
HCL Global Processing Services Limited

Financial Statements

For the years ended 31 March 2019 and 31 March 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Global Processing Services Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of HCL Global Processing Services 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:

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Yogesh Midha**

Partner

Membership Number: 094941

Place of Signature: Gurugram

Date: 21 June, 2019



Annexure 1 referred to in clause 1 of the section on “Report on Other Legal and Regulatory Requirements” of our report of even date

Re: HCL Global Processing Services Limited (the Company)

- (i) The Company does not have property, plant & equipment and accordingly, the requirements under clause 3 (i) (a), (b) and (c) of the Order are not applicable to the Company.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.
- (iii) (a) The Company has granted loan to a company covered in the register maintained under section 189 of the Companies Act 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company’s interest.
- (b) The Company has granted loan to a company covered in the register maintained under section 189 of the Companies Act 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment are regular.
- (c) There are no amount of loans granted to company listed in the register maintained under section 189 of the Companies act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans given have been complied with by the company. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 of the Companies Act 2013, as amended 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 Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee’s state insurance ,income-tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to duty of custom are not applicable to the company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee’s state insurance ,income-tax, goods and service tax, 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 explanations given to us, there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute.
- (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) of the order 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, the transactions with related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details has been disclosed in the notes to the financial statements, as required by the applicable accounting standard. The provisions of section 177 of Companies Act, 2013 are not applicable to the Company and accordingly reporting under clause 3(xiii) in so far 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.
- (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, as amended.
- (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.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Yogesh Midha

Partner

Membership Number: 094941

Place of Signature: Gurugram

Date: 21 June, 2019



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
FINANCIAL STATEMENTS OF HCL GLOBAL PROCESSING SERVICES 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 HCL Global Processing Services 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.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Yogesh Midha

Partner

Membership Number: 094941

Place of Signature: Gurugram

Date: 21 June, 2019



HCL Global Processing Services Limited

Balance Sheet as at 31 March 2019

(All amounts in thousands of ₹)

	Note No.	As at 31 March 2019	As at 31 March 2018
I. ASSETS			
(1) Non-current assets			
(a) Financial assets			
(i) Investments	2.1	18,783	21,086
(2) Current assets			
(a) Financial Assets			
(i) Investments	2.1	415,310	361,206
(ii) Trade receivables	2.2	81	261
(iii) Cash and cash equivalents	2.3	4,930	553
(iv) Loans	2.4	4,942	11,342
(v) Others	2.5	6,778	20,060
(b) Other current assets	2.6	2,108	3,776
(c) Current tax Asset (net)		583	-
TOTAL ASSETS		453,515	418,284
II. EQUITY			
(a) Equity Share Capital	2.7	1,061	1,061
(b) Other Equity		444,885	389,869
III. LIABILITIES			
(1) Non - current liabilities			
(a) Deferred tax liability (net)	2.17	1,432	7,336
(b) Provisions	2.8	906	789
(2) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	2.9	2,238	2,158
(ii) Others	2.10	2,180	3,333
(b) Other current liabilities	2.11	336	13,101
(c) Provisions	2.8	477	546
(d) Current tax liabilities (net)		-	91
TOTAL EQUITY AND LIABILITIES		453,515	418,284

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. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration Number : 101049W/E300004

Chartered Accountants

[Signature]

per Yogesh Midha
Partner

Membership Number: 94941



Gurugram, India

Date: 21 June, 2019

**For and on behalf of the Board of Directors
of HCL Global Processing Services Limited**

[Signature]
Prahlaad Rai Bansal
Director

[Signature]
Subramanian Gopalakrishnan
Director

Noida (UP), India

Date: 21 June 2019

[Signature]

HCL Global Processing Services Limited
Statement of Profit and Loss for the year ended 31 March 2019
(All amounts in thousands of ₹)

