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In accordance with
Regulation 32 of the
Overseas Companies
Regulations 2009.

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

☐ **What this form is NOT for**
You cannot use this form to
an alteration of manner of co
with accounting requirements

TUESDAY



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A04

02/03/2021

#139

COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ① HSBC Electronic Data Processing India Private Limited

UK establishment
number B R 0 0 6 4 1 1

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ② India - Companies Act 2013

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**

☒ **Yes.** Please enter the name of the organisation or other
body which issued those principles below, and then go to **Section A3.**

Name of organisation
or body ③ The Institute of Chartered Accountants of India

③ Please insert the name of the
appropriate accounting organisation
or body.

A3 Accounts

Accounts Have the accounts been audited? Please tick the appropriate box.

☐ **No.** Go to **Section A5.**

☒ **Yes.** Go to **Section A4.**

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ No. Go to **Part 3 'Signature'**.☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.

❶ Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ❶

The Institute of Chartered Accountants of India

A5 Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box.

☐ No.☒ Yes.**Part 3 Signature**

I am signing this form on behalf of the overseas company.

Signature

Signature

X  XThis form may be signed by:
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Alex Raistrick

Company name HSBC Holdings plc

Address 8 Canada Square

Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 H Q

Country United Kingdom

DX

Telephone



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Members of HSBC Electronic Data Processing India Private Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of HSBC Electronic Data Processing India Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 opinion.

Emphasis of Matter

4. We draw your attention to Note 38 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

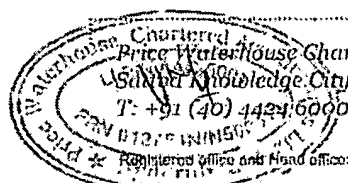
Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, financial highlights, Corporate Social responsibility report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.



Price Waterhouse Chartered Accountants LLP, Unit - 2B, 8th Floor, Octave Block, Block E1, Parcel - 4, Salarpuria Saket Knowledge City, Raipur, Hyderabad, Telangana - 500081
T: +91 (40) 4424 6000, F: +91 (40) 4424 6300

Registered Office and Head Office: Sucheta Bhawan, 11A Vignay Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion in Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N50001G (ICAI registration number before conversion was 012754N)

INDEPENDENT AUDITOR'S REPORT

To the Members of HSBC Electronic Data Processing India Private Limited
Report on audit of the Financial Statements

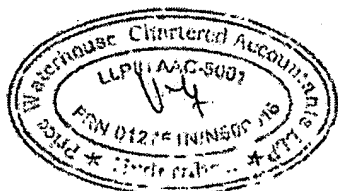
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Responsibilities of management and those charged with governance for the financial statements

6. 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the 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 financial statements

8. Our objectives are to obtain reasonable assurance about whether the 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 financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the 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 with reference to financial statements 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.



INDEPENDENT AUDITOR'S REPORT

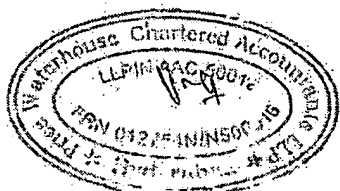
To the Members of HSBC Electronic Data Processing India Private Limited
Report on audit of the Financial Statements

Page 3 of 4

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.

Report on other legal and regulatory requirements

11. 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. 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, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in Paragraph 12(b) above that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
 - (g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements;
 - ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.



INDEPENDENT AUDITOR'S REPORT

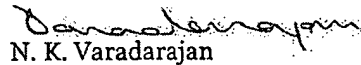
To the Members of HSBC Electronic Data Processing India Private Limited
Report on audit of the Financial Statements

Page 4 of 4

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

13. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants



N. K. Varadarajan

Partner

Membership Number: 90196

UDIN: 20090196AAAABH4324

Place: Hyderabad

Date: September 18, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 12(g) of the Independent Auditors' Report of even date to the members of HSBC Electronic Data Processing India Private Limited on the financial statements for the year ended March 31, 2020

Page 1 of 2

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of HSBC Electronic Data Processing India Private Limited ("the Company") as of March 31, 2020 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

2. 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 (ICAI). 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 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.



Annexure A to Independent Auditors' Report

Referred to in paragraph 12(g) of the Independent Auditors' Report of even date to the members of HSBC Electronic Data Processing India Private Limited on the financial statements for the year ended March 31, 2020

Page 2 of 2

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to 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 controls with reference to 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 with reference to financial statements

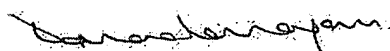
7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, 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.

Also refer paragraph 4 of the main audit report.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants



N. K. Varadarajan
Partner

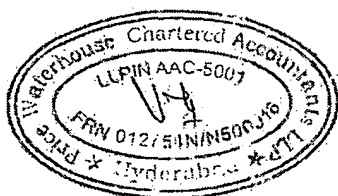
Membership Number 90196
UDIN: 20090196AAAABH4324

Place: Hyderabad
Date: September 18, 2020

Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of HSBC Electronic Data Processing India Private Limited on the financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The Company does not own any immovable properties as disclosed in Note 3 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and provident fund, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 25 to the financial statements regarding management's assessment on certain matters relating to provident fund.



Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of HSBC Electronic Data Processing India Private Limited on the financial statements for the year ended March 31, 2020

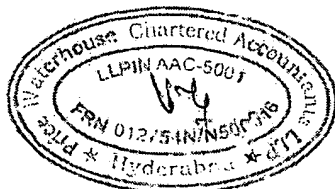
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- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, service tax, provident fund and value added tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)*	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Fringe Benefit Tax	174.10	FY 2005-06	Commissioner of Income Tax (Appeals), Hyderabad
Income Tax Act, 1961	Tax and Interest	4,298.56	FY 2009-10, FY 2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and Interest	5,346.70	FY 2006-07, FY 2010-11, FY 2012-13, FY 2014-15, FY 2015-16, FY 2016-17	Commissioner of Income Tax (Appeals), Hyderabad
West Bengal Value Added Tax Act, 2003	Penalty under Section 78 and 79 of the Act	129.34	FY 2006-07	West Bengal Taxation Tribunal, Kolkata
West Bengal Value Added Tax Act, 2003	Tax, Interest and Late fee	106.99	FY 2014-15	Senior Joint Commissioner, Commercial Taxes
Haryana Value Added Tax Act, 2003	Tax, Interest and Late fee	0.84	FY 2015-16	Joint Excise and Taxation Commissioner (Appeals)
Haryana Value Added Tax Act, 2003	Tax, Interest and Late fee	12,157.94	FY 2015-16	Joint Excise and Taxation Commissioner (Appeals)
The Finance Act, 1994 (Service Tax)	Service Tax, Penalty under the Finance Act, 1994	4,295.67	FY 2008-09 to FY 2017-18	Customs, Excise and Service Tax Appellate Tribunal
The Employees' Provident Fund and Miscellaneous Provisions Act 1952	Employer's contribution to Provident Fund	3,535.95	FY 2008-09 to FY 2015-16	The Regional P.F. Commissioner - 1, Hyderabad Region

*Amounts paid under protest aggregating to Rs. 376.17 is reduced from the amounts demanded in arriving at the aforesaid disclosure.

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.



Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of HSBC Electronic Data Processing India Private Limited on the financial statements for the year ended March 31, 2020

Page 3 of 3

- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company. Also refer paragraph 13 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants



N. K. Varadarajan
Partner

Membership Number 90196
UDIN: 20090196AAAABH4324

Place: Hyderabad
Date: September 18, 2020

HSBC Electronic Data Processing India Private Limited

Balance Sheet as at 31 March 2020

(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	39,431.52	22,804.09
Right-of-use asset	4	67,670.66	-
Capital work-in-progress	3	1,302.96	4,700.90
Intangible assets	5	230.48	432.23
Financial assets			
i) Other financial assets	6(c)	7,947.01	8,394.61
Deferred tax assets	7	12,787.77	16,173.06
Tax assets	8	15,689.35	13,211.10
Other non-current assets	9	17,643.73	25,239.74
Total non-current assets		162,703.48	90,955.73
Current assets			
Financial assets			
i) Trade receivables	6(a)	45,800.01	52,978.95
ii) Cash and cash equivalents	6(b)	101,378.53	38,089.63
iii) Other financial assets	6(c)	828.81	7,217.37
Other current assets	9	9,929.96	6,792.83
Contract assets	10	-	11,580.23
Total current assets		157,937.31	116,659.01
Total assets		320,640.79	207,614.74
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	35,546.78	35,546.78
Other equity	12	123,144.85	69,452.19
Total equity		158,691.63	104,998.97
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Lease liability	13(b)	58,593.14	-
Provisions	14	5,166.10	4,749.49
Employee benefit obligations	15	8,410.23	10,028.23
Total non-current liabilities		72,169.47	14,777.72
Current liabilities			
Financial liabilities			
i) Current borrowings	13(a)	15,000.00	30,000.00
ii) Lease liability	13(b)	10,657.31	-
iii) Trade payable	13(c)	9,722.63	19,043.58
ii) Other financial liabilities	13(d)	1,182.23	484.70
Provisions	14	1,537.97	1,540.46
Contract liabilities	16	16,104.35	-
Current tax liabilities	17	42.84	2,640.94
Other current liabilities	18	35,532.36	34,128.37
Total current liabilities		89,779.69	87,838.05
Total liabilities		161,949.16	102,615.77
Total equity and liabilities		320,640.79	207,614.74

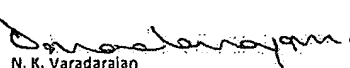
Significant accounting policies

1

The accompanying notes are an integral part of the financial statements.

