₹)**
Net profit as per Statement of profit and loss for computation of EPS	6.26	588.36
Weighted average number of shares outstanding in calculating of Basic EPS	100,150	100,150
Weighted average number of shares outstanding in calculating dilutive EPS	100,150	100,150
Nominal value of shares	0.01	0.94
Earnings per shares		
- Basic	62.51	5,874.74
- Diluted	62.51	5,874.74

2.23 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. 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 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 a part of the reorganized entity level business segments. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

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

2.24 Leases

(a) Company as a lessee

The 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:

	Buildings (GBP)	Buildings (₹)
Balance as at 1 April 2019	-	-
Transition impact of Ind AS 116 (refer note 1(p))	9.36	875.10
Depreciation charge for the year	(1.02)	(95.41)
Additions	-	-
Derecognition	-	-
Balance as at 31 March 2020	**8.34**	**779.69**

The reconciliation of lease liabilities is as follows:

	Total (GBP)	Total (₹)
Balance as at 1 April 2019	-	-
Transition impact of Ind AS 116 (refer note 1(p))	9.59	897.33
Additions	-	-
Amounts recognized in statement of profit and loss as interest expense	0.31	29.00
Payment of lease liabilities	(1.19)	(111.32)
Derecognition	-	-
Balance as at 31 March 2020	**8.71**	**815.01**

The lease rental expense relating to short-term leases recognized in the statement of profit and loss for the year amounted to GBP .01.

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 (GBP)	As at 31 March 2020 (₹)
Within one year	1.04	97.29
One to two years	1.19	111.32
Two to three years	1.20	112.25
Three to five years	2.40	224.50
Thereafter	6.43	601.49
Total lease payments	**12.26**	**1,146.85**
Imputed interest	(3.55)	(331.84)
Total lease liabilities	8.71	815.01

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 delivery centers or 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.

2.25 Related party transactions

a) Related parties where control exists

Holding company

Axon Group Limited

Ultimate holding company

HCL Technologies Limited

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

Ultimate holding company

HCL Technologies Limited

Fellow Subsidiary

HCL America Inc.
HCL Mexico S. de R.L.
HCL Canada Inc. (Formely "HCL Axon Technologies Inc.")
HCL Technologies (Proprietary) Ltd (Formely "HCL Axon (Proprietary) Limited")
Powerteam, LLC
Actian Corporation (and including its subsidiaries)
HCL Great Britain Limited
Filial Espanola De HCL Technologies S.L
HCL Hungary Kft
HCL Technologies Romania s.r.l.
HCL Technologies Germany Gmbh
HCL Technologies UK Limited
HCL Technologies B.V.
HCL (Ireland) Information Systems Limited
HCL Technologies Belgium BVBA
HCL GmbH
HCL Technologies Finland Oy
HCL Istanbul Bilisim Teknolojileri Limited Sirketi
HCL Technologies Denmark Aps
HCL Technologies Norway AS
HCL Technologies Sweden AB
HCL Technologies Corporate Services Limited
HCL Technologies France SAS
Statestreet HCL Holding UK Limited *
HCL Investments (UK) Limited
HCL Australia Services Pty. Limited
HCL Singapore Pte. Limited
HCL Japan Limited
HCL (New Zealand) Limited
HCL Technologies Middle East FZ-LLC
HCL Hong Kong SAR Limited
HCL Technologies Malaysia Sdn. Bhd. (Formely "HCL Axon Malaysia Sdn. Bhd.")
HCL Technologies (Thailand) Ltd.

(c) Key Management Personnel

Mr. Manish Anand
Mr. Shiv Walia
Mr. Rahul Singh
Mr. Ajit Kumar
Mr. Subramanian Gopalakrishnan

Axon Solutions Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amount are in millions except stated otherwise)

	Transactions with related parties during the normal course of business					
	Revenue	Interest income	Other income	Outsourcing cost	Insurance	Repayment of loan given
31 March 2020 (GBP)						
Ultimate Holding company	1.12	-	-	2.91	0.02	-
Fellow subsidiaries	26.25	0.13	0.19	2.56	-	7.78
	27.37	**0.13**	**0.19**	**5.46**	**0.02**	**7.78**
31 March 2020 ('₹)						
Ultimate Holding company	104.68	-	-	271.92	1.93	-
Fellow subsidiaries	2,455.24	12.48	17.93	239.13	-	727.82
	2,559.92	**12.48**	**17.93**	**511.05**	**1.93**	**727.82**

	Outstanding balances						
	Trade receivables	Interest receivables	Unbilled receivables	Deferred cost	Loan given	Liability for Expenses	Account payable
31 March 2020 (GBP)							
Ultimate Holding company	0.49	-	0.07	0.00	-	0.04	0.45
Holding company	-	-	-	-	-	0.00	-
Fellow subsidiaries	52.39	0.10	0.00	6.46	0.52	0.11	3.60
	52.88	**0.10**	**0.07**	**6.47**	**0.52**	**0.15**	**4.04**
31 March 2020 ('₹)							
Ultimate Holding company	45.80	-	6.77	0.42	-	3.32	41.97
Holding company	-	-	-	-	-	0.36	-
Fellow subsidiaries	4,900.79	8.96	0.01	604.38	48.82	10.63	336.03
	4,946.59	**8.96**	**6.78**	**604.80**	**48.82**	**14.31**	**378.00**

Axon Solutions Limited
Notes to special purpose financial statements for the year ended 31 March 2020
(All amounts are in millions except stated otherwise)

2.26 Commitments

	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)	0.02	1.87
	0.02	**1.87**

2.27 Subsequent events

Business sale to HCL Technologies UK Limited

From 1 April 2020, the company entered into an agreement with HCL Technologies UK Limited to sale the said business and certain assets and liabilities of the entity for the consideration of GBP 50. The parties further agree that within 1 year (365 days) of the entry into possession, they will confirm any changes to this consideration amount and make any true- up payments that are necessary. The assets and liabilities sold as per business sales agreements is here as under

	Amount	
	(GBP)	(₹)
Assets		
Intangible assets	1.21	113.00
Tangible assets	1.22	114.31
Non current assets	0.34	31.90
Trade receivables	54.18	5,067.72
Other current assets	11.71	1,095.40
Total Assets "A"	**68.66**	**6,422.33**
Liabilities		
Trade payables	(27.03)	(2,528.58)
Total Liabilities "B"	**(27.03)**	**(2,528.58)**
Net Assets (Liabilties) (A-B)	**41.63**	**3,893.75**

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: 2020.09.15 20:56:35 +05'30'

Rakesh Dewan
Partner
Membership Number: 092212

Gurugram, India
Date: 15 September 2020

For and on behalf of the Board of Directors of HCL Technologies UK Limited

SHIV KUMAR WALIA Digitally signed by SHIV KUMAR WALIA Date: 2020.09.15 18:17:58 +05'30'

Shiv Walia
Director

Berkshire, United Kingdom
Date : 15 September 2020

RAHUL SINGH Digitally signed by RAHUL SINGH Date: 2020.09.15 18:17:32 +05'30'

Rahul Singh
Director

Gurugram, India