	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
I Revenue			
Revenue from operations	2.12	78,370	73,299
Other income	2.13	29,059	23,094
Total income		107,429	96,393
II Expenses			
Employee benefits expense	2.14	13,228	12,094
Finance costs	2.15	202	147
Outsourcing costs		4,123	3,722
Other expenses	2.16	11,065	105,112
Total expenses		28,618	121,075
III Profit/(loss) before tax		78,811	(24,682)
IV Tax expense	2.17		
Current tax		29,663	15,112
Deferred tax credit		(5,893)	6,436
Total tax expense		23,770	21,548
V Profit/(loss) for the year		55,041	(46,230)
VI Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)		(36)	-
Income tax effect		11	-
VII Total other comprehensive income/(loss)		(25)	-
VIII Total comprehensive income/(loss) for the year		55,016	(46,230)
Earnings per equity share of ₹ 10 each	2.18		
Basic (in ₹)		518.91	(435.84)
Diluted (in ₹)		518.91	(435.84)

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. R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number : 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors
of HCL Global Processing Services Limited



per Yogesh Midha
Partner




Prahlad Rai Bansal
Director



Subramanian Gopalakrishnan
Director

Membership Number: 94941

Gurugram, India

Date: 21 June 2019

Noida (UP), India

Date: 21 June 2019



HCL Global Processing Services Limited**Statement of Changes in Equity for the year ended 31 March 2019**

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

	Equity share capital		Other Equity	Total Equity
	Shares	Share capital	Retained earnings	
Balance as of 1 April 2017	106,070	1,061	436,099	437,160
Profit/ (loss) for the year	-	-	(46,230)	(46,230)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income/ (loss) for the year	-	-	(46,230)	(46,230)
Balance as of 31 March 2018	106,070	1,061	389,869	390,930
Balance as of 1 April 2018	106,070	1,061	389,869	390,930
Profit/ (loss) for the year	-	-	55,041	55,041
Other comprehensive income / (loss)	-	-	(25)	(25)
Total comprehensive income/(loss) for the year	-	-	55,016	55,016
Balance as of 31 March 2019	106,070	1,061	444,885	445,945

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration Number : 101049W/E300004

Chartered Accountants



per Yogesh Midha

Partner

Membership Number: 94941



Gurugram, India

Date: 21 June, 2019

For and on behalf of the Board of Directors

of HCL Global Processing Services Limited



Prahlad Rai Bansal

Director



Subramanian Gopalakrishnan

Director

Noida (UP), India

Date: 21 June 2019



HCL Global Processing Services Limited

Cash flow statement

(All amounts in thousands of ₹)

	Year ended 31 March 2019	Year ended 31 March 2018
A. Cash flows from operating activities		
Profit/(loss) before tax	78,811	(24,682)
Adjustment for:		
Bad debt	-	1,276
Interest income	(639)	(1,989)
Income on investments carried at fair value through profit and loss	(28,420)	(20,890)
Impairment in value of Investment	2,303	94,772
Other non cash charges	125	134
Operating profit before working capital changes	52,180	48,621
Movement in Working Capital		
(Increase)/decrease in trade receivables	180	(576)
(Increase) decrease in other financial assets and other assets	14,733	(14,382)
Increase (decrease) in trade payables	80	1,999
Increase (decrease) in provisions, other financial liabilities and other liabilities	(13,907)	12,867
Cash generated from operations	53,266	48,529
Direct taxes paid (net of refunds)	(30,337)	(14,801)
Net cash flow generated from operating activities (A)	22,929	33,728
B. Cash flows from investing activities		
Investment in mutual funds	(882,800)	(115,500)
Proceeds from sale of mutual funds	857,117	37,000
Loan given to subsidiary	(14,100)	(29,200)
Repayment of loan by subsidiary	20,500	68,500
Interest received	731	2,334
Net cash flow used in investing activities (B)	(18,552)	(36,866)
C. Cash flows from financing activities		
Net cash flow from financing activities (C)	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	4,377	(3,138)
Cash and cash equivalents at the beginning of the year	553	3,691
Cash and cash equivalents at the end of the year as per note 2.3	4,930	553
Summary of significant accounting policies (note 1)		

As per our report of even date.