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016


N. K. Varadarajan
Partner
Membership No: 90196

For and on behalf of Board of Directors


Prasad S Ravi
Director
DIN: 08016844


Delphine Antonutti
Director
DIN: 07938724

Sameer Shah
Company Secretary

Place: Hyderabad
Date: 18 September 2020

Place: Hyderabad
Date: 18 September 2020



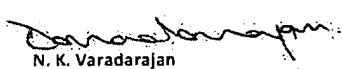
HSBC Electronic Data Processing India Private Limited
Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	19	531,029.67	486,856.32
Other income	20	10,523.26	9,977.03
Total revenue		541,552.93	496,833.35
Expenses			
Employee benefits expense	21	318,491.58	290,700.43
Depreciation and amortization expense	3, 4, 5	29,055.84	9,844.41
Finance cost	22	10,432.24	524.79
Other expenses	23	104,223.96	118,103.55
Total expenses		462,203.62	419,173.18
Profit before tax		79,349.31	77,660.17
Income tax expense			
Current tax	24	22,654.12	31,012.48
Deferred tax	7, 24	3,288.96	(4,774.30)
Total tax expense		25,943.08	26,238.18
Profit for the year		53,406.23	51,421.99
Other comprehensive Income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post employment benefits obligations		382.77	(1,684.28)
Deferred tax relating to these items		(96.34)	588.55
Other comprehensive Income for the year, net of tax		286.43	(1,095.73)
Total comprehensive income for the year		53,692.66	50,326.26
Earnings per equity share (par value of INR. 100 each (previous year INR. 100 each))	27		
Basic and diluted		150.24	144.66
Number of shares used in computing earning per share			
Basic - par value INR. 100 per share		35,546,781	35,546,781
Diluted - par value INR. 100 per share		35,546,781	35,546,781

Significant accounting policies 1
The accompanying notes are an integral part of the financials statements.


This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number:012754N/N500016


N. K. Varadarajan
Partner
Membership No: 90196

For and on behalf of Board of Directors


Prasad S. Ravi
Director
DIN: 08016844

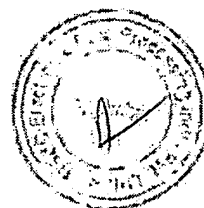

Delphine Antonutti
Director
DIN: 07938724

Sameer Shah
Company Secretary



Place: Hyderabad
Date: 18 September 2020

Place: Hyderabad
Date: 18 September 2020



HSBC Electronic Data Processing India Private Limited
Cash flow statement for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flows from operating activities		
Profit before tax	79,349.31	77,660.17
Adjustments:		
Interest income on fixed deposit	(1,204.86)	(557.71)
Interest income on security deposit	(727.25)	(571.85)
Interest on decommissioning liability	416.61	383.01
Interest on borrowing	3,048.52	141.78
Interest on lease liability	6,967.11	-
Interest on Income tax refund	-	(1,047.42)
(Profit)/Loss on sale of Property, plant and equipment	86.22	(35.46)
Depreciation and amortization	29,055.84	9,844.41
Provision for tax litigation	-	543.01
Provision for legal matters written back	-	(36.00)
Unrealised foreign exchange differences	(4,565.96)	(14,860.79)
Operating cash flow before working capital changes	112,425.54	71,463.15
Decrease/ (Increase) in trade receivables	8,909.09	97,595.48
Decrease/ (Increase) in other current financial assets	6,388.56	385.81
Decrease/ (Increase) in other non-current financial assets	1,174.85	(1,775.31)
Decrease/ (Increase) in other current assets	(3,137.13)	(284.48)
Decrease/ (Increase) in contract assets	11,580.23	(11,580.23)
Decrease/ (Increase) in other non-current assets	4,182.74	(7,236.33)
Increase/ (Decrease) in trade payable	(9,320.96)	(1,170.85)
Increase/ (Decrease) in other current financial liabilities	384.78	(4,004.30)
Increase/ (Decrease) in other current liabilities	1,403.99	7,249.94
Decrease/ (Increase) in contract liabilities	16,104.35	-
Increase/ (Decrease) in employee benefit obligations	(1,235.23)	192.13
Cash generated from operations	148,860.81	150,835.01
Taxes paid	(27,730.47)	(33,083.68)
Net cash generated by operating activities	121,130.34	117,751.33
B. Cash flows from Investing activities		
Purchase of Property, plant and equipment (tangible and intangible fixed assets, capital work in progress)	(25,887.01)	(12,343.41)
Proceeds from sale of Property, plant and equipment	44.07	68.99
Interest income on fixed deposit	1,204.86	557.71
Net cash used in Investing activities	(24,638.08)	(11,716.71)
C. Cash flows from financing activities		
Proceeds from borrowings	(15,000.00)	30,000.00
Interest on borrowing	(3,048.52)	(141.78)
Principal elements of lease payments	(17,990.62)	-
Dividend paid	-	(117,304.38)
Taxes on dividend	-	(24,112.26)
Net cash used in financing activities	(36,039.14)	(111,558.42)
Net increase/ (decrease) in cash and cash equivalents	60,453.12	(5,523.80)
Cash and cash equivalents at the beginning of period	38,089.63	31,915.08
Effect of exchange (loss)/gain on cash and cash equivalents	2,835.78	11,698.35
Cash and cash equivalents at the end of period	101,378.53	38,089.63

Notes:

1. Components of cash and cash equivalents

Cash on hand

Balances with scheduled banks:

- on current accounts
- on current accounts (outside India)
- on deposit accounts
- on export earners foreign currency accounts

For and on behalf of Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754/N/NSG0016

N. K. Varadarajan

Partner

Membership No: 90196

Place: Hyderabad

Date: 18 September 2020

Prasad S Ravi
Director

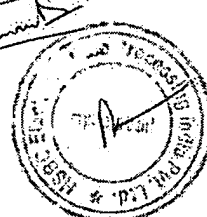
DIN: 65016844

Sanjeev Shah
Company Secretary

Place: Hyderabad

Date: 18 September 2020

Delphine Antonutti
Director
DIN: 07938724



HSBC Electronic Data Processing India Private Limited
Statement of changes in equity for the year ended 31 March 2020
(All amounts are in India rupees lakhs, except share data and where otherwise stated)

A. Equity share capital

Particulars	Note	Amount
As at 31 March 2018	11	35,546.78
Changes in equity share capital		-
As at 31 March 2019		35,546.78
Changes in equity share capital		-
As at 31 March 2020		35,546.78

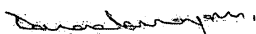
B. Other equity

Particulars	Note	Securities premium reserve	Retained earnings	Reserves and surplus General reserve	Share options outstanding account	Total other equity
Balance as at 31 March 2018	12	5,564.72	145,360.21	8,350.53	1,252.49	160,527.95
Profit for the year		-	51,421.99	-	-	51,421.99
Other comprehensive income		-	(1,095.73)	-	-	(1,095.73)
Total comprehensive income for the year		-	50,326.26	-	-	50,326.26
Transactions with owners in their capacity as owners:						
-Dividends paid (including corporate dividend tax)		-	(141,416.64)	-	-	(141,416.64)
-Employee stock option expense		-	-	-	14.62	14.62
Balance as at 31 March 2019		5,564.72	54,269.83	8,350.53	1,267.11	69,452.19
Profit for the year		-	53,406.23	-	-	53,406.23
Other comprehensive income		-	286.43	-	-	286.43
Total comprehensive income for the year		-	53,692.66	-	-	53,692.66
Transactions with owners in their capacity as owners:						
-Dividends paid (including corporate dividend tax)		-	-	-	-	-
-Employee stock option expense		-	-	-	-	-
Balance as at 31 March 2020		5,564.72	107,962.49	8,350.53	1,267.11	123,144.85


Significant accounting policies 1
The accompanying notes are an integral part of the financial statements.

This is the Statement of changes in equity referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/NS00016


N. K. Varadarajan
Partner
Membership No: 90196

For and on behalf of Board of Directors


Prasad S Ravi
Director
DIN: 08016844

Sameer Shah
Company Secretary

Place: Hyderabad
Date: 18 September 2020


Delphine Antonutti
Director
DIN: 07938724



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Company overview

HSBC Electronic Data Processing India Private Limited ("HDPI" or "the Company") was incorporated on 14 March 2000 as a wholly owned subsidiary of HSBC Holdings B.V., Netherlands. HSBC Holdings plc, U.K. is the ultimate holding Company.

The Company provides electronic data processing, call centre and professional services (collectively referred to as "back office services") to the HSBC group companies. The Company has a branch in London, U.K.

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015] and other provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Derivative instruments are measured at fair value;
- Defined benefit plans – plan assets measured at fair value; and
- Share based payments recorded at fair value.

(iii) New and amended standards adopted by the group

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

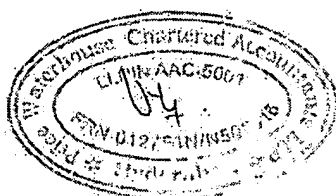
- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 23, Borrowing costs

The Company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in Note 33. The other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of HSBC Electronic Data Processing India Private Limited assesses the financial performance and financial position of the Company, and makes strategic decisions. The Board of Directors has been identified as the chief operating decision maker. Refer note 27 for segment information presented.



