

# **STATESTREET HCL SERVICES (INDIA) PRIVATE LIMITED**

Financial Statements

Years ended 31 March 2019 and 2018

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Ind AS Financial Statements**

#### **Opinion**

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, 2019, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

#### **Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibility of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 the 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 controls, 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.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **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 purposes 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, the 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (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 in "Annexure 2" to this report;
  - (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;
  - (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:





# **S.V.GHATALIA & ASSOCIATES LLP**

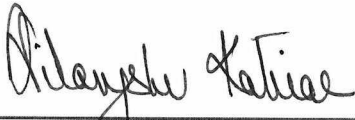
Chartered Accountants

- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;
- 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



per **Nilangshu Katriar**

Partner

Membership Number: 58814



Place of Signature: Gurugram

Date: June 27, 2019

**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 property, plant & equipment are physically verified by the management in accordance with a planned programme of verifying them in phased manner over a period of three years, 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 conducted during the financial year.
  - (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.
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- (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.
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- (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.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, goods and service tax, duty of custom, provident fund, employees' state insurance, 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.



- (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, cess and other statutory dues which have not been deposited on account of any dispute:

Name of the Statute	Nature of Dues	Amount in lacs (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	19	2013-14	ITAT (New Delhi)
Income Tax Act, 1961	Income Tax	1,375	2015-16	CIT (A)

Above amount represents total demand inclusive of interest. Total amount deposited /adjusted in respect of Income tax is ₹53 lacs.

- (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 3(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 / material 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.



# **S.V.GHATALIA & ASSOCIATES LLP**

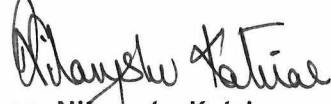
Chartered Accountants

- (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 & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 103162W/E300006



per **Nilangshu Katriar**  
Partner

Membership Number: 58814



Place of Signature: Gurugram

Date: June 27, 2019

**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, as amended ("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, 2019 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, as amended.

**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, as amended, 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.



## **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.

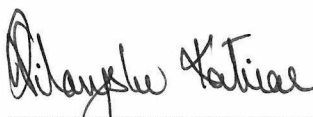
## **Opinion**

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, 2019, 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



**per Nilangshu Katriar**  
Partner

Membership Number: 58814

Place of Signature: Gurugram

Date: June 27, 2019





Statestreet HCL Services (India) Private Limited  
Balance Sheet as at 31 March 2019  
(All amounts in lakhs of ₹)

	Note No.	As at 31 March 2019	As at 31 March 2018
<b>I. ASSETS</b>			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	3,763	2,930
(b) Capital work in progress		403	12
(c) Goodwill	2.2	1,050	1,050
(d) Other intangible assets	2.2	3	-
(e) Financial assets			
(i) Security deposits	2.3	580	326
(ii) Others	2.3	13	13
(f) Deferred tax assets (net)	2.18	4,542	3,681
(g) Other non-current assets	2.4	1,149	174
(2) Current assets			
(a) Financial assets			
(i) Trade receivables	2.5	8,332	3,031
(ii) Cash and cash equivalents	2.6(a)	2,903	907
(iii) Other bank balances	2.6(b)	18,797	20,366
(iv) Others	2.3	6,583	1,432
(b) Other current assets	2.7	627	1,103
<b>TOTAL ASSETS</b>		<b>48,745</b>	<b>35,025</b>
<b>II. EQUITY</b>			
(a) Equity share capital	2.8	3,937	3,937
(b) Other equity		39,576	27,059
<b>TOTAL EQUITY</b>		<b>43,513</b>	<b>30,996</b>
<b>III. LIABILITIES</b>			
(1) Non-current liabilities			
(a) Provisions	2.10	492	333
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	2.11	1,149	1,211
(ii) Others	2.9	2,542	2,083
(b) Other current liabilities	2.12	233	104
(c) Provisions	2.10	149	117
(d) Current tax liabilities (net)		667	181
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48,745</b>	<b>35,025</b>

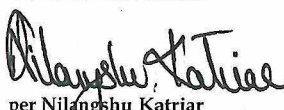
Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date