For S. R. Batliboi & Associates LLP

ICAI Firm Registration Number : 101049W/E300004

Chartered Accountants

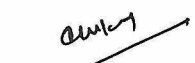


per Yogesh Midha
Partner

Membership Number: 94941



Gurugram, India

Date: 21 June, 2019

For and on behalf of the Board of Directors
of HCL Global Processing Services Limited

Prahlad Rai Bansal
Director
Noida (UP), India
Date: 21 June 2019

Subramanian Gopalakrishnan
Director

HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

Company Overview

HCL Global Processing Services Limited hereinafter referred to as the 'Company' was incorporated under the provisions of the Companies Act applicable in India in the month of June, 1995, having its registered office at 806, Siddharth, 96, Nehru Place, New Delhi- 110019. The Company is primarily engaged in providing a range of business process outsourcing services and investment advisory services. The immediate holding company is HCL Bermuda Limited.

The financial statements for the year ended 31 March, 2019 were approved and authorized for issue by the Board of Directors on 21 June 2019.

1. 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 certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

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

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, income taxes, valuation of share-based compensation, future obligations under employee benefit plans. 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) 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



HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

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.

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

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

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

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

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

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

- a) Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- b) Income approach - Converting the future amounts based on market expectations to its present value using the discounting method.
- c) Cost approach - Replacement cost method.

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



HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

e) 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 consolidated financial statements of the Company.

Brokerage income

Brokerage fee is accounted, based on brokerage rates provided by the mutual fund companies, on the investments made by the client. Brokerage fee income is recognised on accrual basis using the time proportion method.

Income from services

Income from business process outsourcing services is mainly from debt collection, which is accounted based on the agreed rates on collections made for the customer. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

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.

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).

Interest income

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

f) 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 related interest and penalties.



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Notes to financial statements for the year ended 31 March 2019

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

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. 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.

g) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

h) 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.

i) Retirement and other employee benefits

- i. Contributions to provident fund, a defined benefit plan, are deposited with Recognized Provident Fund Trusts, set up by the ultimate holding Company. The liability is actuarially determined at the end of the year. Actuarial losses/ gains are recognized in the statement of profit and loss in the year in which they arise. The minimum interest rate payable by the Trust to the beneficiaries every year is notified by the Government and the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.
- 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 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.
- 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



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Notes to financial statements for the year ended 31 March 2019

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

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 Company's contribution to State Plans, a defined contribution plan namely Employee State Insurance Fund and Employees Pension Scheme are charged to the statement of profit and loss.

j) 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 attributable to the acquisition of the financial assets (other than financial assets at fair value through profit and 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 instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Financial instrument at Fair Value through Other Comprehensive Income (OCI)

A financial instrument is classified and measured at fair value through OCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent solely payments of principal and interest.

Financial instruments 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 instrument at Fair Value through Profit and Loss

Any financial instrument, 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



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Notes to financial statements for the year ended 31 March 2019

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

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.

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

k) Earnings per share

Basic earnings per share are computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed by dividing the net profit after tax 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.

l) Recently issued accounting pronouncements

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.



