STATESTREET HCL SERVICES (INDIA) PRIVATE LIMITED

Financial Statements

Years ended 31 March 2018 and 2017

S.V. GHATALIA & ASSOCIATES LLP
Chartered Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Statestreet HCL Services (India) Private Limited

Report on the Ind AS Financial Statements

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

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

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(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report dated July 9, 2018 in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

For **S.V. Ghatalia & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

S.V. GHATALIA & ASSOCIATES LLP * GURUGRAM *

Place of Signature: Gurugram
Date: July 9, 2018

Annexure 1 referred to in paragraph 1 of the section on "Report on Other Legal and Regulatory Requirements" of our report of even date
Re: Statestreet HCL Services (India) Private Limited (the Company)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under clause 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including income-tax, goods and service tax, duty of custom provident fund, employees' state insurance, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to duty of excise, sales tax, and value added tax are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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(c) According to the information and explanation given to us, except for following, there are no dues of income-tax, goods and service tax, duty of custom provident fund, employees' state insurance, cess and other statutory dues which have not been deposited on account of any dispute:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	17,03,656	2014-15	ITAT(New Delhi)

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

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(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.V. Ghatalia & Assocaites LLP
Chartered Accountants
ICAI Firm registration number: 103162W/E300006

per **Nilangshu Katriar**
Partner
Membership Number: 58814

S.V. GHATALIA & ASSOCIATES LLP GURUGRAM

Place of Signature: Gurugram
Date: July 9, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF STATESTREET HCL SERVICES (INDIA) PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Statestreet HCL Services (India) Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

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Meaning of Internal Financial Controls over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting With Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.V. Ghatalia & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 103162W/E300006

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 58814

S.V. GHATALIA & ASSOCIATES LLP * GURUGRAM *

Place of Signature: Gurugram
Date: July 9, 2018

Statestreet HCL Services (India) Private Limited
Balance Sheet as at 31 March 2018
(All amounts in lakhs of ₹)

	Note No.	As at 31 March 2018	As at 31 March 2017
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	2,930	3,744
(b) Capital work in progress		12	-
(c) Goodwill	2.2	1,050	1,050
(d) Other intangible assets	2.2	-	2
(e) Financial assets			
(i) Security deposits	2.3	326	221
(ii) Others	2.3	13	13
(f) Deferred tax assets (net)	2.18	3,681	3,680
(g) Other non-current assets	2.4	174	180
(2) Current assets			
(a) Financial assets			
(i) Trade receivables	2.5	3,038	2,051
(ii) Cash and cash equivalents	2.6(a)	907	176
(iii) Other bank balances	2.6(b)	20,366	10,993
(v) Others	2.3	1,432	3,524
(b) Other current assets	2.7	1,096	1,171
TOTAL ASSETS		35,025	26,805
II. EQUITY			
(a) Equity share capital	2.8	3,937	3,937
(b) Other equity		27,059	18,881
III. LIABILITIES			
(1) Non - current liabilities			
(a) Provisions	2.10	333	235
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	2.11	1,211	1,238
(ii) Others	2.9	2,083	2,277
(b) Other current liabilities	2.12	104	84
(c) Provisions	2.10	117	88
(d) Current tax liabilities (net)		181	65
TOTAL EQUITY AND LIABILITIES		35,025	26,805
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. V. Ghatalia & Associates LLP
ICAI Firm Registration Number : 103162W/E300006
Chartered Accountants

Nilangshu Katriar

per Nilangshu Katriar
Partner
Membership Number: 058814

S.V. GHATALIA & ASSOCIATES LLP * GURUGRAM *

Gurugram, India
9 July 2018

For and on behalf of the Board of Directors
of Statestreet HCL Services (India) Private Limited

Prahlad Rai Bansal
Director

Aunoy Banerjee
Director

S. Singh

Shamsher Singh
Company Secretary

Noida (UP), India
9 July 2018

Statestreet HCL Services (India) Private Limited
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in lakhs of ₹)