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

  
per Nilangshu Katriar  
Partner  
Membership Number: 058814

Gurugram, India  
27 June 2019



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

  
Prahlad Raj Bansal  
Director

  
Aunoy Banerjee  
Director

  
Shamsher Singh  
Company Secretary

Noida (UP), India  
27 June, 2019



Statestreet HCL Services (India) Private Limited  
Statement of Profit and Loss for the year ended 31 March 2019  
(All amounts in lakhs of ₹)

	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
<b>I Revenue</b>			
Revenue from operations	2.13	37,149	27,087
Other income	2.14	2,055	1,087
<b>Total income</b>		<b>39,204</b>	<b>28,174</b>
<b>II Expenses</b>			
Employee benefits expense	2.15	13,919	10,510
Finance costs	2.16	16	18
Depreciation and amortization expense	2.1 & 2.2	1,064	1,009
Outsourcing costs		2,840	2,223
Other expenses	2.17	6,437	3,961
<b>Total expenses</b>		<b>24,276</b>	<b>17,721</b>
<b>III Profit before tax</b>		<b>14,928</b>	<b>10,453</b>
<b>IV Tax expense</b>	2.18		
Current tax		3,222	2,250
Deferred tax charge (credit)		(852)	14
<b>Total tax expense</b>		<b>2,370</b>	<b>2,264</b>
<b>V Profit for the year</b>		<b>12,558</b>	<b>8,189</b>
<b>VI Other comprehensive income</b>			
(i) Items that will not be reclassified to statement of profit and loss		(50)	(26)
(ii) Income tax on items that will not be reclassified to statement of profit and loss		9	15
<b>VII Total other comprehensive income</b>		<b>(41)</b>	<b>(11)</b>
<b>VIII Total comprehensive income for the year</b>		<b>12,517</b>	<b>8,178</b>
<b>Earnings per equity share of ₹ 10 each</b>	2.19		
Basic (in ₹)		31.90	20.80
Diluted (in ₹)		31.90	20.80

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

Gurugram, India  
27 June 2019



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

*Prahla*  
Prahla Rai Bansal  
Director

*Aunoy*  
Aunoy Banerjee  
Director

*S. Singh*  
Shamsher Singh  
Company Secretary

Noida (UP), India  
27 June, 2019

*m/v*

**Statestreet HCL Services (India) Private Limited**

**Statement of Changes in Equity for the year ended 31 March 2019**

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

	Equity share capital		Other Equity
	Number of shares	Share capital	Retained earnings
Balance as at 1 April 2017	39,369,285	3,937	18,881
Profit for the year	-	-	8,189
Other comprehensive income	-	-	(11)
<b>Total comprehensive income for the year</b>	-	-	<b>8,178</b>
Balance as at 31 March 2018	39,369,285	3,937	27,059
Balance as at 1 April 2018	39,369,285	3,937	27,059
Profit for the year	-	-	12,558
Other comprehensive income	-	-	(41)
<b>Total comprehensive income for the year</b>	-	-	<b>12,517</b>
Balance as at 31 March 2019	39,369,285	3,937	39,576

**Refer note 1 for summary of significant accounting policies**

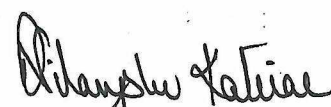
The accompanying notes are an integral part of the financial statements