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates are generally recognized in the Statement of Profit and Loss. All foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

d) Revenue recognition

(i) Timing of recognition:

- Revenue from back office services is recognised in the accounting period in which the services are rendered.

(ii) Measurement of revenue:

- Revenue from back office services rendered to group companies is recognized on a cost plus basis as per the terms of the contract with the parties. Revenue in excess of billing on back office services is recorded as contract asset and is included under other current financial assets. If the payment exceeds the services rendered, contract liability is recognised.

e) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

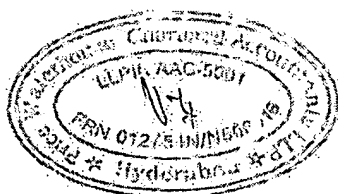
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

f) Leases

As a Lessee – Till 31 March 2019

Leases where the Company as lessee, had substantially all the risks and rewards of ownership were classified as Finance leases. Finance leases were capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of minimum lease payments.

Leases in which a significant portion of risk and rewards of ownership were not transferred to the entity as lessee were classified as operating leases. Payments made under operating leases were charged to profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation.

As a Lessee - With effective from 1 April 2019

From 1 April 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the entity. Contracts may contain both lease and non-lease components. The entity allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liability include the net present value of the following lease payments:

- a) Fixed payments less any lease incentive receivables
- b) Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- c) Amounts expected to be payable by the entity under residual value guarantee
- d) The exercise price of a purchase option if the entity is reasonably certain to exercise that option, and
- e) Payments of penalties for terminating the lease, if the lease term reflects the entity exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the entity, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. Right of use assets are measured at cost comprising following:

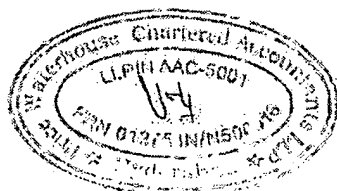
- a) The amount of initial measurement of lease liability
- b) Any lease payments made at or before the commencement date less any lease incentives received
- c) Any initial direct costs and
- d) Restoration cost

Right of use assets are measured generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with contracts that do not qualify under leases as per IND AS 116, short-term leases of equipment and all leases of low-value assets are recognized as expense over the lease term on straight-line basis or another systematic basis if that basis is more representative of the pattern of the benefit. Short-term leases are leases with a lease term of 12 months or less.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

g) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

h) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment, if any.

i) Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- (a) Those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of Profit and loss), and
- (b) Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company's debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument that is subsequently measured at amortized cost is recognized in the Statement of Profit and Loss when the asset is derecognized or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109- "Financial Instruments", which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(iv) De-recognition of financial assets

A financial asset is derecognized only when

- The Company has transferred the rights to receive cash flow from the financial asset; or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset is not derecognized.



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income from the debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

j) Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The Company enters into forward contracts to hedge risks which are not designated as hedges. Such forward contracts are accounted for at fair value through profit or loss.

k) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Transition to Ind AS

(i) Deemed cost:

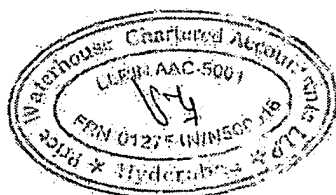
On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 01 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(ii) Decommissioning obligation included in the cost of property, plant and equipment:

On transition to Ind AS, the Company has elected to make no changes in the decommissioning, restoration or similar liability before the transition date to be added to or deducted from the cost of the asset to which it relates. The Company measured the liability as at the date of transition to Ind AS that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk adjusted discount rate(s) that would have applied for that liability over the intervening period and calculate the accumulated depreciation on that amount, as at the date of transition to Ind AS, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted.

(iii) Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using the straight line method to allocate the cost, net of the residual values, over their useful lives estimated by the Management, except in case of leasehold improvements which are amortized over the primary period of the lease or estimated useful life of the asset, whichever is shorter. The Management estimated useful lives for fixed assets and rates prescribed under Schedule II are as follows:



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Asset Category	Estimated Useful life	Useful life under Schedule II
Computers	3 to 5 years	3 to 6 years
Air-conditioners	10 years	15 years
Furniture and fixtures	5 years	10 years
Office equipment's	5 years	5 years
Electrical equipment's	5 years	10 years
Telecommunication equipment's	7 years	5 years
Vehicles	5 years	8 years

The useful lives have been determined based on technical evaluation done by the management's expert and reflect the actual usage of the assets.

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss within other income/ (expenses).

l) Intangible assets

(i) Amortization methods and periods

The Company amortizes intangible assets on straight line value basis over their estimated useful life not exceeding 5 years.

(ii) Transition to Ind AS

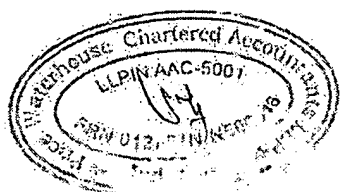
On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognized as at 01 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

m) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

n) Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
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Government grants relating to income are deferred and recognized in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and are reduced from the related cost.

Government grants relating to the purchase of property, plant and equipment are presented by deducting the grant from carrying value of the amount.

o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

p) Provisions

The Company recognizes a provision when it has a present legal or constructive obligation as result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognized as interest expense.

q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other current financial liabilities in the Balance Sheet.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) Defined benefit gratuity plan, and
- (b) Defined Contribution plans such as provident fund and national pension scheme.

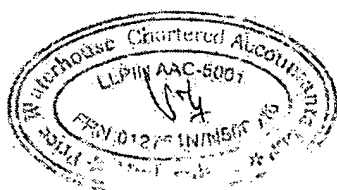
Defined benefit plan

The liability or assets recognized in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation are determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurements gains and losses arising from experience adjustments and change in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of changes in equity and in the Balance Sheet.



HSBC Electronic Data Processing India Private Limited
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(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss as past service cost.

Defined contribution plans

The Company pays provident fund contributions to publicly administered funds as per local regulations and makes contribution to the national pension scheme. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as an employee benefit expense when they are due.

(iii) Share based payments

Share based compensation benefits are provided to the employees of HSBC Electronic Data Processing India Private Limited via the HSBC Group Share Match, Share Save and Share option schemes.

For the Share Match and Share Save schemes the employees are entitled to the shares of HSBC holdings plc. However, there is no cross charge from the ultimate holding company on account of shares allotted under these schemes. The fair value of options granted under these schemes is recognized as an employee benefit expense with a corresponding increase in equity.

Under the Share option scheme, the entity receives a cross charge from the ultimate holding company. Accordingly the fair value of such options granted under these schemes is recognized as an employee benefit expense with a corresponding impact in other current financial liability.

The total amount to be expensed with respect to the Share Match, Share Save and Share Option schemes is determined with reference to the fair value of options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance conditions; and
- including the impact of any non-vesting conditions.

The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revisits its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the Statement of Profit and Loss, with a corresponding adjustment to share options outstanding account.

r) Contribution equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s) Dividends

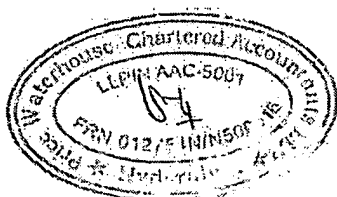
Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

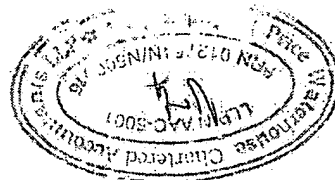
t) Earning per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares (note 26).





HSBC Electronic Data Processing India Private Limited

Notes to financial statements for the year ended 31 March 2020

(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

(iii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

u) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

v) Standards issued but not yet effective

The following amendments do not have any material impact on the financial statements

- (i) Amendments to Ind AS 116, Leases
- (ii) Amendments to Ind AS 109, Financial Instruments Disclosures
- (iii) Amendments to Ind AS 1, Presentation of Financial Statements & Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

Note 2: Critical estimates and judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in financial statements.

The areas involving critical estimates or judgments are:

- Estimated useful life of tangible and intangible assets - Note 3 and 5
- Estimation of defined benefit obligation - Note 15
- Estimation of provisions - Note 31
- Estimation of decommissioning liability - Note 31
- Estimation of fair value of forwards - Note 36
- Judgments involved in Adoption of Ind AS 116 - Note 33