		Note No.	Year ended 31 March 2018	Year ended 31 March 2017
I	**Revenue**			
	Revenue from operations	2.13	27,087	26,633
	Other income	2.14	1,087	621
	Total income		28,174	27,254
II	**Expenses**			
	Employee benefits expense	2.15	10,510	11,011
	Finance costs	2.16	18	10
	Depreciation and amortization expense	2.1&2.2	1,009	1,030
	Outsourcing costs		2,223	1,997
	Other expenses	2.17	3,961	4,275
	Total expenses		17,721	18,323
III	**Profit before tax**		10,453	8,931
IV	**Tax expense**	2.18		
	Current tax		2,250	1,921
	Deferred tax charge (credit)		14	(1,690)
	Total tax expense		2,264	231
V	**Profit for the year**		8,189	8,700
VI	**Other comprehensive income**			
(A)	(i) Items that will not be reclassified to statement of profit and loss		(26)	(7)
	(ii) Income tax on items that will not be reclassified to statement of profit and loss		15	(1)
VII	**Total other comprehensive income**		(11)	(8)
VIII	**Total comprehensive income for the year**		8,178	8,692
	Earnings per equity share of ₹ 10 each	2.19		
	Basic (in ₹)		20.80	22.10
	Diluted (in ₹)		20.80	22.10
	Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. V. Ghatalia & Associates LLP
ICAI Firm Registration Number : 103162W/E300006
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 058814

Gurugram, India
9 July 2018

For and on behalf of the Board of Directors
of Statestreet HCL Services (India) Private Limited

Prahlad Rai Bansal
Director

Aunoy Banerjee
Director

Shamsher Singh
Company Secretary

Noida (UP), India
9 July 2018

Statestreet HCL Services (India) Private Limited

Statement of Changes in Equity for the year ended 31 March 2018

(All amounts in lakhs of ₹ except share data and as stated otherwise)

	Equity share capital		Other Equity
	Shares	Share capital	Retained earnings
Balance as at 1 April, 2016	39,369,285	3,937	10,189
Profit for the year	-	-	8,700
Other comprehensive income	-	-	(8)
Total comprehensive income for the year	-	-	8,692
Balance as at 31 March, 2017	39,369,285	3,937	18,881
Balance as at 1 April, 2017	39,369,285	3,937	18,881
Profit for the year	-	-	8,189
Other comprehensive income	-	-	(11)
Total comprehensive income for the year	-	-	8,178
Balance as at 31 March, 2018	39,369,285	3,937	27,059

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. V. Ghatalia & Associates LLP
ICAI Firm Registration Number : 103162W/E300006
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 058814

Gurugram, India
9 July 2018

For and on behalf of the Board of Directors
of Statestreet HCL Services (India) Private Limited

Prahlad Rai Bansal
Director

Aunoy Banerjee
Director

Shamsher Singh
Company Secretary

Noida (UP), India
9 July 2018

Statestreet HCL Services (India) Private Limited
Statement of Cash flows

(All amounts in lakhs of ₹)

	Year ended 31 March 2018	Year ended 31 March 2017
A. Cash flows from operating activities		
Profit before tax	10,453	8,931
Adjustment for:		
Depreciation and amortization	1,009	1,030
Interest income	(1,074)	(594)
Provision for doubtful debts / bad debts written off	-	2
Loss on sale of property, plant and equipment (net)	37	110
Provision for doubtful advances	10	3
Operating profit before working capital changes	**10,435**	**9,482**
Movement in Working Capital		
(Increase) decrease in trade receivables	(987)	1,864
(Increase) decrease in other financial assets and other assets	2,122	(2,009)
Increase (decrease) in trade payables	(28)	95
Increase (decrease) in provisions, other financial liabilities and other liabilities	(10)	197
Cash generated from operations	**11,532**	**9,629**
Direct taxes paid (net of refunds)	(1,775)	(1,853)
Net cash flow from operating activities (A)	**9,757**	**7,776**
B. Cash flows from investing activities		
Investments in bank deposits	(21,136)	(14,243)
Proceeds from bank deposits on maturity	11,763	7,241
Purchase of property, plant and equipment and intangibles, including capital work in progress and capital advances	(306)	(1,098)
Interest received	1,011	544
Taxes paid	(358)	(192)
Net cash flow used in investing activities (B)	**(9,026)**	**(7,748)**
Net increase in cash and cash equivalents (A+B)	731	28
Cash and cash equivalents at the beginning of the year	176	148
Cash and cash equivalents at the end of the year as per note 2.6 (a)	**907**	**176**
Summary of significant accounting policies (Note 1)		

As per our report of even date.