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Notes to financial statements for the year ended 31 March 2019

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

2.1 Investments

	As at	
	31 March 2019	31 March 2018
Financial assets		
Non - current		
Unquoted Investments		
Equity instruments carried at cost		
In subsidiary company, (unquoted), fully paid up		
150,000 equity shares of ₹ 1 each, in Concept2Silicon Systems Private Limited	21,086	115,858
Less: Impairment in value of Investment	2,303	94,772
	18,783	21,086
Current		
Unquoted Investments		
Carried at fair value through profit and loss		
Investment in mutual fund	415,310	361,206
	415,310	361,206
Total investments- Financial assets	434,093	382,293
Aggregate amount of unquoted investments	434,093	382,293
Equity instruments carried at cost	18,783	21,086
Investments carried at fair value through profit and loss	434,093	382,293

2.2 Trade Receivable

	As at	
	31 March 2019	31 March 2018
Unsecured considered good	81	261
Trade receivables which have significant increase in credit risk	-	-
Trade receivable-credit impaired	-	-
	81	261
Impaired allowance for bad and doubtful debts		
- Unsecured, considered good	-	-
- Trade receivables which have significant increase in credit risk	-	-
- Trade receivables-credit impaired	-	-
	81	261

2.3 Cash and bank balances

	As at	
	31 March 2019	31 March 2018
Cash and cash equivalent		
Balance with banks		
- in current accounts	4,929	553
Remittances in transit	1	-
	4,930	553



HCL Global Processing Services Limited**Notes to financial statements for the year ended 31 March 2019**

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

2.4 Financial Assets - Loans

	As at	
	31 March 2019	31 March 2018
Current		
Carried at amortized cost		
Unsecured , considered good		
Loans to subsidiary (refer note below and note 2.20(d))	4,942	11,342
	4,942	11,342

Note: Company has given loan to its wholly owned subsidiary to meet the working capital requirement.

2.5 Other financial assets

	As at	
	31 March 2019	31 March 2018
Current		
Carried at amortized cost		
Unbilled receivable (previous year: unbilled revenue)	5,922	18,997
Interest receivable-related party (refer note 2.20(d))	280	372
Other receivables-related party (refer note 2.20(d))	576	691
	6,778	20,060

2.6 Other current assets

	As at	
	31 March 2019	31 March 2018
Unsecured , considered good		
Advances other than capital advances		
Advances to suppliers	273	333
Others		
Goods & Service tax receivable	902	2,971
Prepaid expenses	511	220
Other advances	422	252
	2,108	3,776
Unsecured , considered doubtful		
Advances other than capital advances		
Advances to employees	767	748
Less: Provision for doubtful advances	(767)	(748)
	-	-
	2,108	3,776



HCL Global Processing Services Limited
Notes to financial statements for the year ended 31 March 2019
(All amounts in thousands of ₹, except share data and as stated)

2.7 Share Capital

	As at	
	31 March 2019	31 March 2018
Authorized 1,000,000 (31 March 2018, 1,000,000) equity shares of ₹ 10 each	10,000	10,000
Issued, subscribed and fully paid up 106,070 (31 March 2018, 106,070) equity shares ₹ 10 each	1,061	1,061

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	₹ in thousands	No. of shares	₹ in thousands
Number of shares at the beginning	106,070	1,061	106,070	1,061
Add: Addition during the year	-	-	-	-
Number of shares at the end	106,070	1,061	106,070	1,061

Equity shares held by holding/ultimate holding company

Out of equity shares issued by the Company, shares held by its holding company are as below:-

	As at			
	31 March 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
HCL Bermuda Limited, the holding company Equity shares of ₹ 10 each fully paid up	106,070	100%	106,070	100%

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
Equity shares of ₹ 10 each fully paid HCL Bermuda Limited	106,070	100%	106,070	100%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

There were no bonus shares issued, no shares issued for consideration other than cash and no shares bought back during the current and previous year.