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

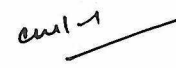


Gurugram, India

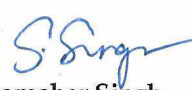
27 June 2019

**For and on behalf of the Board of Directors**

**of Statestreet HCL Services (India) Private Limited**

  
Prahlad Rai Bansal  
Director

  
Anuroy Banerjee  
Director

  
Shamsheer Singh  
Company Secretary

Noida (UP), India  
27 June, 2019



Statestreet HCL Services (India) Private Limited


Statement of Cash flows

(All amounts in lakhs of ₹)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>A. Cash flows from operating activities</b>		
Profit before tax	14,928	10,453
<b>Adjustment for:</b>		
Depreciation and amortization	1,064	1,009
Interest income	(1,740)	(1,074)
Loss on sale of property, plant and equipment (net)	-	37
Provision for doubtful debts/ bad debts written off	3	-
Provision for doubtful advances	39	10
<b>Operating profit before working capital changes</b>	<b>14,294</b>	<b>10,435</b>
<b>Movement in working capital</b>		
(Increase) decrease in trade receivables	(5,304)	(987)
(Increase) decrease in other financial assets and other assets	(5,869)	2,122
Increase (decrease) in trade payables	(62)	(28)
Increase (decrease) in provisions, other financial liabilities and other liabilities	574	(10)
<b>Cash generated from operations</b>	<b>3,633</b>	<b>11,532</b>
Direct taxes paid (net of refunds)	(2,153)	(1,775)
<b>Net cash flow from operating activities (A)</b>	<b>1,480</b>	<b>9,757</b>
<b>B. Cash flows from investing activities</b>		
Investments in bank deposits	(20,096)	(21,136)
Proceeds from bank deposits on maturity	21,666	11,763
Purchase of property, plant and equipment and intangibles, including capital work in progress and capital advances	(2,138)	(306)
Interest received	1,667	1,011
Taxes paid	(583)	(358)
<b>Net cash flow from (used) in investing activities (B)</b>	<b>516</b>	<b>(9,026)</b>
<b>Net increase in cash and cash equivalents (A+B)</b>	<b>1,996</b>	<b>731</b>
Cash and cash equivalents at the beginning of the year	907	176
<b>Cash and cash equivalents at the end of the year as per note 2.6 (a)</b>	<b>2,903</b>	<b>907</b>

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  
27 June 2019



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

  
Prahlad Rai Bansal  
Director

  
Kunoy Banerjee  
Director

  
Shamsheer Singh  
Company Secretary

Noida (UP), India  
27 June, 2019





## 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 2019 were approved and authorized for issue by the Board of Directors on 27 June 2019.

### 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,) and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable to the financial statements.

These financial statements have been prepared 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 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 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.





**Statestreet HCL Services (India) Private Limited**  
**Notes to financial statements for the year ended 31 March 2019**  
(All amounts in lakhs of ₹ except share data and as stated otherwise)

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. 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**

**Adoption of new accounting principles**

Effective 1 April 2018, the Company has adopted Ind AS 115 using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information is not restated in the financial statement. The adoption of the standard did not have any material impact to the financial statements of the Company.

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

**Business process outsourcing services**

Revenue from business process outsourcing services is derived from both time based and unit-price 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.

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



**Statestreet HCL Services (India) Private Limited**  
**Notes to financial statements for the year ended 31 March 2019**  
(All amounts in lakhs of ₹ except share data and as stated otherwise)

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

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.

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

<u>Asset description</u>	<u>Asset life (in years)</u>
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:

<u>Asset description</u>	<u>Asset life (in years)</u>
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 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.

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

***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.

***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 the statement of profit and loss.

**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.





**Statestreet HCL Services (India) Private Limited**  
**Notes to financial statements for the year ended 31 March 2019**  
(All amounts in lakhs of ₹ except share data and as stated otherwise)

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.

**(v) Recently issued accounting pronouncements**

**Ind AS 116 - Leases**

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

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

**Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment**

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

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



Statestreet HCL Services (India) Private Limited  
Notes to financial statements for the year ended 31 March 2019

(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 2019

	Plant and machinery	Office Equipment	Computers	Furniture and fittings	Total
Gross block as at 1 April 2018	1,469	402	3,042	1,831	6,744
Additions	145	132	1,135	485	1,897
Disposals	-	-	-	-	-
Gross block as at 31 March 2019	1,614	534	4,177	2,316	8,641
Accumulated depreciation as at 1 April 2018	714	226	1,988	886	3,814
Charge for the year	230	83	492	259	1,064
Deduction/other adjustments	-	-	-	-	-
Accumulated depreciation as at 31 March 2019	944	309	2,480	1,145	4,878
Net Block as at 31 March 2019	670	225	1,697	1,171	3,763

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



Statestreet HCL Services (India) Private Limited  
Notes to financial statements for the year ended 31 March 2019

(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 2019

	Goodwill on acquisition of business	Software	Total
Gross block as at 1 April 2018	1,050	133	1,183
Additions	-	3	3
Disposals	-	-	-
Gross block as at 31 March 2019	1,050	136	1,186
Accumulated depreciation as at 1 April 2018	-	133	133
Charge for the year	-	-	-
Deduction/other adjustments	-	-	-
Accumulated depreciation as at 31 March 2019	-	133	133
Net Block as at 31 March 2019	1,050	3	1,053