FOR S. V. Ghatalia & Associates LLP
ICAI Firm Registration Number : 103162W/E300006
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 058814

Gurugram, India
9 July 2018

For and on behalf of the Board of Directors
of Statestreet HCL Services (India) Private Limited

Prahlad Rai Bansal
Director

Aunoy Banerjee
Director

Shamsher Singh
Company Secretary

Noida (UP), India
9 July 2018

ORGANIZATION AND NATURE OF OPERATIONS

Statestreet HCL Services (India) Private Limited (hereinafter referred to as "the Company") is primarily engaged in delivering business process outsourcing services to its client from its financial services vertical. The Company was incorporated under the provisions of the Companies Act applicable in India on January 6, 2012, having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi- 110019. The immediate holding company is State Street HCL Holdings (UK) Limited.

The financial statements for the year ended 31 March 2018 were approved and authorized for issue by the Board of Directors on 9 July 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

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:

a) Certain financial assets and liabilities measured at fair value (refer to the accounting policy regarding financial instruments),

The Company uses the Indian Rupee ('₹') as its reporting currency.

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.

(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, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, income taxes, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, impairment of goodwill, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

(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 the

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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 the amount recognized for non-controlling interest, 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

The financial statements of the Company are presented in Indian Rupee (₹) which is also the Company's functional currency.

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.

(e) Fair value measurement

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

The 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:

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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. The 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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from rendering of services is recognized when the benefits have been transferred to or received by the customer, the price of service is fixed or determinable and collectability is reasonably assured. The Company derives revenues primarily from the following:

Business process outsourcing services
Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

Earnings in excess of billing are classified as unbilled revenue, while billing in excess of earnings are classified as unearned revenue. Revenue and related direct costs from transition services in outsourcing arrangements are deferred and recognized over the period of the arrangement. Certain upfront non-recurring costs incurred in the initial phases of outsourcing contracts and contract acquisition costs, are deferred and amortized usually on a straight line basis over the term of the contract.

Revenues are shown net of taxes and applicable discounts and allowances, if any.

Interest income

Interest on the deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction.

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.

(g) Income taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in the 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 and penalties.

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 taxes which originate during the tax holiday period are reversed after the tax holiday period. For this purpose, reversal of timing differences is determined using first in first out method.

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 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in the statement of profit and loss

(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 management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

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

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

The useful lives as given above best represent the period over which management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives 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.

(i) Intangible assets

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

(j) Leases

A lease is classified at the inception date as a finance lease or an operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment on an annual basis and 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 bu

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.

(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.

(m) Retirement and other employee benefits

i. Provident fund: Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for each period of service rendered by the employees. The company has no obligation, other than the contribution payable to the provident fund.

ii. Gratuity liability: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's base salary and the tenure of employment (subject to a maximum of ₹ 20 lacs per employee). The liability is actuarially determined (using the projected unit credit method) at the end of each year. Actuarial gains/losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the year in which they occur.

   In respect to certain employees in India, the Company contributes towards gratuity liabilities to the Gratuity Fund Trust. Trustees of the Company administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law.

iii. 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 meth

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based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

iv. State Plans: The contribution to State Plans, a defined contribution plan namely Employee State Insurance Fund and Employees' Pension Scheme for the Company are charged to the statement of profit and loss as and when employees render related services.

(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 short-term deposits
Cash and short-term deposits in the balance sheet comprise cash in banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Financial assets at amortized cost
A financial asset 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 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.

Financial assets at Fair Value through Other Comprehensive Income (OCI)
A financial asset is classified and measured at fair value through OCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent solely payments of principal and interest.

Financial assets included within the OCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from OCI to statement of profit and loss.