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

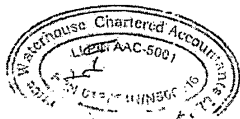
HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Note 3: Property, plant and equipment										
Particulars	Leasehold improvements	Computers	Air conditioners	Electrical equipments	Telecom equipments	Furniture and fixtures	Vehicles	Office equipments	Total	Capital work-in-progress
For the year ended 31 March 2019										
Gross carrying amount										
Opening gross carrying amount	12,595.14	14,141.54	1,450.47	1,821.80	5,952.70	3,045.63	157.88	3,228.32	42,393.48	3,102.58
Additions during the year	2,107.87	4,851.09	255.73	163.07	1,751.59	137.95	25.59	725.77	10,018.66	11,652.60
Disposals during the year	-	(1.20)	(3.10)	-	-	-	(71.21)	(1.53)	(77.04)	(10,054.28)
Closing gross carrying amount	14,703.01	18,991.43	1,703.10	1,984.87	7,704.29	3,183.58	112.26	3,952.56	52,335.10	4,700.90
Accumulated depreciation										
Opening accumulated depreciation	4,574.35	8,777.40	522.62	849.44	2,640.35	1,420.11	105.25	1,684.24	20,573.76	-
Depreciation charge during the year	2,419.39	3,587.47	206.70	374.14	1,063.28	594.10	13.12	742.56	9,000.76	-
Disposals during the year	-	(1.20)	(0.51)	-	-	-	(41.21)	(0.59)	(43.51)	-
Closing accumulated depreciation	6,993.74	12,363.67	728.81	1,223.58	3,703.63	2,014.21	77.16	2,426.21	29,531.01	-
Net carrying amount	7,709.27	6,627.76	974.29	761.29	4,000.66	1,169.37	35.10	1,526.35	22,804.09	4,700.90
For the year ended 31 March 2020										
Gross carrying amount										
Opening gross carrying amount*	12,354.91	18,991.43	1,703.10	1,984.87	7,704.29	3,183.58	112.26	3,952.56	49,987.00	4,700.90
Additions during the year	14,481.59	8,291.12	596.80	362.80	4,163.93	1,729.00	-	573.88	30,199.12	27,119.41
Disposals during the year	(248.24)	(15.82)	(22.13)	(58.72)	(8.11)	(329.64)	(27.78)	(71.20)	(782.64)	(30,517.35)
Closing gross carrying amount	26,588.26	27,266.73	2,277.77	2,288.95	11,859.11	4,582.94	84.48	4,455.24	79,403.48	1,302.96
Accumulated depreciation										
Opening accumulated depreciation*	5,897.70	12,363.67	728.81	1,223.58	3,703.63	2,014.21	77.16	2,426.21	28,434.97	-
Depreciation charge during the year*	4,460.29	4,242.67	199.33	365.92	1,433.90	774.39	11.51	701.33	12,189.34	-
Disposals during the year	(248.24)	(15.70)	(3.22)	(57.10)	(3.42)	(253.63)	(19.55)	(51.49)	(652.35)	-
Closing accumulated depreciation	10,109.75	16,590.64	924.92	1,532.40	5,134.11	2,534.97	69.12	3,076.05	39,971.96	-
Net carrying amount	16,478.51	10,676.09	1,352.85	756.55	6,725.00	2,047.97	15.36	1,379.19	39,431.52	1,302.96

Notes :

- Refer note 25 for disclosure of contractual commitments for acquisition of property, plant and equipment
- Capital work in progress significantly comprises of leasehold improvements being carried out at various sites
- * Pursuant to the adoption of Ind AS 116, decommissioning liability which was forming part of Leasehold improvements as per requirement of erstwhile standard, now grouped under Right-of-Use asset (refer note 33).

Gross carrying amount decreased by INR 2,348.10 and Accumulated depreciation decreased by INR 1,096.04 as at 1 April 2019



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Note 4: Right-of-use asset

I) Amount recognised in balance sheet

	As at 31 March 2020	As at 01 April 2019*
Gross carrying amount		
Buildings	67,670.66	84,017.17
Closing gross carrying amount	67,670.66	84,017.17

* In the previous year, the Company did not recognize any lease assets or lease liability, as all leases were considered as Operating leases.

II) Amount recognised in the statement of profit and loss

Particulars	As at 31 March 2020	As at 31 March 2019
Depreciation charge of Right-of-use asset		
Buildings	16,346.52	-
Total	16,346.52	-

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
Interest expense (included in finance costs)	22	7,383.72	-
Expenses relating to short-term leases (included in other expenses)	23	887.28	-
Expenses relating to leases of low value assets that are not shown above short term leases (included in other expenses)	23	60.63	-
Total		8,331.63	-

The total cash outflow for leases for the year ended 31 March 2020 was INR 17,990.61

Note 5: Intangible assets

Particulars Computer Software
For the year ended 31 March 2019

Gross carrying amount	
Opening gross carrying amount	3,054.21
Additions during the year	35.62
Disposals during the year	-
Closing gross carrying amount	3,089.83
Accumulated depreciation	
Opening accumulated depreciation	1,813.95
Depreciation charge during the year	843.65
Disposals during the year	-
Closing accumulated depreciation	2,657.60
Net carrying amount	432.23

For the year ended 31 March 2020

Gross carrying amount	
Opening gross carrying amount	3,089.83
Additions during the year	318.23
Disposals during the year	-
Closing gross carrying amount	3,408.06
Accumulated depreciation	
Opening accumulated depreciation	2,657.60
Depreciation charge during the year	519.98
Disposals during the year	-
Closing accumulated depreciation	3,177.58
Net carrying amount	230.48

Note 6: Financial assets

Note 6(a): Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Trade receivables from related parties (refer note 26)	45,800.01	52,978.95
Unsecured, considered doubtful		
Trade receivables from related parties (refer note 26)	-	-
Less: Provision for doubtful debts	-	-
Total receivables	45,800.01	52,978.95
Current portion	45,800.01	52,978.95
Non-current portion	-	-

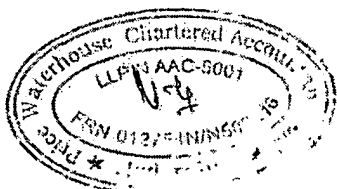
Note 6(b): Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balances in banks		
- in current accounts	11,398.84	5,069.67
- in current accounts (outside India)	569.36	213.88
- in EEFC accounts	29,954.90	11,092.06
Deposits with maturity of less than 3 months (including interest accrued thereon)	59,455.43	21,714.03
Cash on hand (refer note below)	-	-
Total cash and cash equivalents	101,378.53	38,089.63

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods

Note 6(c): Other financial assets

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	Non-current	Current	Non-current
i) Derivatives				
Foreign exchange forward contracts	-	-	5,725.94	-
ii) Others				
Security deposits				
- Unsecured, considered good	828.81	7,947.01	1,491.43	8,394.61
Total other financial assets	828.81	7,947.01	7,217.37	8,394.61



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Note 7: Deferred tax assets

The balance comprises temporary differences attributable to

Particulars	As at 31 March 2020	As at 31 March 2019
Property plant and equipment and intangibles	4,454.60	4,981.43
Defined benefit obligations	2,116.68	3,504.26
Provisions for employee benefit related	5,109.80	6,676.13
Mark to market on derivatives	-	1,011.24
ROU asset and lease liability	1,095.69	-
Total deferred tax assets	12,787.77	16,173.06

Movement in deferred tax assets

	Property plant & equipment and intangibles	Defined benefit obligations	Provisions for employee benefit related	Mark to Market on derivatives	ROU asset and lease liability	Total
As at 31 March 2018						10,810.21
(Charged)/credited:						
- to profit or loss	624.85	67.14	3,477.02	605.29	-	4,774.30
- to other comprehensive income	-	588.75	-	-	-	588.75
As at 31 March 2019	4,981.43	3,504.26	6,676.13	1,011.24	-	16,173.06
Adjustment on extension of Ind AS 110	-	-	-	-	-	-
As at 1 April 2019 (restated)	4,981.43	3,504.26	6,676.13	1,011.24	-	16,173.06
(Charged)/credited:						
- to profit or loss	(516.83)	(1,291.24)	(1,566.33)	(1,011.24)	1,095.69	(3,793.98)
- to other comprehensive income	-	(96.34)	-	-	-	(96.34)
As at 31 March 2020	4,464.60	2,116.68	5,109.80	-	1,095.69	12,787.77

Note 8: Tax assets

Particulars	As at 31 March 2020	As at 31 March 2019
	Current	Current
Income tax paid under protest	-	19,327.31
Advance tax, net of provisions for tax	-	-
INR 119,676.03 (2019: INR 64,919.48)	-	-
Less: Provision against income tax liabilities (refer note 31)	(10,478.69)	(4,367.48)
Total	15,609.35	13,211.10

Note 9: Other assets

Particulars	As at 31 March 2020	As at 31 March 2019
	Current	Current
Unsecured considered good	-	-
Capital advances	-	915.63
Claims receivables	-	2,184.75
Balances with government authorities	-	20,097.77
Prepaid expenses	6,151.99	1,602.73
Security deposit - Utility	-	111.46
Security deposit - Other	-	323.40
Advances for expenses	3,777.07	7,000.03
Total other assets	9,929.96	25,239.74

Note 10: Contract assets

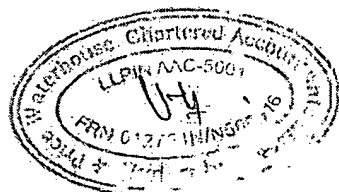
Particulars	As at 31 March 2020	As at 31 March 2019
	Current	Current
Contract assets	-	11,580.23
	-	11,580.23

Contract assets and contract liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
	Current	Current
Contract liabilities	16,104.35	-
Contract assets	-	11,580.23
Total contract assets and contract liabilities	16,104.35	11,580.23

The Company has changed the presentation in the Balance sheet to reflect the changes of Ind AS 115

- contract assets represent revenue pending billing to customers
- contract liabilities represent revenue billed in advance
- contract liabilities have increased during the year, as the company has provided services in excess than to the agreed payment schedules for cost plus contracts.
- contract asset of INR 11,580.23 lakhs as at 31 March 2019 represents revenue pending billing to customers for the sold period and contract liability of INR 16,104.35 lakhs as at 31 March 2020 represents revenue billed in advance.