Capital management

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



HCL Global Processing Services Limited**Notes to financial statements for the year ended 31 March 2019**

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

2.8 Provisions

	As at	
	31 March 2019	31 March 2018
Non - Current		
Provision for employee benefits		
Provision for gratuity (Refer note 2.23)	617	541
Provision for leave benefits	289	248
	906	789
Current		
Provision for employee benefits		
Provision for gratuity (Refer note 2.23)	282	335
Provision for leave benefits	195	211
	477	546

2.9 Trade payables

	As at	
	31 March 2019	31 March 2018
Trade payables	688	209
Trade payables-related parties (refer note 2.20(d))	1,550	1,949
	2,238	2,158

2.10 Other financial liabilities

	As at	
	31 March 2019	31 March 2018
Current		
Carried at amortized cost		
Accrued salaries and benefits		
Employee bonuses accrued	408	212
Other employee costs	634	794
Others		
Liabilities for expenses	1,138	2,327
	2,180	3,333

2.11 Other current liabilities

	As at	
	31 March 2019	31 March 2018
Other Advances		
Advances received from customers	-	13,004
Withholding and other taxes payable	336	97
	336	13,101



HCL Global Processing Services Limited**Notes to financial statements for the year ended 31 March 2019**

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

2.12 Revenue from operations

	Year ended	
	31 March 2019	31 March 2018
Income from business process outsourcing services	65,069	57,894
Brokerage income	13,301	15,405
	78,370	73,299

Disaggregate Revenue Information

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

	Year ended 31 March 2019
Contract type	
Fixed price	65,069
Others	13,301
Total	78,370

Of the above fixed price revenue, business process outsourcing services account for 100%. For other revenue investment advisory services business accounts for 100% revenue.

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.



HCL Global Processing Services Limited**Notes to financial statements for the year ended 31 March 2019**

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

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 Company does not have any deferred contract cost as at 31 March 2019

2.13 Other income

	Year ended	
	31 March 2019	31 March 2018
Interest income		
- Others	639	1,989
Income on investments carried at fair value through profit and loss		
- Unrealized gains(loss) on fair value changes on mutual funds	(26,731)	16,590
- Profit on sale of mutual funds	55,151	4,299
Exchange differences (net)	-	216
	29,059	23,094

2.14 Employee benefits expense

	Year ended	
	31 March 2019	31 March 2018
Salaries, wages and bonus	12,719	11,628
Gratuity Expense	148	137
Contribution to provident fund and other employee funds	321	289
Staff welfare expenses	40	40
	13,228	12,094

2.15 Finance cost

	Year ended	
	31 March 2019	31 March 2018
Bank charges	202	147
	202	147



HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

2.16 Other expenses

	Year ended	
	31 March 2019	31 March 2018
Rent	2,601	2,495
Power and fuel	106	22
Repairs and maintenance - Building	342	67
Travel and conveyance	29	1,038
Legal and professional charges	3,681	4,230
Rates and taxes	846	133
Provision for doubtful advances / advances written off	125	-
Bad debt written off	-	1,276
CSR Expenses (refer note 2.26)	744	736
Impairment of investments in subsidiary	2,303	94,772
Miscellaneous expenses	288	343
	11,065	105,112

2.17 Income taxes

	Year ended	
	31 March 2019	31 March 2018
Income tax charged to statement of profit and loss		
Current income tax charge	29,663	15,112
Deferred tax charge (credit)	(5,893)	6,436
	23,770	21,548
Income tax charged to other comprehensive income		
Expense (benefit) on re-measurements of defined benefit plans	11	-
	11	-

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/(loss) before income tax	78,811	(24,682)
Statutory tax rate in India	29.1%	27.6%
Expected tax expense	22,950	(6,801)
Permanent Difference	779	26,606
True up of prior year provision	(190)	1,532
Income taxed at a lower / higher rate	402	43
Others	(171)	168
Total taxes	23,770	21,548



HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

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
Deferred tax assets				
MAT credit entitlement	1,682	(1,682)	-	-
Provision for doubtful debts	-	223	-	223
Accrued employee costs	446	83	11	540
Depreciation and amortization	8	(3)	-	5
Others	83	(66)	-	17
Gross deferred tax assets (A)	2,219	(1,445)	11	785
Deferred tax liabilities				
Unrealized gain on mutual funds	9,555	(7,338)	-	2,217
Gross deferred tax liabilities (B)	9,555	(7,338)	-	2,217
Net deferred tax liabilities (B-A)	7,336	(5,893)	11	1,432