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Financial asset at Fair Value through Profit and Loss
Any financial asset, which does not meet the criteria for categorization at amortized cost or at fair value through other comprehensive income, is classified at fair value through profit and loss. Financial instruments included in the fair value through profit and loss category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition of financial assets
A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset.

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 Company's financial liabilities include trade payables and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.
Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(o) *Earnings per share (EPS)*

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

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

(p) *Recently issued accounting pronouncements*

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

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

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

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

Ind AS 115, Revenue from Contract with Customers

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

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

The standard permits two possible methods of transition:

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

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

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Notes to financial statements for the year ended 31 March 2018

(All amounts in lakhs of ₹ except share data and as 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 2018

	Plant and machinery	Office Equipment	Computers	Furniture and fittings	Total
Gross block as at 1 April 2017	1,479	382	2,833	1,974	6,668
Additions	-	20	209	1	230
Disposals	10	-	-	144	154
Gross block as at 31 March 2018	**1,469**	**402**	**3,042**	**1,831**	**6,744**
Accumulated depreciation as at 1 April 2017	473	149	1,543	759	2,924
Charge for the year	247	77	445	238	1,007
Deduction/other adjustments	6	-	-	111	117
Accumulated depreciation as at 31 March 2018	**714**	**226**	**1,988**	**886**	**3,814**
Net Block as at 31 March 2018	**755**	**176**	**1,054**	**945**	**2,930**

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

	Plant and machinery	Office Equipment	Computers	Furniture and fittings	Total
Gross block as at 1 April 2016	1,045	309	2,287	1,992	5,633
Additions	474	73	587	319	1,453
Disposals	40	0	41	337	418
Gross block as at 31 March 2017	**1,479**	**382**	**2,833**	**1,974**	**6,668**
Accumulated depreciation as at 1 April 2016	274	76	1,113	751	2,214
Charge for the year	224	73	471	251	1,019
Deduction/other adjustments	25	0	41	243	309
Accumulated depreciation as at 31 March 2017	**473**	**149**	**1,543**	**759**	**2,924**
Net Block as at 31 March 2017	**1,006**	**233**	**1,290**	**1,215**	**3,744**

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Statestreet HCL Services (India) Private Limited
Notes to financial statements for the year ended 31 March 2018

(All amounts in lakhs of ₹ except share data and as stated otherwise)

2.2 Goodwill and intangible assets

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

	Goodwill on acquisition of business	Software	Total
Gross block as at 1 April 2017	1,050	133	1,183
Additions	-	-	-
Disposals	-	-	-
Gross block as at 31 March 2018	1,050	133	1,183
Accumulated depreciation as at 1 April 2017	-	131	131
Charge for the year	-	2	2
Deduction/other adjustments	-	-	-
Accumulated depreciation as at 31 March 2018	-	133	133
Net Block as at 31 March 2018	1,050	-	1,050

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

	Goodwill on acquisition of business	Software	Total
Gross block as at 1 April 2016	1,050	133	1,183
Additions	-	-	-
Disposals	-	-	-
Gross block as at 31 March 2017	1,050	133	1,183
Accumulated depreciation as at 1 April 2016	-	119	119
Charge for the year	-	12	12
Deduction/other adjustments	-	-	-
Accumulated depreciation as at 31 March 2017	-	131	131
Net Block as at 31 March 2017	1,050	2	1,052

2.3 Other financial assets

	As at	
	31 March 2018	31 March 2017
Non - current		
Carried at amortized cost		
Bank deposits with more than 12 months maturity (refer note 1 below)	13	13
Security deposits	326	221
	339	234
Current		
Carried at amortized cost		
Unbilled revenue-related parties (refer note 2.24)	1,256	3,404
Interest receivable	154	91
Security deposits	22	29
	1,432	3,524

Note:-

1. Pledged with banks as security for guarantees ₹ 13 lakhs (31 March 2017: ₹ 13 lakhs)

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(All amounts in lakhs of ₹ except share data and as stated otherwise)