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

2.3 Other financial assets

	As at	
	31 March 2019	31 March 2018
<b>Non - current</b>		
Carried at amortized cost		
Bank deposits with more than 12 months maturity (refer note 1 below)	13	13
Security deposits	580	326
	593	339
<b>Current</b>		
Carried at amortized cost		
Unbilled receivables-related parties (previous year : unbilled revenue - related parties) (refer note 2.24)	4,764	1,256
Interest receivable	227	154
Security deposits	95	22
Other receivables	1,497	-
	6,583	1,432

Note:-

1. Pledged with banks as security for guarantees ₹ 13 lakhs (31 March 2018: ₹ 13 lakhs)



Statestreet HCL Services (India) Private Limited

Notes to financial statements for the year ended 31 March 2019

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

2.4 Other non- current assets

	As at	
	31 March 2019	31 March 2018
<b>Unsecured considered good unless otherwise stated</b>		
Capital advances	2	1
Others		
Deferred contract cost (previous year : deferred cost) (refer note 2.13)	955	-
Prepaid expenses	192	173
	<b>1,149</b>	<b>174</b>

2.5 Trade receivables

	As at	
	31 March 2019	31 March 2018
Unsecured, considered good - related parties (refer note 2.24)	8,332	3,031
Trade receivables which have been significant increase in credit risk	3	-
Trade receivables - credit impaired	-	-
	<b>8,335</b>	<b>3,031</b>
Impaired allowance for bad and doubtful debts		
-Unsecured, considered good	-	-
-Trade receivables which have been significant increase in credit risk	(3)	-
-Trade receivables - credit impaired	-	-
	<b>8,332</b>	<b>3,031</b>

2.6 Cash and bank balances

	As at	
	31 March 2019	31 March 2018
<b>(a) Cash and cash equivalent</b>		
Balance with banks		
- in current accounts	403	898
- deposits with original maturity of less than 3 months	2,500	-
Remittances in transit	-	9
	<b>2,903</b>	<b>907</b>
<b>(b) Other bank balances</b>		
Deposits with remaining maturity up to 12 months (refer note below)	18,797	20,366
	<b>21,700</b>	<b>21,273</b>

Note : Pledged with banks as security for guarantees ₹ 500 lacs (31 March 2019, nil )

2.7 Other current assets

	As at	
	31 March 2019	31 March 2018
<b>Unsecured , considered good</b>		
Advances other than capital advances		
Security deposits	4	10
Advances to employees	27	30
Advances to suppliers	11	19
Others		
Prepaid expenses	284	179
Prepaid expenses - related parties (refer note 2.24)	9	7
Goods and Service tax receivable	266	695
Other receivables - related parties (refer note 2.24)	26	163
	<b>627</b>	<b>1,103</b>
<b>Unsecured , considered doubtful</b>		
Advances other than capital advances		
Other advances	77	38
Less: Provision for doubtful advances	(77)	(38)
	<b>-</b>	<b>-</b>
	<b>627</b>	<b>1,103</b>



## 2.8 Share capital

	As at	
	31 March 2019	31 March 2018
<b>Authorized</b> 50,000,000 (31 March 2018: 50,000,000) equity shares of ₹ 10 each	5,000	5,000
<b>Issued, subscribed and fully paid up</b> 39,369,285 (31 March 2018: 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 2019		31 March 2018	
	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 2019	31 March 2018
<b>State street HCL Holding (UK) Limited, the holding company</b> 39,369,285 (31 March 2018 : 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	As at			
	31 March 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b> 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.