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

	Opening balance	Recognized in profit and loss	Recognised in / reclassified from OCI	Closing balance
Deferred tax assets				
MAT credit entitlement	1,626	56	-	1,682
Provision for doubtful debts	169	(169)	-	-
Accrued employee costs	437	9	-	446
Depreciation and amortization	13	(5)	-	8
Others	215	(132)	-	83
Gross deferred tax assets (A)	2,460	(241)	-	2,219
Deferred tax liabilities				
Unrealized gain on mutual funds	3,360	6,195	-	9,555
Gross deferred tax liabilities (B)	3,360	6,195	-	9,555
Net deferred tax liabilities (B-A)	900	6,436	-	7,336

2.18 Earnings per share

	Year ended	
	31 March 2019	31 March 2018
Net profit/(loss) as per statement of profit and loss for computation of EPS	55,041	(46,230)
Weighted average number of shares outstanding in calculating basic EPS	106,070	106,070
Weighted average number of shares outstanding in calculating dilutive EPS	106,070	106,070
Nominal value of equity shares in ₹	10	10
Earnings per equity share (in ₹)		
- Basic	518.91	(435.84)
- Diluted	518.91	(435.84)



HCL Global Processing Services Limited**Notes to financial statements for the year ended 31 March 2019**

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

2.19 Financial instruments**(a) Financial assets and liabilities**

The carrying value of financial instruments by categories as at 31 March 2019 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments (other than in subsidiary)	415,310	-	415,310
Trade receivables	-	81	81
Cash and cash equivalents	-	4,930	4,930
Loans	-	4,942	4,942
Others (refer note 2.5)	-	6,778	6,778
Total	415,310	16,730	432,041
Financial liabilities			
Trade payables	-	2,238	2,238
Others (refer note 2.10)	-	2,180	2,180
Total	-	4,418	4,418

The carrying value of financial instruments by categories as at 31 March 2018 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments (other than in subsidiary)	361,206	-	361,206
Trade receivables	-	261	261
Cash and cash equivalents	-	553	553
Loans	-	11,342	11,342
Others (refer note 2.5)	-	20,060	20,060
Total	361,206	32,216	393,422
Financial liabilities			
Trade payables	-	2,158	2,158
Others (refer note 2.10)	-	3,333	3,333
Total	-	5,491	5,491



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Notes to financial statements for the year ended 31 March 2019

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

2.19 Financial instruments (continued)

Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis as at 31 March 2019 and the basis for that measurement is as below:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	415,310	415,310	-	-

There have been no transfers between Level 1 and Level 2 during the year

The assets and liabilities measured at fair value on a recurring basis as at 31 March, 2018 and the basis for that measurement is as below:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	361,206	361,206	-	-

There have been no transfers between Level 1 and Level 2 during the year

Valuation methodologies

Quoted market prices in active markets are available for investments in securities and, as such, these investments are classified within Level 1.

Investments: The Company's investments consist of investment in debt linked mutual funds. Fair values of investment securities classified as fair value through profit and loss are determined using quoted prices for identical assets or liabilities in active markets and are classified as Level 1.

The Company assessed that fair value of cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company through various risk management procedures, manages & mitigate these risks.

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

Market risk

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



HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

2.19 Financial instruments (continued)

(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's revenue is in Australian Dollar (AUD) while costs are in Indian rupees. The fluctuation in exchange rates in respect to India rupee may have potential impact on the statement of profit and loss.

Appreciation / depreciation of 1% in AUD with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately ₹ 22 thousand for the year ended 31 March, 2019.

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

Foreign currency exposure as of 31 March 2019 and 31 March 2018 is as below:

	Net financial assets		Net financial Liabilities	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
AUD / INR	5,084	17,837	2,206	13,795

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables and investment securities. The cash resources of the Company are invested with mutual funds and 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 Australia and accordingly, trade receivables are concentrated in Australia. 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.