2.4 Other non- current assets

	As at	
	31 March 2018	31 March 2017
Unsecured considered good unless otherwise stated		
Capital advances	1	1
Advances other than capital advances		
Prepaid expenses	173	179
	174	180

2.5 Trade receivables

	As at	
	31 March 2018	31 March 2017
Unsecured considered good - related party (refer note 2.24)	3,038	2,051
Unsecured considered doubtful	-	-
	3,038	2,051
Provision for doubtful receivables	-	-
	3,038	2,051

2.6 Cash and bank balances

	As at	
	31 March 2018	31 March 2017
(a) Cash and cash equivalent		
Balance with banks		
- in current accounts	898	176
Remittances in transit	9	
	907	176
(b) Other bank balances		
Deposits with remaining maturity of more than 3 months but up to 12 months	20,366	10,993
	21,273	11,169

2.7 Other current assets

	As at	
	31 March 2018	31 March 2017
Unsecured , considered good		
Advances other than capital advances		
Security deposits	10	3
Advances to related parties (refer note 2.24)	156	15
Advances to employees	30	37
Advances to suppliers	19	12
Others		
Prepaid expenses	179	305
Prepaid expenses - related parties (refer note 2.24)	7	-
Goods and Service tax receivable	695	799
	1,096	1,171
Unsecured , considered doubtful		
Advances other than capital advances		
Other advances	38	28
Less: Provision for doubtful advances	(38)	(28)
	-	-
	1,096	1,171

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2.8 Share capital

	As at	
	31 March 2018	31 March 2017
Authorized		
50,000,000 (31 March 2017: 50,000,000) equity shares of ₹ 10 each	5,000	5,000
Issued, subscribed and fully paid up		
39,369,285 (31 March 2017: 39,369,285) equity shares of ₹ 10 each	3,937	3,937

Terms / rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. 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 2018		31 March 2017	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	39,369,285	3,937	39,369,285	3,937
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	39,369,285	3,937	39,369,285	3,937

Shares held by holding company:

	As at	
	31 March 2018	31 March 2017
State street HCL Holding (UK) Limited, the holding company		
39,369,285 (31 March 2017 : 39,369,285) equity shares of ₹ 10 each	3,937	3,937

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

Name of the shareholder	31 March 2018		31 March 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 10 each fully paid				
State Street HCL Holding (UK) Limited, the holding company	39,369,285	100.00%	39,369,285	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.

HCL Technologies Limited (HCL) and State Street International Holdings (State Street) has formulated a joint venture where State Street has 51% equity interest and HCL has equity interest of 49% along with 100% dividend rights. The shareholders' agreement provides specific rights to the two shareholders. HCL through the operating committee controls the relevant activities of the Company. HCL has exposure to returns through the 100% dividend rights of the Company and has ability to influence that returns. Accordingly, HCL is considered the Ultimate Holding Company of the Company under Indian Accounting Standards (Ind AS).

There were no bonus shares issued, no share issued for consideration other than cash and no shares bought back during the year (previous year : nil).

Capital management

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

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2.9 Other financial liabilities

	As at	
	31 March 2018	31 March 2017
Current		
Carried at amortized cost		
Accrued salaries and benefits		
Employee bonuses accrued	202	198
Other employee costs	395	348
Others		
Liabilities for expenses	1,240	1,443
Liabilities for expenses-related parties (refer note 2.24)	237	215
Capital accounts payables	9	73
	2,083	2,277

2.10 Provisions

	As at	
	31 March 2018	31 March 2017
Non - Current		
Provision for employee benefits		
Provision for gratuity (refer note 2.23)	210	138
Provision for leave benefits	123	97
	333	235
Current		
Provision for employee benefits		
Provision for gratuity (refer note 2.23)	53	32
Provision for leave benefits	64	56
	117	88

2.11 Trade payables

	As at	
	31 March 2018	31 March 2017
Trade payables	373	225
Trade payables-related parties (refer note 2.24)	838	1,013
	1,211	1,238

2.12 Other current liabilities

	As at	
	31 March 2018	31 March 2017
Travel provision (net of advances)	23	16
Withholding and other taxes payable	81	68
	104	84

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(All amounts in lakhs of ₹ except share data and as stated otherwise)