**Statestreet HCL Services (India) Private Limited**
**Notes to financial statements for the year ended 31 March 2019**

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

**2.9 Other financial liabilities**

	As at	
	31 March 2019	31 March 2018
<b>Current</b>		
<b>Carried at amortized cost</b>		
Accrued salaries and benefits		
Employee bonuses accrued	328	202
Other employee costs	442	395
Others		
Liabilities for expenses	1,609	1,240
Liabilities for expenses-related parties (refer note 2.24)	-	237
Capital accounts payables	163	9
	<b>2,542</b>	<b>2,083</b>

**2.10 Provisions**

	As at	
	31 March 2019	31 March 2018
<b>Non - Current</b>		
Provision for employee benefits		
Provision for gratuity (refer note 2.23)	326	210
Provision for leave benefits	166	123
	<b>492</b>	<b>333</b>
<b>Current</b>		
Provision for employee benefits		
Provision for gratuity (refer note 2.23)	81	53
Provision for leave benefits	68	64
	<b>149</b>	<b>117</b>

**2.11 Trade payables**

	As at	
	31 March 2019	31 March 2018
Trade payables	87	373
Trade payables-related parties (refer note 2.24)	1,062	838
	<b>1,149</b>	<b>1,211</b>

**2.12 Other current liabilities**

	As at	
	31 March 2019	31 March 2018
Travel provision (net of advances)	105	23
Withholding and other taxes payable	128	81
	<b>233</b>	<b>104</b>





**Statestreet HCL Services (India) Private Limited****Notes to financial statements for the year ended 31 March 2019**

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

**2.13 Revenue from operations**

	Year ended	
	31 March 2019	31 March 2018
Sale of services	37,149	27,087
	37,149	27,087

**Disaggregate Revenue Information**

The disaggregated revenue from contracts with the customers for the year ended 31 March 2019.

	Year ended 31 March 2019
<b>Contract type</b>	
Time and material	37,149
<b>Total</b>	37,149

Revenue disaggregation as per geography has been included in segment information (Refer note 2.21).

**Remaining performance obligations**

As at 31 March 2019, the company does not have any amount of transaction price allocated to remaining performance obligation as per requirement of Ind AS 115 after the exclusion of below :

- Contracts for which we recognize revenues based on the right to invoice for services performed;
- Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or;
- Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

**Contract balances**

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

The company does not have any contract assets as on 1 April 2018.



**Statestreet HCL Services (India) Private Limited****Notes to financial statements for the year ended 31 March 2019**

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

**2.13 Revenue from operations (continued)**

Contract liabilities : A contract liability arises when there is excess billing over the revenue recognized.

The company does not have any contract liabilities as on 31 March 2019.

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

The below table discloses the significant movement in deferred contract cost :

	Deferred contract cost
Balance as at 1 April 2018	-
Additional cost capitalised during the year	955
Deduction on account of cost amortised during the year	-
<b>Balance as at 31 March 2019</b>	<b>955</b>

**2.14 Other income**

	Year ended	
	31 March 2019	31 March 2018
Interest income		
- On other financial instruments carried at amortized cost	1,740	1,074
Exchange differences (net)	304	7
Miscellaneous income	11	6
	<b>2,055</b>	<b>1,087</b>

**2.15 Employee benefits expense**

	Year ended	
	31 March 2019	31 March 2018
Salaries, wages and bonus	13,167	9,987
Contribution to provident fund and other employee funds	621	435
Staff welfare expenses	131	88
	<b>13,919</b>	<b>10,510</b>



**Statestreet HCL Services (India) Private Limited**

**Notes to financial statements for the year ended 31 March 2019**

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

**2.16 Finance cost**

	Year ended	
	31 March 2019	31 March 2018
Bank charges	16	18
	16	18

**2.17 Other expenses**

	Year ended	
	31 March 2019	31 March 2018
Rent	1,298	949
Power and fuel	991	839
Insurance	13	84
Repairs and maintenance		
- Plant and machinery	210	197
- Buildings	360	185
- Others	540	164
Communication costs	252	73
Travel and conveyance	2,204	979
Legal and professional charges	63	165
Software license fee	8	-
Rates and taxes	11	6
CSR expenditure	159	118
Provision for doubtful debts/ bad debts written off	3	-
Loss on sale of property, plant and equipments	-	37
Miscellaneous expenses	325	165
	6,437	3,961

**2.18 Income taxes**

	Year ended	
	31 March 2019	31 March 2018
<b>Income tax charged to statement of profit and loss</b>		
Current income tax charge	3,222	2,250
Deferred tax charge (credit)	(852)	14
	2,370	2,264
<b>Income tax charged to other comprehensive income</b>		
Expense (benefit) on re-measurements of defined benefit plans	(9)	(15)
	(9)	(15)