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	-	219
Additional provision during the year	-	-
Deductions on account of write offs and collections	-	(219)
Balance at the end of the year	-	-

Liquidity risk

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



HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

2.20 Related party disclosures

a) Related parties where control exists

- Holding company: HCL Bermuda Limited
- Ultimate holding company: HCL Technologies Limited

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

- Ultimate holding company: HCL Technologies Limited
- Subsidiaries: Concept2Silicon Systems Pvt Ltd

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

	Ultimate Holding Company		Subsidiary		Fellow Subsidiaries		Total	
	Year ended	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	Year ended	31 March 2018
Interest Income	-	-	639	1,989	-	-	639	1,989
Payment for use of facilities	3,079	2,134	-	-	-	458	3,079	2,592
Repayment of Loan (net)	-	-	6,400	39,300	-	-	6,400	39,300
Other Expenses	-	551	-	-	-	-	-	551
	3,079	2,685	7,039	41,289	-	458	10,118	44,432

d) Outstanding balances with related parties

	Ultimate Holding Company		Subsidiary		Total	
	As at	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loans given to subsidiaries	-	-	4,942	11,342	4,942	11,342
Interest receivable	-	-	280	372	280	372
Loans and advances	576	691	-	-	576	691
Trade payables	1,550	1,949	-	-	1,550	1,949



HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

2.21 Leases

Operating leases

The Company leases office space under operating lease agreements. The lease rental expense recognized in the statement of profit and loss for the year is ₹ 2,601 thousand (previous year ₹ 2,495 thousand). There are no non-cancellable operating lease.

2.22 Segment reporting

The Company is engaged in providing a range of business process outsourcing services and investment advisory services.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance by business segment, comprising business process outsourcing services and Investment advisory services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting. The CODM assesses the performance of the operating segments based on a measure of segment earnings.

The Company operates mainly in India and Australia.

Segment accounting policies

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in note 1 to the financial statements on significant accounting policies. The accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses

Segment revenue is directly attributable to the segment and segment expenses have been allocated to various segments on the basis of specific identification. However, segment revenue does not include other income. Segment expenses do not include finance cost.

b) Segment assets and liabilities

Assets and liabilities are not identified to any reportable segments, since these are increasingly used interchangeably across segments and consequently, the management believes that it is not practicable or meaningful to provide segment disclosures relating to assets and liabilities.



HCL Global Processing Services Limited**Notes to financial statements for the year ended 31 March 2019**

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

Financial information about the business segments for the year ended 31 March 2019 is as follows:

	Investment advisory	Business process outsourcing services	Total
Segment revenue	13,301	65,069	78,370
Less : Inter-segment revenue	-	-	-
Net revenue of operations from external customers	13,301	65,069	78,370
Segment Results	12,654	39,400	52,054
Unallocated expenses			(2,303)
Interest income			639
Other income			28,421
Profit/(loss) before tax			78,811
Tax expense			(23,770)
Profit/(loss) for the year			55,041

Financial information about the business segments for the year ended 31 March 2018 is as follows:

	Investment advisory	Business process outsourcing services	Total
Segment revenue	15,405	57,894	73,299
Less : Inter-segment revenue	-	-	-
Net revenue of operations from external customers	15,405	57,894	73,299
Segment Results	14,853	32,143	46,996
Unallocated expenses			(94,772)
Interest income			1,989
Other income			21,105
Profit before tax			(24,862)
Tax expense			(21,548)
Profit/ (loss) for the year			(46,230)

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

	Year ended	
	31 March 2019	31 March 2018
India	13,301	15,405
Australia	65,069	57,894
	78,370	73,299

During the years ended 31 March 2019 and 2018, single customer represented 100% revenue of the Business process outsourcing services segment.



HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

2.23 Employee Benefit Plans:

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

A. Defined Contribution Plans

Employer's contribution to Employees State Insurance

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	13	14
Employer's contribution to Employee's Pension Scheme	152	132
Total	165	146

B. Defined Benefit Plans

Gratuity

Employer's Contribution to Provident Fund

Gratuity

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

Statement of profit and loss

Net employee benefit expense (recognized in employee cost)

	Year ended	
	31 March 2019	31 March 2018
Current service cost	98	93
Interest cost on benefit obligation	50	44
Net benefit expense	148	137

Balance Sheet

Details of provision for gratuity

	Year ended	
	31 March 2019	31 March 2018
Defined benefit obligations	899	877
Fair value of plan assets	-	-
	899	877
Less: Unrecognized past service cost	-	-
Net Plan liability	899	877
Current defined benefit obligations	282	335
Non-current defined benefit obligations	617	541



HCL Global Processing Services Limited
Notes to financial statements for the year ended 31 March 2019
(All amounts in thousands of ₹, except share data and as stated otherwise)

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

	Year ended	
	31 March 2019	31 March 2018
Opening defined benefit obligations	877	803
Current service cost	98	93
Interest cost	50	44
Remeasurement gains/(losses) in OCI		
Actuarial changes arising from changes in financial assumptions	11	(15)
Actuarial changes arising from changes in demographic assumptions	-	1
Experience adjustments	25	14
Benefits Paid	(161)	(62)
Closing defined benefit obligations	899	877

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	Year ended	
	31 March 2019	31 March 2018
Discount rate	6.80%	7.10%
Estimated Rate of salary increases	7%	7%
Employee Turnover	41%	53%
Expected rate of return on assets	NA	NA

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	(17)	18
Impact of decrease	18	(17)

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	285
- 2021	200
- 2022	180
- 2023	169
- 2024	152
- Thereafter	777

The weighted average duration of the payment of these cash flows is 3.94 years.



HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

Employers Contribution to Provident Fund

The Company contributes to Hindustan Instruments Limited EPF Trust, which is maintained by ultimate holding company HCL Technologies Limited. The disclosure of plan assets cannot be provided as the plan assets are not attributable to its participants. The actuary has accordingly provided a valuation and based on the assumption mentioned below there is no shortfall as at 31 March 2019.

Assumptions used in determining in the present value obligation of the interest rate guarantee under the deterministic Approach.

	Year ended	
	31 March 2019	31 March 2018
Government of India (GOI) bond yield	7.20%	7.60%
Remaining term of maturity	8 years	8.51 years
Expected guaranteed interest rate	8.65%	8.55%

During the year ended 31 Mar 2019, the Company has contributed ₹ 157 thousand (31 March 2018, ₹ 143 thousand) towards employer's contribution to the provident fund.

2.24 Auditor's remuneration*:

	Year ended	
	31 March 2019	31 March 2018
As auditor's		
Statutory audit	750	750
Tax Audit Fees	100	100
	850	850

*excluding Goods & service tax

2.25 Micro Small and Medium Enterprises

As per information available with the management, the dues payable as at any time during the year ended 31 March 2019 to enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" is ₹ Nil (31 March 2018, ₹Nil).

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



HCL Global Processing Services Limited

Notes to financial statements for the year ended 31 March 2019

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

2.26 Corporate social responsibility

As required by the Companies Act, 2013, the gross amount required to be spent by the Company on CSR activities is ₹ 744 thousand (31 March 2018: ₹ 736 thousand) and the amount spent is ₹ 744 thousand (31 March 2018: ₹ 736 thousand).

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration Number: 101049W/E300004

Chartered Accountants




Per Yogesh Midha


Partner

Membership Number: 94941



For and on behalf of the Board of Directors
of HCL Global Processing Services Limited


Prahlad Rai Bansal
Director


Subramanian Gopalakrishanan
Director

Gurugram, India

Date: 21 June 2019

Noida(UP), India

Date: 21 June 2019