2.13 Revenue from operations

	Year ended	
	31 March 2018	31 March 2017
Sale of services	27,087	26,633
	27,087	26,633

2.14 Other income

	Year ended	
	31 March 2018	31 March 2017
Interest income		
- On fixed deposits	1,054	565
- On financial assets carried at amortized cost	20	29
Exchange differences (net)	7	-
Miscellaneous income	6	27
	1,087	621

2.15 Employee benefits expense

	Year ended	
	31 March 2018	31 March 2017
Salaries, wages and bonus	9,987	10,533
Contribution to provident fund and other employee funds	435	344
Staff welfare expenses	88	134
	10,510	11,011

2.16 Finance cost

	Year ended	
	31 March 2018	31 March 2017
Interest		
-on bank overdraft	-	1
Bank charges	18	9
	18	10

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(All amounts in lakhs of ₹ except share data and as stated otherwise)

2.17 Other expenses

	Year ended	
	31 March 2018	31 March 2017
Rent	949	988
Power and fuel	839	862
Insurance	84	24
Repairs and maintenance		
- Plant and machinery	197	209
- Buildings	185	157
- Others	164	243
Communication costs	73	94
Travel and conveyance	979	1,242
Legal and professional charges	165	20
Rates and taxes	6	16
CSR expenditure	118	76
Provision for doubtful debts/ bad debts written off	-	2
Loss on sale of property, plant and equipments	37	110
Exchange Differences (net)	-	36
Miscellaneous expenses	165	196
	3,961	4,275

2.18 Income taxes

	Year ended	
	31 March 2018	31 March 2017
Income tax charged to statement of profit and loss		
Current income tax charge	2,250	1,921
Deferred tax charge (credit)	14	(1,690)
	2,264	231
Income tax charged to other comprehensive income		
Expense (benefit) on re-measurements of defined benefit plans	(15)	1
	(15)	1

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2.18 Income taxes (Continued)

The reconciliation between the Company's provision for income tax and amount computed by applying the statutory income tax rate in India is as follows:

	Year ended	
	31 March 2018	31 March 2017
Profit before income tax	10,453	8,931
Statutory tax rate in India	34.61%	33.06%
Expected tax expense	**3,618**	**2,953**
Non-taxable export income	(1,277)	(2,609)
Benefit of losses in STPI units	-	(208)
Additional provision created in books	-	15
Reversal of Prior Year Provision	(15)	-
Permanent differences	33	18
Deduction u/s 80JJAA	(66)	7
Others	(29)	55
Total taxes	**2,264**	**231**
Effective income tax rate	21.66%	2.59%

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

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
MAT credit entitlement	3,522	(131)	-	3,391
Accrued employee costs	15	90	15	120
Depreciation and amortization	67	(22)	-	45
Rent SLM	66	32	-	98
Others	10	17	-	27
Total	**3,680**	**(14)**	**15**	**3,681**

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

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
MAT credit entitlement	1,879	1,643	-	3,522
Accrued employee costs	9	6	-	15
Depreciation and amortization	36	31	-	67
Rent SLM	58	8	-	66
Others	9	2	(1)	10
Total	**1,991**	**1,690**	**(1)**	**3,680**

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2.19 Earnings per share

The computation of earnings per share is as follows:

	Year ended	
	31 March 2018	31 March 2017
Net profit as per statement of profit and loss for computation of EPS	8,189	8,700
Weighted average number of equity shares outstanding in calculating Basic EPS	39,369,285	39,369,285
Nominal value of equity shares (in ₹)	10	10
Earnings per equity share (in ₹)		
- Basic	20.80	22.10
- Diluted	20.80	22.10

2.20 Leases

Operating leases

The Company leases office spaces under operating lease agreements. The lease rental expense recognized in the statement of profit and loss for the period is ₹ 949 lakhs (previous year ₹ 988 lakhs). The escalation amount for non-cancellable operating lease payable in future years and accounted for by the Company is ₹ 455 lakhs (previous year ₹ 385 lakhs). Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	As at	
	31 March 2018	31 March 2017
Not later than one year	906	827
Later than one year but not later than five years	3,104	2,435
Later than five years	3,068	3,501
	7,078	6,763

2.21 Segment Reporting

In the opinion of management company has only one business segment and the company operates majorly in a single geographical segment and hence there are no reportable segments as envisaged in Ind AS 108 'Operating Segments' notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. Accordingly, no disclosures for segment reporting have been included in the financial statements.