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

	As at 31 March 2020	As at 31 March 2019
Note 12: Other equity		
Particulars		
Securities premium	5,564.72	5,564.72
General reserve	8,350.53	8,350.53
Share option outstanding account	1,267.11	1,267.11
Retained earnings	107,062.49	54,269.81
Total other equity	123,144.85	69,452.19

	As at 31 March 2020	As at 31 March 2019
(i) Securities premium		
Particulars		
Opening balance	5,564.72	5,564.72
Closing balance	5,564.72	5,564.72

	As at 31 March 2020	As at 31 March 2019
(ii) General reserve		
Particulars		
Opening balance	8,350.53	8,350.53
Closing balance	8,350.53	8,350.53

	As at 31 March 2020	As at 31 March 2019
(iii) Share options outstanding account		
Particulars		
Opening balance	1,267.11	1,267.11
Employee stock option expense	-	14.67
Closing balance	1,267.11	1,267.11

	As at 31 March 2020	As at 31 March 2019
(iv) Retained earnings		
Particulars		
Opening balance	54,269.81	145,360.21
Net profit for the period	53,406.73	51,421.93
Items of other comprehensive income recognised directly in retained earnings	-	-
(a) Remeasurement of post-employment benefit obligation net of tax	286.43	(1,095.73)
Dividends	-	(117,304.38)
Tax on dividends	-	(24,112.76)
Closing balance	107,962.49	54,269.81

Nature and purpose of reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.

General reserve

General reserve is used for strengthening the financial position and meeting future contingencies and losses.

Share options outstanding account

Share options outstanding account is used to recognise the grant date fair value of options issued to the employees under HSBC Share plans.

Note 13: Financial liabilities

Note 13(a) Borrowings

Particulars	Maturity date and terms of payment	Interest rate	As at 31 March 2020	As at 31 March 2019
Secured				
Working capital loan from bank	Payable on demand	10%	15,000.00	30,000.00
Total current borrowings			15,000.00	30,000.00

Net Debt Reconciliation

This section sets out the changes in liabilities arising from financing activities in the statement of cash flows:

	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	101,378.53	38,089.63
Current borrowings	15,000.00	30,000.00
Lease liability	69,250.45	-
Net cash and cash equivalents	17,328.08	8,089.63

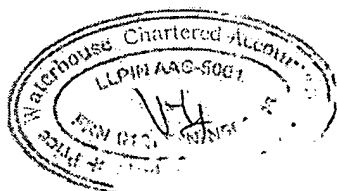
	Cash and cash equivalents	Current borrowings	Lease liability	Total
Net cash and cash equivalents as at 01 April 2018	31,915.08	-	-	31,915.08
Cash flows	(5,523.80)	30,000.00	-	(35,523.80)
Foreign exchange adjustments	11,698.35	-	-	11,698.35
Interest expenses	-	141.78	-	(141.78)
Interest paid	-	(141.78)	-	141.78
Net cash and cash equivalents as at 31 March 2019	38,089.63	30,000.00	-	8,089.63
Net debt as at 01 April 2019	38,089.63	30,000.00	80,273.96	(72,184.33)
Cash flows	60,453.12	(15,000.00)	(17,390.67)	93,443.74
Foreign exchange adjustments	2,835.78	-	-	2,835.78
Interest expenses	-	3,048.52	6,967.11	(10,015.63)
Interest paid	-	(3,048.52)	-	3,048.52
Net cash and cash equivalents as at 31 March 2020	101,378.53	15,000.00	69,250.45	17,328.08

Note 13(b): Lease Liability

	As at 31 March 2020		As at 01 April 2019	
Particulars	Current	Non-current	Current	Non-current
Lease liability (refer note 31)	10,657.31	58,593.14	11,023.57	69,250.44
	10,657.31	58,593.14	11,023.57	69,250.44

Note 13(c): Trade payables

	As at 31 March 2020	As at 31 March 2019
Particulars		
Trade payable to other parties	6,745.12	11,534.42
Trade payables to related parties (refer note 26 D(ii))	2,977.53	7,509.16
Total outstanding dues of micro enterprises and small enterprises (refer note 32)	-	-
Total trade payables	9,722.65	19,043.58



MSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Net liability disclosed above is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Present value of funded obligations	34,874.02	30,294.12
Fair value of plan assets	(26,461.79)	(20,785.89)
Deficit of funded plan	8,412.23	10,028.23
Unfunded plan	-	-
Deficit of gratuity plan	8,412.23	10,028.23

Significant estimates: Actuarial assumptions and sensitivity

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	6.70%	7.50%
Salary growth rate	9.00%	10.00%
Retirement age	60 years	60 years
Attrition rate		
Upto 20 years	20.00%	20.00%
21-25 years	20.00%	20.00%
26-30 years	20.00%	20.00%
31-35 years	13.00%	13.00%
36-40 years	9.00%	9.00%
41-45 years	7.00%	7.00%
46-50 years	6.00%	6.00%
51-55 years	6.00%	6.00%
56-60 years	5.00%	5.00%
Mortality rate	India assumed lives mortality (2006-08) (modified) Uti	India assumed lives mortality (2005-08) (modified) Uti

Sensitivity analysis

Particulars	Change in assumption		Impact on defined benefit obligation		Decrease in assumption	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Discount rate	0.5%	0.5%	(1,732.54)	(1,519.29)	1,880.91	1,650.75
Salary growth rate	1%	1%	3,803.78	3,334.36	(1,298.02)	(2,885.71)
Attrition rate	2%	2%	(1,220.97)	(1,252.38)	1,672.10	1,601.72

The above sensitivity analysis are based on a change in assumption while holding other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (Present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The major category of plan assets are:

Particulars	As at 31 March 2020	As at 31 March 2019
Schemes of Insurance (conventional products)	100%	100%
Undiscounted expected benefit payout		
< 1 years	2,660.48	2,130.12
1-5 years	13,979.11	12,481.48
> 5 years	25,309.60	21,853.66

Risk exposure: Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years. Changes in bond yields: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk. Life expectancy: The pension and medical plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Note 16: Contract liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
	Current	Current
Contract liabilities	16,104.35	-
Contract assets and contract liabilities		
	As at 31 March 2020	As at 31 March 2019
	Current	Current
Contract liabilities	16,104.35	-
Contract assets	-	11,510.23
Total contract assets and contract liabilities	16,104.35	11,510.23

The Company has changed the presentation in the Balance sheet to reflect the changes of Ind AS 115

- contract assets represent revenue pending billing to customers
- contract liabilities represent revenue billed in advance
- contract liabilities have increased during the year, as the Company has provided services in excess than to the agreed payment schedules for cost plus contracts.

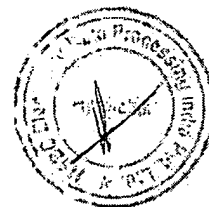
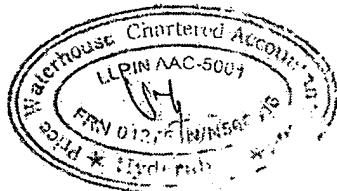
- contract asset of INR 11,580.23 lakhs as at 31 March 2019 represents revenue pending billing to customers for the said period and contract liability of INR 16,104.35 lakhs as at 31 March 2020 represents revenue billed in advance.

Note 17: Current tax liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	2,640.94	2,237.64
Current tax payable	12,654.12	31,012.48
Taxs Taxes paid	(12,357.82)	(10,603.56)
Closing balance	2,937.24	2,646.56

Note 18: Other current liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues including provident fund and tax deducted at source	24,326.02	23,982.36
Employee benefits payable	11,208.31	10,145.31
Total other current liabilities	35,534.33	34,127.67



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

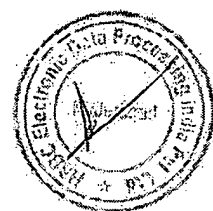
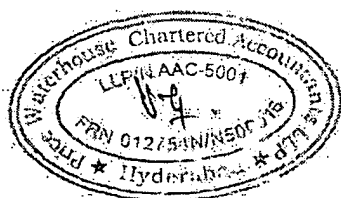
	For the year ended 31 March 2020	For the year ended 31 March 2019
Note 19: Revenue from operations		
Particulars		
Sale of back office services (refer note 26)		
to customers within India	23,683.37	21,567.34
to customers outside India	507,346.30	465,288.98
Total revenue from operations	531,029.67	486,856.32

	For the year ended 31 March 2020	For the year ended 31 March 2019
Note 20: Other income		
Particulars		
Interest on term deposits (refer note 26)	1,204.86	557.71
Interest income on security deposit	727.25	571.85
Net gain on foreign currency transaction and translation	8,570.22	7,669.21
Net profit on sale of fixed assets	-	35.46
Interest on income tax refund	-	1,047.42
Miscellaneous income	20.93	95.38
Total other income	10,523.26	9,977.03

	For the year ended 31 March 2020	For the year ended 31 March 2019
Note 21: Employee benefits expenses		
Particulars		
Salaries, wages and bonus	295,765.73	271,748.28
Contribution to provident and other funds (refer note (a) below)	13,169.02	10,819.40
Gratuity (refer note 15)	5,578.48	4,820.50
Staff welfare expenses	3,978.35	3,312.25
Total employee benefits expenses	318,491.58	290,700.43

Note (a) : Break up of contributions to Provident & other funds		
Contribution to Provident fund	12,851.52	10,598.78
Contribution to National pension scheme	317.50	220.62
	13,169.02	10,819.40