**Statestreet HCL Services (India) Private Limited**

**Notes to financial statements for the year ended 31 March 2019**

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

**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 2019	31 March 2018
Profit before income tax	14,928	10,453
Statutory tax rate in India	34.94%	34.61%
<b>Expected tax expense</b>	<b>5,216</b>	<b>3,618</b>
Non-taxable export income	(2,320)	(1,277)
Non-taxable other income	(148)	-
Reversal of Prior Year Provision	(261)	(15)
Permanent differences	28	33
Deduction u/s 80JJAA	(136)	(66)
Others	(9)	(29)
<b>Total taxes</b>	<b>2,370</b>	<b>2,264</b>
Effective income tax rate	15.87%	21.66%

**Components of deferred tax assets and liabilities as on 31 March 2019**

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
<b>Deferred tax assets</b>				
MAT credit entitlement	3,391	728	-	4,119
Accrued employee costs	120	12	9	141
Depreciation and amortization	45	59	-	104
Rent SLM	98	36	-	134
Others	27	17	-	44
<b>Total</b>	<b>3,681</b>	<b>852</b>	<b>9</b>	<b>4,542</b>

**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
<b>Deferred tax assets</b>				
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
<b>Total</b>	<b>3,680</b>	<b>(14)</b>	<b>15</b>	<b>3,681</b>



**Statestreet HCL Services (India) Private Limited****Notes to financial statements for the year ended 31 March 2019**

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

**2.19 Earnings per share**

The computation of earnings per share is as follows:

	Year ended	
	31 March 2019	31 March 2018
Net profit as per statement of profit and loss for computation of EPS	12,558	8,189
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	31.90	20.80
- Diluted	31.90	20.80

**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 ₹ 1,298 lakhs (previous year ₹ 949 lakhs). The escalation amount for non-cancellable operating lease payable in future years and accounted for by the Company is ₹ 588 lakhs (previous year ₹ 455 lakhs). Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	As at	
	31 March 2019	31 March 2018
Not later than one year	2,468	906
Later than one year but not later than five years	7,348	3,104
Later than five years	2,705	3,068
	<b>12,521</b>	<b>7,078</b>

**2.21 Segment Reporting**

In the opinion of management company has only one business segment 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.

The company operations spread across America, Europe and rest of the world.

Segment revenue from customers by geographic area based on locations of the customer is as follows :

	Year ended	
	31 March 2019	31 March 2018
<b>Geography wise</b>		
America	26,210	25,753
Europe	10,863	1,276
Rest of world	76	58
	<b>37,149</b>	<b>27,087</b>

During the year ended 31 March 2019, 2 customers ( 31 March 2018, 1 customer) represented 100% revenue of the Company.



**Statestreet HCL Services (India) Private Limited**

**Notes to financial statements for the year ended 31 March 2019**

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

**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 ₹82 lakhs for the year ended 31 March 2019.

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, 2019 and 31 March 2018 in major currency is as below:

	Net financial assets		Net financial liabilities	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD / INR	11,295	3,105	213	30

**Credit risk**

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled revenue, and derivative instruments. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties.

The customers of the Company are primarily corporations based in the United States of America and Europe and accordingly, trade receivables is concentrated in the respective countries. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables.





**Statestreet HCL Services (India) Private Limited**  
**Notes to financial statements for the year ended 31 March 2019**

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

**2.22 Financial instruments (continued)**

The allowance for lifetime expected credit loss on customer balances is as below:

	As at	
	31 March 2019	31 March 2018
Balance at the beginning of the year	-	-
Additional provision during the year	3	-
Deductions on account of write offs and collections	-	-
Balance at the end of the year	3	-

**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 2019	31 March 2018
Employer's contribution to Employees State Insurance	188	133
Employer's contribution to Employees Provident Fund	183	122
Employer's contribution to Employee's Pension Scheme	249	179
<b>Total</b>	<b>620</b>	<b>434</b>

**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 2019	31 March 2018
Current Service cost	94	65
Past service cost	5	-
Interest cost (net)	17	10
<b>Net benefit expense</b>	<b>116</b>	<b>75</b>