During the year ended 31 March 2018 and 31 March 2017, single customer represented 100% revenue of the Company.

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2.22 Financial instruments

Financial risk management

The Company is exposed to market risk which may impact the fair value of its financial instruments. The Company through various risk management procedures manages and mitigate this risk.

The Company's risk management procedures aim 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. 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 currencies other than the functional currency. A significant portion of the Company revenue is in US Dollar while a large portion of costs are in Indian rupees. The fluctuation in exchange rates in respect to the Indian rupee may have potential impact on the statement of profit and loss and other comprehensive income 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 ₹ 31 lakhs for the year ended 31 March 2018.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of the currency by 1% against the respective functional currency of the Company. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March, 2018 and 31 March 2017 in major currency is as below:

	Net financial assets		Net financial liabilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
USD / INR	3,105	2,054	30	38

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(All amounts in lakhs of ₹ except share data and as stated otherwise)

2.23 Employee benefits

The Company has calculated the various benefits provided to employees as given below:

A. Defined contribution plans and state plans
Employer's contribution to Employees State Insurance
Employer's contribution to Employees Provident Fund
Employer's contribution to Employee Pension Scheme

During the year, the Company has recognized the following amounts in the statement of profit and loss :-

	Year ended	
	31 March 2018	31 March 2017
Employer's contribution to Employees State Insurance	133	69
Employer's contribution to Employees Provident Fund	122	111
Employer's contribution to Employee's Pension Scheme	179	163
Total	434	343

B. Defined benefit plans

Gratuity
The following table sets out the status of the gratuity plan :

Statement of profit and loss

	Year ended	
	31 March 2018	31 March 2017
Current Service cost	65	61
Interest cost (net)	10	8
Net benefit expense	75	69

Balance Sheet

	As at	
	31 March 2018	31 March 2017
Defined benefit obligations	263	170
Fair value of plan assets	-	-
	263	170
Less: Unrecognized past service cost	-	-
Net plan liability	263	170
Current defined benefit obligations	53	32
Non-current defined benefit obligations	210	138

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(All amounts in lakhs of ₹ except share data and as stated otherwise)

2.23 Employee benefits (continued)

Changes in present value of the defined benefit obligations are as follows:

	Year ended	
	31 March 2018	31 March 2017
Opening defined benefit obligations	170	122
Current service cost	65	61
Interest cost	10	8
Re-measurement gains (losses) in OCI		
Actuarial changes arising from changes in demographic assumptions	10	5
Actuarial changes arising from changes in financial assumptions	(5)	0
Experience adjustments	21	2
Benefits paid	(8)	(28)
Closing defined benefit obligations	**263**	**170**

	As at	
	31 March 2018	31 March 2017
Discount rate	7.10%	6.65%
Estimated Rate of salary increases	7.00%	7.00%
Employee Turnover	22.00%	25.00%
Expected rate of return on assets	N.A.	N.A.

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Discount rate and future salary escalation rate are the key actuarial assumptions to which the defined benefit obligations are particularly sensitive. The following table summarizes the impact on defined benefit obligations as at 31 March 2018 arising due to an increase / decrease in key actuarial assumptions by 50 basis points:

	Discount rate	Salary escalation rate
Impact of increase	(5)	5
Impact of decrease	5	(5)

The sensitivity analysis presented may not be representative of the actual change in the defined benefit obligations as sensitivities have been calculated to show the movement in defined benefit obligations in isolation and assuming there are no other changes in market conditions. There have been no changes from the previous years in the methods and assumptions used in preparing the sensitivity analysis.

The defined benefit obligations are expected to mature after 31 March 2018 as follows:

Year ending 31 March ,	Cash flows
- 2019	57
- 2020	86
- 2021	98
- 2022	112
- 2023	109
- Thereafter	712

The weighted average duration of the payment of these cash flows is 3.97 years.