	For the year ended 31 March 2020	For the year ended 31 March 2019
Note 22: Finance cost		
Particulars		
Unwinding of interest on decommissioning liability	416.61	383.01
Interest on borrowing (refer note 26)	3,048.52	141.78
Interest on lease liability	6,967.11	-
Total finance cost	10,432.24	524.79



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Note 23: Other expenses		
Particulars		
Traveling and conveyance	15,877.68	20,149.75
Lease rent	947.91	17,055.58
Recruitment and relocation	3,286.48	3,211.72
Power and fuel	6,618.93	5,474.24
Repairs and maintenance		
- equipment	1,766.56	1,089.88
- buildings	8,996.63	8,268.23
- others	4,586.01	3,410.62
Software maintenance	29,825.08	22,136.43
Legal and professional	18,838.52	23,125.43
Office expenses	6.79	1,497.07
Staff training expenses	3,191.12	1,717.84
Insurance	4,045.72	3,385.98
Communication	3,122.25	2,779.26
Printing and stationery	254.69	275.95
Bank charges (refer note 26)	224.38	167.78
Rates and taxes	383.04	1,324.90
Provision against VAT litigations (refer note 31)	-	-
Provision for tax litigation (refer note 31)	-	543.01
Auditors' remuneration (refer note 29)	34.90	32.98
Expenditure towards corporate social responsibility (CSR) (refer note 30)	1,398.06	1,243.23
Net loss on sale of fixed assets	86.22	-
Miscellaneous expenses	732.99	1,213.57
Total other expenses	104,223.96	118,103.55

Note 24: Income tax expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Recognised in the statement of profit and loss		
Domestic taxes - current year	23,096.58	32,111.39
Domestic taxes - prior year	(451.35)	(1,095.20)
Foreign taxes	8.89	(3.71)
Total current tax	22,654.12	31,012.48
Deferred tax		
Domestic taxes	3,288.96	(4,774.30)
Total income tax expenses	25,943.08	26,238.18

* The Company has entered into an Advance Pricing Agreement under Section 92CC of the Income Tax Act, 1961 on 29 August 2015 which is effective from Financial Year 2014-15 till Financial Year 2018-19. The Company has filed the renewal of APA agreement which will be valid from the FY 2019-20 till FY 2023-24.

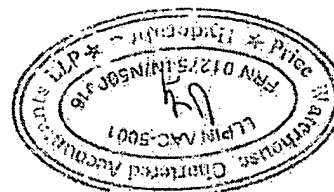
b) Recognised in other comprehensive income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Deferred tax		
In respect of the current year	96.34	(588.55)
	96.34	(588.55)

The Income tax expense for the year can be reconciled to the accounting profit as follows

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit before tax from continuing operations	79,349.31	77,660.17
Income tax expense calculated at 25.168% (2018-19: 34.944%)	19,970.63	27,137.57
Effect of expenses that are not deductible in determining taxable profit	219.27	530.44
Adjustment on account of change in Income tax rate from previous year	6,280.16	-
Adjustments recognised in the current year in relation to the current tax of prior years	(451.35)	(1,095.20)
Others	(75.63)	(334.63)
Income tax expense recognised in profit or loss	25,943.08	26,238.18





	(i)	Claims against the Company not acknowledged as debts in respect of:			
As at	31 March	2020			
As at	31 March	2019			
	(a)	Income tax claims, including interest and penalty, pending decisions on various appeals made by the Company, net of amounts provided in books INR Nil (previous year INR Nil) (amounts paid under protest INR 8,787.66 (2019 - INR 308.87)	13,581.50	13,444.12	
	(b)	Service tax claims, including penalty on irregular availment of service tax credit on ineligible input services and non-payment of service tax for the period FY 2010-2011 to FY 2014-2015, pending decision on appeal made by the Company	3,276.67	3,279.16	
	(c)	Value added tax claim, pending decision on appeal made by the Company	12,158.78		
	(ii)	Estimated amount of capital contracts remaining to be executed and not provided for.	2,492.48	1,462.90	
	(iii)	The Company has evaluated the impact of Supreme Court judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (ii) West Bengal" and the related circular (Circular No. C-1/(33)/2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. While the Company is contesting the matter, the Company has recorded a provision of INR 9,451.03 in the financial statements (2019-INR 9,432.99) on a prudent basis.			
	(iv)	The Company had received a favorable order from the Income Tax Appellate Tribunal on account of disputed income tax litigations for the financial years 2002-03 to 2004-05 and 2006-07 to 2008-09. Subsequently the consequential refund order was passed by the assessing officer. However, the Income Tax Department has gone for further appeals to the Hon'ble High Court challenging the grounds, but no further demand has been raised. Accordingly, pending adjudication by the Hon'ble High Court the impact cannot be quantified.			

HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Notes to financial statements for the year ended 31 March 2020

Note 26: Related parties

S. No.	Name of the party	Relationship
1	HSBC Holdings plc	Ultimate holding company
2	HSBC Holdings B.V.	Immediate holding company

S. No.	Name of the party
1	The Hongkong and Shanghai Banking Corporation Limited, Hong Kong, India Branch ("HSBC Bank India Branch")
2	HSBC Professional Services (India) Private Limited
3	HSBC Software Development (India) Private Limited
4	HSBC Asset Management (India) Private Limited
5	HSBC Global Services Limited
6	HSBC Bank plc.
7	HSBC Finance Transformation (UK) Ltd
8	HSBC Finance Corporation
9	The Hongkong and Shanghai Banking Corporation Limited
10	HSBC Technology & Services (USA) Inc.
11	HSBC Service Delivery (Polaska) Sp. z o.o.
12	HSBC InvestDirect Financial Services (India) Limited
13	HSBC Software Development (Guangdong) Limited
14	HSBC Software Development (Malaysia) Sdn Bhd
15	HSBC Private Bank (Suisse) SA
16	HSBC Bank Canada
17	HSBC Bank Middle East Limited
18	HSBC Bank Polska S.A.
19	HSBC Bank Australia Limited
20	HSBC France
21	HSBC Securities and Capital Markets (India) Private Limited
22	HSBC Global Asset Management (France)
23	HSBC Bank (Singapore) Limited
24	HSBC Global Services (UK) Limited
25	HSBC Mexico, S.A., Institucion de Banca Multiple, GrupoFinanciero HSBC
26	HSBC Bank Oman SAOG
27	HSBC Philippines
28	The Hongkong and Shanghai Banking Corporation Limited, Sri Lanka Branch
29	HSBC Global Services (Hong Kong) Limited
30	HSBC EDPI Private Limited Employees Group Gratuity cum Life Assurance - Post employee benefit plan*

Waterhouse Chartered Accountants LLP
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HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

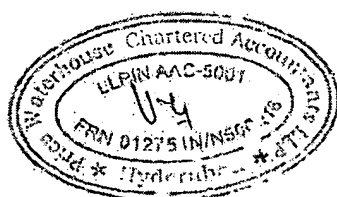
C) Key managerial personnel:

S.No.	Name of party	Relationship
1	Delphine Antonutti	Director
2	Paul Anthony Raddon	Director
3	Prasad S Ravi	Director
4	Mark Body	Director (effective 03 December 2019)

D) Particulars of related party transactions

i. Following is a summary of significant related party transactions:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Income from back office services:		
- HSBC Global Services Limited	507,346.30	465,288.98
- HSBC Bank India Branch	20,511.65	18,259.85
- Others	3,171.72	3,307.49
Other income:		
Interest earned on fixed deposit:		
- HSBC Bank India Branch	1,204.86	557.71
Rental income:		
- HSBC Securities and Capital Markets (India) Private Limited	51.36	39.96
Other expenses (other than HSBC Bank India Branch):		
- HSBC Holdings plc	8,593.52	11,906.13
- HSBC Bank plc	1,253.58	720.65
- The Hongkong and Shanghai Banking Corporation Limited	64.55	2,976.21
- HSBC Global Services (Hong Kong) Limited	3,916.97	-
- HSBC Global Services UK Ltd	11,365.64	4,406.78
- Others	4,278.54	2,498.67
Other transactions (capital expenditure):		
- HSBC Holdings plc	-	17.03
- HSBC Global Services UK Ltd	220.18	-
Transactions with HSBC Bank India Branch:		
- Rent and utility expenses	232.89	214.11
- Bank charges	224.38	167.78
- Interest on borrowing	3,048.52	141.78
- Borrowing during the year	15,000.00	30,000.00



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

ii. Following is the summary financial guarantees with HSBC Bank India Branch:

Particulars	As at 31 March 2020	As at 31 March 2019
Bank financial guarantees	12,730.56	367.98

iii. The Company has the following balances with related parties:

Particulars	As at 31 March 2020	As at 31 March 2019
Due from: (included in trade receivables):		
- HSBC Global Services Limited	43,320.77	48,869.82
- Others	2,479.24	4,109.13
Balances held in bank accounts (included under cash and bank balances):		
- HSBC Bank India Branch	100,809.17	37,875.75
- HSBC Bank plc (held outside India)	569.36	213.88
Due to: (included in trade payables) (amounts net of TDS/WHT wherever applicable)		
- HSBC Holdings plc	615.60	4,128.08
- HSBC Bank plc	410.74	1,085.40
- The Hongkong and Shanghai Banking Corporation Limited	-	705.49
- HSBC Global Services (Hong Kong) Limited	207.31	-
- HSBC Technology & Services (USA) Inc.	151.26	425.07
- HSBC Global Services (UK) Limited	1,230.45	774.37
- Others	362.15	390.75
Due to: Current borrowing (included in other current financial liabilities)		
- The Hongkong and Shanghai Banking Corporation Limited	15,000.00	30,000.00

Note: Due to the voluminous nature of information to be provided in respect of deposit/withdrawal/ renewal of the bank accounts (Current account, Export Earners Foreign Currency account and Deposit accounts) held with HSBC Bank India Branch, only the closing balance of balances held with the bank has been provided.