**Balance Sheet**

	As at	
	31 March 2019	31 March 2018
Defined benefit obligations	407	263
Fair value of plan assets	-	-
	407	263
Less: Unrecognized past service cost	-	-
<b>Net plan liability</b>	<b>407</b>	<b>263</b>
Current defined benefit obligations	81	53
Non-current defined benefit obligations	326	210



**Statestreet HCL Services (India) Private Limited**

**Notes to financial statements for the year ended 31 March 2019**

(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 2019	31 March 2018
Opening defined benefit obligations	263	170
Current service cost	94	65
Past service cost	5	-
Interest cost	17	10
Re-measurement gains (losses) in OCI		
Actuarial changes arising from changes in demographic assumptions	3	10
Actuarial changes arising from changes in financial assumptions	5	(5)
Experience adjustments	43	21
Benefits paid	(23)	(8)
<b>Closing defined benefit obligations</b>	<b>407</b>	<b>263</b>

	As at	
	31 March 2019	31 March 2018
Discount rate	6.85%	7.10%
Estimated Rate of salary increases	7.00%	7.00%
Employee Turnover	22.00%	22.00%
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 2019 arising due to an increase / decrease in key actuarial assumptions by 50 basis points:

	Discount rate	Salary escalation rate
Impact of increase	(9)	9
Impact of decrease	10	(9)

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 2019 as follows:

Year ending 31 March ,	Cash flows
- 2020	86
- 2021	103
- 2022	126
- 2023	156
- 2024	193
- Thereafter	1,575

The weighted average duration of the payment of these cash flows is 4.62 years.



**Statestreet HCL Services (India) Private Limited****Notes to financial statements for the year ended 31 March 2019**

(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 subsidiaries	HCL Investment (UK) Limited State Street HCL Services (Phillipines) Inc.
Other (significant influence)	HCL Infosystems Limited State Street Bank and Trust Company

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

	Controlling entity		Fellow subsidiary		Significant influence	
	Year ended		Year ended		Year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Revenues	-	-	10,088	-	27,061	27,087
Other expenses (refer below note)	3,377	2,726	7	-	-	-

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 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade receivables	-	-	6,433	-	1,899	3,031
Unbilled receivables (previous year : Unbilled revenue)	-	-	3,569	-	1,195	1,256
Prepaid expenses	9	7	-	-	-	-
Other receivables	26	154	-	9	-	-
Trade payables	1,062	838	-	-	-	-
Purchase of capital equipments	-	-	-	-	6	-
Liabilities for expense	-	237	-	-	-	-



**Statestreet HCL Services (India) Private Limited**

**Notes to financial statements for the year ended 31 March 2019**

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

**2.25 Commitments and Contingent liabilities**

	As at	
	31 March 2019	31 March 2018
<b>Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	45	373
	<b>45</b>	<b>373</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 the management, the dues payable to enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" are as follows:

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Principal	Interest	Principal	Interest
Amount due to vendors	2	-	-	-
Principal amount paid beyond the appointed date	-	-	-	-
Interest under normal credit terms -				
Accrued and unpaid during the year	-	-	-	-
Total interest payable -				
Accrued and unpaid during the year	-	-	-	-

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

**2.27 Auditor's remuneration**

	Year ended	
	31 March 2019	31 March 2018
Audit fees	2	2
Tax audit fees	1	1
	<b>3</b>	<b>3</b>



**Statestreet HCL Services (India) Private Limited**

**Notes to financial statements for the year ended 31 March 2019**

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

**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 ₹ 159 lakhs (previous year ₹ 118 lakhs) and the amount spent is ₹ 159 lakhs (previous year ₹ 118 lakhs).

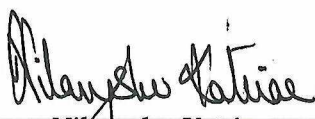
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**As per our report of even date**

**For S. V. Ghatalia & Associates LLP**

**ICAI Firm Registration Number:103162W/E30006**

**Chartered Accountants**



**per Nilangshu Katriar**

**Partner**

**Membership Number: 058814**



**Gurugram, India**

**27 June 2019**

**For and on behalf of the Board of Directors**

**of Statestreet HCL Services (India) private Limited**



**Prahlad Rai Bansal**

**Director**



**Anunoy Banerjee**

**Director**



**Shamsher Singh**

**Company Secretary**

**Noida (UP), India**

**27 June, 2019**