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STATESTREET HCL SERVICES (INDIA) PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2018

(All amounts in lakhs of ₹ except share data and as stated otherwise)

2.24 Related party disclosures

a) Controlling entity

HCL Technologies Limited ("HCL") and State Street International Holdings ("State Street") has formulated a joint venture where State Street has 51% equity interest and HCL has equity interest of 49% along with 100% dividend rights. The shareholders' agreement provides specific rights to the two shareholders. HCL through the operating committee controls the relevant activities of the Statestreet HCL Holdings (UK) Limited ("Statestreet UK") which is holding Company of Statestreet HCL Services India Private Limited ("Company") and Statestreet HCL Services Philippines Inc (Statestreet Philippines"). HCL has exposure to returns through the 100% dividend rights of the Statestreet UK and has ability to influence that returns. Therefore, HCL is having control over the Company.

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

Controlling entity	HCL Technologies Limited
Fellow subsidiary	HCL Comnet Limited
	State Street HCL Services (Phillipines) Inc.
Other (significant influence)	State Street Bank and Trust Company

c) Transactions with related parties during the year in the ordinary course of business:

	Controlling entity		Significant influence	
	Year ended		Year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Revenues	-	-	27,087	26,633
Other expenses (refer below note)	2,726	2,548	-	-

Note: Other expenses include outsourcing costs, power & fuel and repair & maintenance.

d) Outstanding balances with related parties

Outstanding balances	Controlling entity		Fellow subsidiary		Significant influence	
	As at		As at		As at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Trade receivables	7	46	-	10	3,031	1,995
Unbilled revenue	-	-	-	-	1,256	3,404
Prepaid expenses	7	-	-	-	-	-
Short term advances	147	14	-	-	9	1
Trade payables	838	1,013	-	-	-	-
Liabilities for expense	237	215	-	-	-	-

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2.25 Commitments and Contingent liabilities

(a)

	As at	
	31 March 2018	31 March 2017
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	373	71
	373	71

b) The Company is required to comply with the transfer pricing regulations, which are contemporaneous in nature. The Company appoints an independent consultant annually for conducting transfer pricing studies to determine whether transactions with associate enterprises undertaken during the financial year, are on an arm's length basis. Adjustments, if any, arising from the transfer pricing studies will be accounted for when the study is completed for the current financial year. Management is of the opinion that its transactions with associates are at arm's length so that the outcome of the studies to corroborate compliance with legislation will not have any material adverse impact on the financial statements.

2.26 Micro, Small and Medium Enterprises

As per information available with management, the dues payable as at any time during the year ended March 31, 2018 to enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" is ₹ Nil (previous year nil).

This has been determined on the basis of responses received from vendors on specific confirmation sought by the Company in this regard.

2.27 Auditor's remuneration

	Year ended	
	31 March 2018	31 March 2017
Statutory Audit	2	2
Tax Audit	1	1
	3	3

2.28 Corporate social responsibility

As required by the Companies Act, 2013, the gross amount required to be spent by the Company on CSR activities is ₹ 118 lakhs (previous year ₹ 76 lakhs) and the amount spent is ₹ 118 lakhs (previous year ₹ 76 lakhs).

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Statestreet HCL Services (India) Private Limited
Notes to financial statements for the year ended 31 March 2018

(All amounts in lakhs of ₹ except share data and as stated otherwise)

3. Previous year comparatives

The company has changed its presentation from "₹ in absloute amount" to "₹ in lakhs". Accordingly, amount less than ₹ 0.50 lakhs are rounded off to Nil.

As per our report of even date

For S. V. Ghatalia & Associates LLP
ICAI Firm Registration Number:103162W/E30006
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 058814

Gurugram, India
9 July 2018

For and on behalf of the Board of Directors
of Statestreet HCL Services (India) private Limited

Prahlad Rai Bansal
Director

Aunoy Banerjee
Director

Shamsher Singh
Company Secretary

Noida (UP), India
9 July 2018