D) Transactions with key management personnel

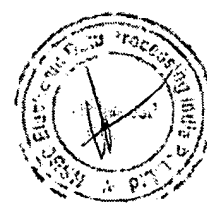
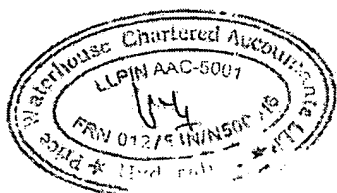
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, bonus and allowances	622.42	730.93
Perquisites	194.33	108.09
Total	816.75	839.02

Details of remuneration paid to key management personnel are given in Annexure I.

Note 27: Earnings per share

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit after tax	53,406.23	51,421.99
Weighted average number of equity shares outstanding during the year – Basic *	35,546,781	35,546,781
Basic Earnings per share – Par value of INR 100	150.24	144.66

*There is no dilution as there are no dilutive equity shares



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Note 28: Segment Information

The Company is in the business of providing electronic data processing, call center and professional services collectively referred as 'back office services' to various overseas entities of the HSBC group. The Company does not make any distinction amongst the various HSBC group entities serviced and accordingly it has been assessed that there is only one reportable segment.

Geographical segment of the Company as follows:

Particulars	Segment Revenue by location of customer		Non-current assets by location of customer	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
UK	507,346.30	465,288.98	-	-
India	23,683.37	21,567.34	126,279.35	53,176.97
Total	531,029.67	486,856.32	126,279.35	53,176.97

Refer note 26(D) for revenues from major customers of the Company

Note 29: Details of payment to auditors

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Audit fees	29.90	27.50
Tax audit fees	2.50	2.50
Certification fees	1.50	1.50
Reimbursement of expenses	1.00	1.48
Total	34.90	32.98

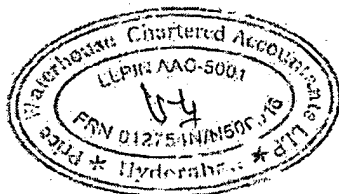
Note 30: Details of corporate social responsibility expenditure

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting education and environmental sustainability. The funds are utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

(a) The gross amount required to be spent by the Company during the year is INR 1,398.06 (2019: INR 1,243.23).

(b) Amount spent during the year on:

Particulars	Spent		Yet to be paid in cash	
	2019-20	2018-19	2019-20	2018-19
Construction/acquisition of any asset	-	-	-	-
On purposes other than above	1,398.06	1,243.23	-	-
Total	1,398.06	1,243.23	-	-



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Note 31: Provision against tax litigation, legal matters and Decommissioning liability

Provision for income tax matters: Provision for income tax matters is largely in respect of transfer pricing and other expense disallowance related litigations. Cash flows, if any, are expected on completion of assessments/adjudication by the relevant authorities.

Income Tax	As at 31 March 2020	As at 31 March 2019
Opening balance	10,478.69	10,478.69
Add: Provision/(reversal) made during the year	-	-
Closing balance	10,478.69	10,478.69

Provision for service tax litigation: Provision is created on Service tax litigation. Outcome of the same is dependent on the completion of assessments/adjudication by the relevant authorities.

Provision for service tax litigation	As at 31 March 2020	As at 31 March 2019
Opening balance	1,304.13	761.12
Add: Provision/(reversal) made during the year	(2.49)	543.01
Closing balance	1,301.64	1,304.13

Provision for VAT litigation: Provision is created on VAT litigations. Outcome of the same is dependent on the cash flows, if any, are expected on completion of assessments/adjudication by the relevant authorities.

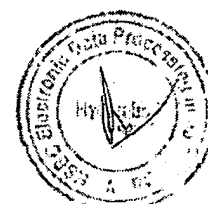
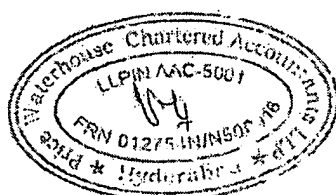
Provision against VAT Litigations	As at 31 March 2020	As at 31 March 2019
Opening balance	236.33	236.33
Add: Provision/(reversal) made during the year	-	-
Less: Amounts paid under protest	-	-
Closing balance	236.33	236.33

Provision for legal matters: Provision for legal matters is on account of legal notice issued by ex-employees contesting their dismissal notice as null and void. Cash flows, if any are expected on conclusion of the proceedings.

Legal Matters	As at 31 March 2020	As at 31 March 2019
Opening balance	-	36.00
Add: Provision/(reversal) made during the year	-	(36.00)
Closing balance	-	-

Decommissioning liability: Provision for decommissioning liability is on account of expected cost to be incurred for restoring the leasehold premises to the original state.

Decommissioning liability	As at 31 March 2020	As at 31 March 2019
Opening balance	4,749.49	4,366.48
Add: Interest unwinding	416.61	383.01
Add: Provision/(reversal) made during the year	-	-
Closing balance	5,166.10	4,749.49



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

Note 32: Amounts payable to micro, small and medium enterprises

Disclosure of payable to vendors as defined under the 'Micro, Small and Medium Enterprise Development Act, 2005' (MSMED) is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per intimation received from the vendors at the request of the Company. The disclosures pursuant to the said MSMED Act are as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(i) The principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
(ii) Interest due to suppliers registered under MSMED Act and remaining unpaid as at year end	-	-
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(iv) Interest paid other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made*	-	-
(vii) Further interest remaining due and payable for earlier years.	-	-

Note 33: Leases

This note explains the impact of the adoption of Ind AS 116, Lease on the Company's financial statements.

Impact on the financial statements

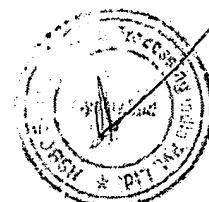
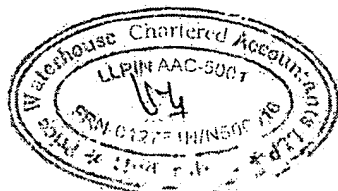
As indicated in note 1 (f), the Company has adopted Ind AS 116 retrospectively from 1 April 2019, but has not restated comparatives for year ended 31 March 2019, as permitted under the specific transition provision in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 April 2019. The new accounting policies are disclosed in note 1(f).

On adoption of Ind AS 116, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 9.84%

(i) Practical expedient applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying as single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating lease with a remaining leases term of less than 12 months as at 1 April 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.



HSBC Electronic Data Processing India Private Limited**Notes to financial statements for the year ended 31 March 2020**

(All amounts in Indian rupees lakhs, except share data and where otherwise stated)

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a lease.

(ii) Measurement of lease liabilities

	Particulars	Amount
a)	Operating lease commitments disclosed as at 31 March 2019	18,703.23
b)	Add: Lease payments of other lease contracts considered for Ind as 116	68,609.14
c)	Discounted using the lessee's incremental borrowing rate at the date of Initial application	80,273.96
d)	Add: Finance lease liability recognized as at 31 March 2019	-
e)	Less: Short-term leases not recognized as liability	-
f)	Less: Low value leases not recognized as liability	-
	Lease liability recognized as at 01 April 2019	80,273.96
	Current lease liability as at 01 April 2019	11,023.51
	Non-current lease liability as at 01 April 2019	69,250.45

(iii) Measurement of right-of-use assets

The associated right of use assets were measured at amount equal to lease liabilities adjusted by the amount of any previously recognized prepaid or accrued lease payments relating to that lease as at date of transition to Ind AS 116.

(iv) Adjustments recognized in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- property, plant and equipment – decrease by INR 1,252.07
- right-of-use assets – increase by INR 84,017.17
- Other non-current assets - decreases by INR 2,143.01
- lease liabilities – increase by INR 80,273.96

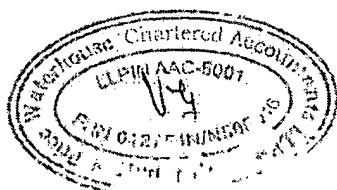
(v) Critical judgments applied on adoption of IND AS 116

- The Company has applied the simplified transition approach at the date of initial application
- In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated)
- The Company has applied incremental borrowing rate to determine the present value of lease asset/liability at the date of initial application

Note 34: Capital management**(a) Risk management**

The Company has equity capital and other reserves attributable to shareholders as the source of capital along with borrowings from HSBC Bank.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net debt	15,000.00	30,000.00
Total equity	158,691.63	104,998.97
Net debt to equity ratio	9.45%	28.57%



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b) Dividends

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Dividend paid (inclusive of dividend distribution tax)	-	141,416.64

Note 35: Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. In order to minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency exposure. Derivatives are used exclusively for hedging and not as trading or speculative instruments.

A) Credit risk

Credit risk arises from cash and cash equivalents, instruments carried at amortized cost and deposits with banks, as well as credit exposures to customers including outstanding receivables.

(i) Credit risk management

- Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks with high credit ratings assigned by external agencies.
- Credit risk on security deposits, trade receivables and contract assets are evaluated as follows:

Year ended 31 March 2020:

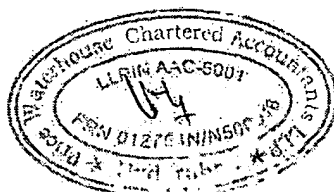
(a) Expected credit loss for financial assets where general model is applied

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition - Loss allowance measured at 12 month expected credit losses	Security deposits	8,775.82	0%	-	8,775.82

(b) Expected credit loss for trade receivables under simplified approach:

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	45,800.01	-	45,800.01
Expected credit loss rate	-	-	-
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables and contract assets	45,800.01	-	45,800.01

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.



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Year ended 31 March 2019:

(a) Expected credit loss for financial assets where general model is applied

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit loss	Carrying amount net of provision
Financial assets for which credit risk has not increased significantly since initial recognition - Loss allowance measured at 12 month expected credit losses	Security deposits	9,886.04	0%	-	9,886.04

b) Expected credit loss for trade receivables and contract assets under simplified approach:

Particulars	Less than or equal to 6 months	More than 6 months	Total
Gross carrying amount	63,595.38	963.80	64,559.18
Expected credit loss rate	-	-	-
Expected credit loss (loss allowance provision)	-	-	-
Carrying amount of trade receivables and contract assets	63,595.38	963.80	64,559.18

Reconciliation of loss allowance:

Particulars	Trade receivables and contract asset	Security deposits
Loss allowance as at 31 March 2018	-	-
Add/(Less): allowance created/(reversed) during the year	-	-
Loss allowance as at 31 March 2019	-	-
Add/(Less): allowance created/(reversed) during the year	-	-
Loss allowance as at 31 March 2020	-	-

Significant estimates and judgments:

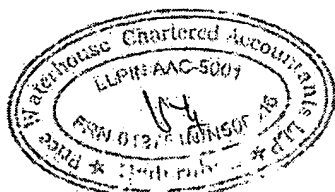
Impairment of financial assets:

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due and to close out market positions. Company's treasury maintains flexibility in funding by maintaining availability under deposits in banks.

Management monitors cash and cash equivalents on the basis of expected cash flows. This is generally carried by local management in accordance with practice and limits set by the HSBC group.



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(i) Financing arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Expiring within one year (bank overdraft and other facilities)	15,000.00	650.00

(ii) Maturities of financial liabilities

Contractual maturities of financial liabilities as at 31 March 2020	Less than 12 months	Greater than 12 months	Total
Current borrowing	15,000.00	-	15,000.00
Lease liability	69,250.45	-	69,250.45
Trade Payable	9,722.63	-	9,722.63
Capital creditors	439.41	-	439.41
Book overdraft	6.41	-	6.41
Other liabilities	736.41	-	736.41
Total	95,155.31	-	95,155.31

Contractual maturities of financial liabilities as at 31 March 2019	Less than 12 months	Greater than 12 months	Total
Current borrowing	30,000.00	-	30,000.00
Trade Payables	19,043.58	-	19,043.58
Capital creditors	126.65	-	126.65
Book overdraft	63.35	-	63.35
Other liabilities	294.70	-	294.70
Total	49,528.28	-	49,528.28

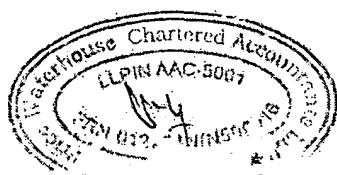
C) Market risk

(i) Foreign currency risk

The Company operates in a business that exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and GBP. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the Company is to minimize the volatility of the INR cash flows of highly probable forecast transactions.

As per the risk management policy, maximum of 80% of total local currency costs are hedged.

Exposure	As at 31 March, 2020		As at 31 March, 2019	
	USD	GBP	USD	GBP
Foreign currency assets				
- Trade receivables	35,600.53	7,720.24	43,407.47	5,462.35
- Cash and bank	25,059.50	5,464.76	6,417.04	4,839.55
Foreign currency liabilities				
- Payables	372.77	2,256.79	1,342.08	5,987.85



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(ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and from foreign forward exchange contracts:

Particulars	Impact on profit	
	Year ended 31 March 2020	Year ended 31 March 2019
USD Sensitivity		
INR/USD – Increase by 1%	606.10	2,227.09
INR/USD – Decrease by 1%	(606.10)	(2,227.09)
GBP Sensitivity		
INR/GBP – Increase by 1%	108.57	356.03
INR/GBP – Decrease by 1%	(108.57)	(356.03)

Note 36: Fair value measurements

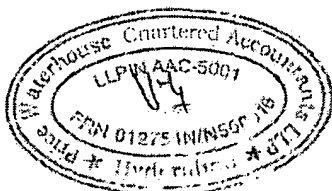
Financial instruments by category and hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Accounting Standard. An explanation of each level follows underneath the table.

	Level	As at		As at	
		31 March 2020		31 March 2019	
		FVPL	Amortized cost	FVPL	Amortized cost
Financial assets:					
Derivative financial asset	L2	-	-	5,725.94	-
Security Deposits	L3	-	8,775.82	-	9,886.04
Trade Receivables	L3	-	45,800.01	-	52,978.95
Cash and cash equivalents	L3	-	101,378.53	-	38,089.63
Total Financial assets		-	155,954.36	5,725.94	100,954.62
Financial liabilities:					
Current borrowing	L3	-	15,000.00	-	30,000.00
Lease liability	L3	-	69,250.45	-	-
Trade Payables	L3	-	9,722.63	-	19,043.58
Capital creditors	L3	-	439.41	-	126.65
Bank overdraft	L3	-	6.41	-	63.35
Other liabilities	L3	-	736.41	-	294.70
Total Financial liabilities		-	95,155.31	-	49,528.28

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The Company has no financial instruments which have been valued based on Level 1 inputs.

Level 2: The fair value of financial instruments that are not traded in an active market (viz foreign exchange forward contracts) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
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Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities which are included in Level 3.

Valuation technique used to determine fair value:

Specific valuation techniques used to value financial instruments include:

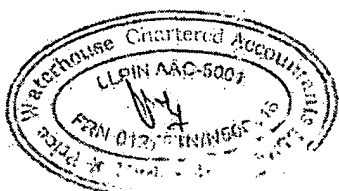
- the fair value of forward foreign exchange contracts is determined using value of such foreign exchange forward contracts for the remaining maturity as at the Balance Sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Valuation process

The finance and accounts department of the Company performs the valuations of financial assets and liabilities required for financial reporting purposes, and report to the Board of Directors.

	Level	As at		As at	
		31 March 2020		31 March 2019	
		Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets:					
Derivative financial asset	L2			5,725.94	5,725.94
Security Deposits	L3	8,775.82	8,775.82	9,886.04	9,886.04
Trade Receivables	L3	45,800.01	45,800.01	52,978.95	52,978.95
Cash and cash equivalents	L3	101,378.53	101,378.53	38,089.63	38,089.63
Total Financial assets		155,954.36	155,954.36	106,680.56	106,680.56
Financial liabilities:					
Current borrowing	L3	15,000.00	15,000.00	30,000.00	30,000.00
Lease liability	L3	69,250.45	69,250.45	-	-
Trade Payables	L3	9,722.63	9,722.63	19,043.58	19,043.58
Capital creditors	L3	439.41	439.41	126.65	126.65
Bank overdraft	L3	6.41	6.41	63.35	63.35
Other liabilities	L3	736.41	736.41	294.70	294.70
Total Financial liabilities		95,155.31	95,155.31	49,528.28	49,528.28

- The carrying amount of current financial assets and current financial liabilities carried at amortized cost are considered to be the same as their fair value due to their short-term nature.
- For other financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair value.



HSBC Electronic Data Processing India Private Limited
Notes to financial statements for the year ended 31 March 2020
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Note 37: Employee share based payments

Eligible employees of the Company have been granted options/awards of equity shares of the ultimate holding company HSBC Holdings plc. As per the schemes, these options/awards vest in a graded manner over an average period of one to five years. The Company has included INR 863.62 (2018-19: INR 491.93) of these costs under 'Salary, wages and bonus' in Note 21.

Note 38: Management assessment of COVID outbreak:

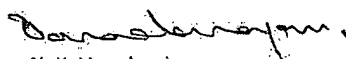
The Novel Corona Virus (COVID-19) outbreak continues to spread rapidly across the globe including India causing major disruptions to business and economic activities. Developments around the COVID-19 pandemic so far suggest that global and domestic economic growth is expected to be negatively impacted resulting disruption of economic activity, which could impact the Company's performance. The extent to which COVID19 pandemic will impact the Company's performance depends on future developments, which are highly uncertain and dependent on circumstances as they evolve.

Management believes that COVID-19 pandemic will not have a material impact on the financial statements of the Company, because it is Captive Group Service Center providing data processing, call center and professional services (collectively referred to as "back office services") to HSBC group companies. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature of the duration and the Company will continue to monitor any material changes to future economic conditions

Note 39:

Previous year's figures have been regrouped/ reclassified wherever necessary to conform to current year's classification.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



N. K. Varadarajan
Partner
Membership No: 90196

For and on behalf of Board of Directors

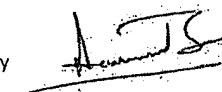


Prasad S Ravi
Director
DIN: 08016844



Delphine Antonutti
Director
DIN: 07938724

Sameer Shah
Company Secretary



Place: Hyderabad
Date: 18 September 2020

Place: Hyderabad
Date: 18 September 2020

